

Adapting to climate change and enabling sustainable land management through productive rural communities in Timor-Leste

Basic Information

GEF ID

10713

Countries

Timor Leste

Project Title

Adapting to climate change and enabling sustainable land management through productive rural communities in Timor-Leste

GEF Agency(ies)

UNEP

Agency ID

UNEP: 01861

GEF Focal Area(s)

Multi Focal Area

Program Manager

Fareeha Iqbal

PIF

Part I – Project Information

Focal area elements

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

Secretariat Comment at PIF/Work Program Inclusion

4/29/2021:

Cleared.

4/22/2021:

Adjustments are requested:

(i) Project information section: 'Other Executing Partners' shows 'Ministry of State Administration (municipal governments) and RIKOLTO', however the LoE does not include either one, therefore please remove these for now (this can be modified by the time of CEO Endorsement).

(ii) Please include some narrative regarding execution arrangements in section "Coordination – Institutional Structure".

10/5/2020:

Not yet. Adjustments are requested for LD.

Adaptation (FI):

Cleared.

Land Degradation (ABS):

Overall, the project provides a good opportunity for multifocal area investments addressing CCA and LD in productive landscapes. However, for the GEF Trust Fund and specifically the LD focal area the entry point should always be the delivery of GEBs in the targeted landscapes and not agri-business development or commercial agriculture. We expect that sustainable land management/restoration combined with resilience measures will first deliver GEBs. Potential co-benefits (helped by other interventions) are also expected. These can be related to improved livelihoods of small farmers or improvements in productivity that may support then agri-businesses plans. At different points in the PIF submission including the ToC and Alternative Scenario, Incremental Benefiting, Alignment with Ecol Areas, Table B etc, the entry

the PIF submission including the TOC and Alternative Scenario, Incremental Reasoning, Alignment with Focal Areas, Table B etc. the entry point that aligns with GEF financing and LD Focal Area strategy needs to be strongly articulated.

-It is not clear how the project as presented demonstrates, \$2.7M in investments responding to LD Objective 1-1. A reminder that this objective reflects implementation of LDN on the ground and focuses on maintaining or improving the flow of agro-ecosystem services to sustain food production and livelihoods through Sustainable Land Management (SLM).

- LD Objective 2-5 should also be included to cover the activities in Component 1 which focus on LDN in the enabling environment, thereby addressing the 'avoid' and potentially 'reduce' in the LDN response hierarchy.

-The STAP Primer on LDN, UNCCD Checklist for LDN Transformative Projects and Programs and the UNCCD LDN and SIDS Technical Report provide further information on the application of LDN. Both are produced by UNCCD and UNEP/Timor Leste may want to refer to these documents for guidance on overall application of LDN.

- Rio Marker 1 should be selected given the LD-supported project activities geared towards restoration and to account for any carbon benefits linked to rehabilitation.

Agency Response

4/22/2021:

- i) The changes have been made as per the suggestion in PIF and Portal.
- ii) Narrative on EA has been added in section 6 of PIF. Please refer to page 56.

10/6/2020:

Land Degradation (ABS):

- The main objective and approach of the project and the use of LD incremental funding is improved and climate-resilient land management in priority watersheds (on which communities depend for potable water, horticulture and other uses), through SLM including sustainable agriculture benefitting a targeted 21,200 ha as well as 4,500 ha forest restoration and 1,000 ha restoration of degraded farmland^[1]. The GEB are directly related to LD incremental activities; however we realise the funding allocation between LDCF and LD are not showing that enough, and as such we have made corrections in Table B by increasing the LD portion of off-farm SLM activities (Outcome 2.2).

We would like to emphasize that the agribusiness approach is not the purpose but rather the means by which the economic incentive and motivation is provided to farmers to participate in both sustainable agriculture practises (LEISA, climate smart agriculture) as well as the on- and off-farm SLM practices such as forest and land protection and restoration (including improved grazing management). Preliminary baseline analysis shows that SLM programs such as the many watershed management programs, forest conservation, or agricultural development programs can be sustained and scaled up if proper attention is given to the economic resilience and social situation of the marginalised rural communities (including lack of access to markets) living in those landscapes. Any SLM programs need to invest in rural economies as a key intervention approach to enable SLM both on- and off-farm. *Baseline:* Farmers in TL are generally very poor — applying very low-tech unproductive agriculture practices leading to on- and off-farm land degradation, lack access to profitable markets whilst local markets are oversupplied with common crops such as e.g. maize and pumpkin — and are increasingly leaving their jobs in desperation and moving to urban areas or abroad for better opportunities. Most government development programs are directed at coastal lowland and urban areas, whilst most farmers live in the middle and upper hills.

Several sections of the PIF including the Alternative Scenario, Project Description, Incremental Reasoning and Alignment with Focal Areas

- Several sections of the PIF, including the Alternative Scenario, Project Description, Incremental Reasoning and Alignment with Focal Areas have been edited to express the alignment more clearly between the project approach to agri-business development with the GEF LD strategy. We have also corrected LD GEB section related to Core Indicators (3.1 – *newly added*; 3.2; 4.3; and 6.1 – newly added) and alignment with the LD Strategic Programs.

- As clarified above the main project approach under Objective 1-1 is the introduction, capacity building and upscaling of sustainable agriculture practices (both LEISA and climate-smart systems) which both protects and restores soil health, enhanced soil organic content, increases water use efficiencies and climate resilience, avoids over-use of agro-chemicals, improves/expands agroforest systems (Cocoa and e.g. vanilla), as well as protects or restores green elements on the farm areas (e.g. shade trees/greenbelts/ground cover crops), as well as through farming systems linkages for off-farm landscape-based fodder production, mulching, improved grazing systems, forest protection and forest restoration. Text in Section 1.3 (Outcomes 2.2, 3.1 and 3.2), the ToC and project rationale have been strengthened in this respect to show the direct delivery on LD objective 1-1.

- Although we were guided by good GEF practice to focus a project towards maximum two FA Strategic Programs, we have added LD Objective 2-5 to the project programming direction, as well as to the description of relevant project components and the Alignment with GEF focal areas section.

Additionally, the possible partial misunderstanding on behalf of the reviewer may also have been caused by us wrongly stating the Core Indicator 4.3 under 4.1 in the GEF Portal, whilst it should be recorded under the former only. Sorry for this; now corrected at uploading.

- The Rio Marker 1 has been indicated in GEF Portal

[1] The 21,200 ha targeted for SLM includes 15,000 ha forest protected under Output 2.2.2; 4,000 ha rangeland under Output 2.2.3; and 2,200 ha agroforestry systems under Output 3.2.1. The 15,000 ha of forest protected under Output 2.2.2 includes 4,500 ha forest restored under Output 2.2.1.

Indicative project/program description summary

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

Secretariat Comment at PIF/Work Program Inclusion

4/12/2021:
Cleared.

3/24/2021:

Not yet. Thank you for clustering the rows. With the bulk of resources mapped to LDCF for this project, we would appreciate some Outcome and Output text also entered in the LDCF rows (currently blank), along with any potential CCA-specific indicators, as has been done at places

for LD in the GET row. Ideally, the rows would present differentiated information for GEFTF and LDCF per component, but if this is not possible then you may refer to the above row and provide any additional CCA-specific information. Leaving it blank conveys the impression that there is little if any additionality over what the LD resources will be supporting.

10/5/2020:

Adjustment is requested.

Table B: please cluster all the Component rows together. The LDCF contribution to Component 1 currently appears after the LDCF row for Component 4, for instance. So, please keep all the Component 1 rows (GET, LDCF) at the top, followed by all the Component 2 rows (GET, LDCF) and so on. The Portal requires the row for each TF to be kept separate, and that is fine. But all the rows for a component should be clustered together, and in sequence. Thank you.

Adaptation (FI):

- a) Please ensure that not only EBA, but also the concept of climate resilience generally, is mainstreamed in the revisions to policies and sectoral plans that will be supported by Component 1;
- b) Please describe the proposed agencies/groups that would comprise the cross-sectoral working group. Will directorates for disaster risk management, hydromet, and women's affairs be included?
- c) Is flood risk management being considered more holistically in the targeted regions, either by the proposed project or by baseline initiatives? For example, (i) what measures are being put in place to curb illegal logging? (ii) are any measures in place to encourage communities to move away from high-risk flash flood areas? and (iii) are early warning systems and alerts in place and available to communities, for the target regions?
- d) The climate change adaptation rationale for supporting water supply infrastructure is weak. It is the Government's role to ensure basic water provision. Rather than finance development, the role of the LDCF should be to enhance the climate resilience of such measures, e.g., via assessments of long-term viability of water sources, technical studies on improvements to water infrastructure design based on climate change projections, etc. But basic delivery/availability of water is not the role of the LDCF. (We note that in several of the proposed districts, the GCF will already be supporting climate resilience of water supply systems.)
- e) Regarding the proposed water payment models: though we understand this is being proposed from a service sustainability and water conservation perspective, we recommend extreme prudence when requiring vulnerable, poor and water-deficient communities to pay for access to water. Would they need to pay for basic access to potable water, or only for other purposes, such as irrigation? Again, the climate change adaptation rationale for this activity (O&M of basic water infrastructure) is not clear. Please provide information on community consultations already undertaken on this sensitive matter, with views of community members included.
- f) What is the water source for the water supply infrastructure? Has its long-term viability been assessed from a climate change perspective?
- e) Regarding the collection of the community payments for water: how will accountability and transparency of management of the revenue be ensured?

Please see additional comments on the project components provided in Part II of this review (Project Justification section), below.

Land Degradation (ABS):

-The presentation of information in the uploaded PIF in the Documents section, including the indicative indicators, is welcome. Please ensure the same are presented in the Portal entry in the resubmission.

-The project objective is very vague and broad which will be difficult to measure and with no indication of the target landscape. There is also mention of food and water security in the components. Should this be featured in the objective?

-Qualifiers to the Outputs as well as Outcome level indicators/targets capturing GEBs and other results, should be included. For example, no. of ha to be rehabilitated/restored land, no. of hectares of land under improved management, no. of farmers to benefit, estimated % increase in income for farmers; project interventions meeting # LDN targets or # of hectares slated for improvement under LDN targets

Component 1

- We note the plan to revise policies to incorporate LDN and establish a multisector working group for LDN implementation and coordination. However other actions that are usually needed to integrate LDN in the enabling environment include developing or strengthening a monitoring system for LDN with the development of baseline data and mechanisms to monitor/track progress towards LDN targets; including LDN considerations in land use planning at the national and local level and building the capacity of government and other stakeholders on LDN implementation. We also note that there is no indicator or reference to the LDN targets for Timor Leste in Table B. Please consider/revise.

-Output 1.1.1 leads one to question, if the basis of the intervention is for agri-business development or delivery of LD based GEBs with agribusiness as a co-benefit? How is this Output aligned with the LD focal area objectives?

-Output 1.1.2- Where will the cross sectoral working groups be anchored/embedded to ensure continuity of activities after the project has ended?

-We note some of the Indicators (in the Uploaded PIF document) under this component. It is difficult to see how these indicators are measurable. For example

☐ Degree of mainstreaming and integration of EbA, LDN and agri-business approach in policies relevant to watershed planning and management.

☐ Depth of support felt among communities living in the watershed for climate-resilient agricultural and sustainable land management approaches

Please revise for more measurable indicators.

Component 2- What is the purpose or role of the Community Stewardship Committees and how will they be sustained?

Component 3 (inclu. Outcomes 3.1 and 3.2)- Agri business is a broad concept that includes many things such as developing business proposals, accessing markets, getting products to sellers/traders etc. Is the co-financing covering these aspects? The entry point for the project for GEF LD financing should be related to the rehabilitation of productive landscapes where they may have been degraded, not agri-

business development or commercial agriculture. The resulting GEBs of the application of SLM/Restoration, would then expect to be

improved vegetative cover, healthy soils, increased soil carbon content, improved land management, biodiversity benefits etc. This could then support together with other factors, increased productivity, improvement of livelihoods and small farmer sustainable agriculture that depend on these productive landscapes. Please adjust the entry points to ensure full alignment with the GEF focal area objectives.

- Re Output 3.1.1-Training conducted for 2,500 members of farmer organizations and women's cooperatives to develop climate-resilient agri-businesses.

A reminder that GEF's mandate under the LD focal area, is not to support wholesale agribusiness development. Please indicate if this will be supported by co-financing. Will training in SLM practices be conducted with farmers and other farmer support systems such as extension services, NGOs and farmers cooperatives. This will be necessary for any project implementing SLM.

Agency Response

3/24/2021

The components, outcome and outputs are added in LDCF rows. There are some CCA and LD specific outputs in each component as well as shared outputs (blended between the two sources) both of which the portal submission reflects. The indicators are revised to reflect GEF indicators for CCA as well as LD, and these have been highlighted in the revised PIF document, which is uploaded to the portal.

10/6/2020:

Thank you for suggestion on adjustment in table B, which was caused by wrong entry during uploading in the GEFGE Portal. It has been corrected as suggested.

Adaptation (FI):

- a) This is well noted. The lens of climate resilience (more generally than just EbA) has been incorporated across the PIF, with particular reference to the policies and plans in Component 1 and the agri-business development initiatives in Component 3.
- b) The membership of the Cross-sectoral Working Group will be finalised during the PPG stage through stakeholder consultations to ensure that all important institutions are represented. The Working Group will comprise representatives of government institutions working on issues relating to climate change, land degradation and agriculture. This is likely to include, for example the Centre for Integrated Disaster Management, the State Secretary for the Environment, the Ministry of Agriculture and Fisheries, and the Ministry of Social Solidarity and Inclusion (which is responsible for women's affairs). This information has been added to the description of Output 1.1.2.
- c) Community-level landscape management improved through the development and implementation of climate-resilient integrated watershed development plans (CRIWDP) proposed in Component 2 will look at holistic watershed management and flood risk management. As described above, illegal logging has historically been a substantial driver of deforestation, although this was more of a problem during former Indonesian occupation. Nevertheless, the forest protection measures proposed will seek to curb illegal logging through forest protection agreements and monitoring in collaboration with local communities. The watershed planning initiatives and high-resolution climate change vulnerability assessments will consider flood risk as one of the indicators for site selection and development of plans for the proposed project activities. Though relocating communities out of high risk flood zones is outside of the scope of this project, the project will prepare strategies to reduce climate risks to food and water security based on the CRIWDP

process implemented in Outcome 2. This has been clarified in the PIF. The project will coordinate with existing investments to promote the update and use of early warning systems in target communities.

- d) This point is well noted. The wording of Output 2.3.1 has been revised to reflect that the focus will indeed be on enhancing the climate resilience of existing water access systems. Further information regarding the projected impact of climate change on access to water and water security has been added to the PIF. Currently, water access in most rural villages in Timor-Leste is limited to shared communal access points to groundwater through natural springs or a few shared wells. These water sources are often informal, making it difficult to monitor or manage water use and availability. Climate change is likely to increase demand for water from the livestock sector and for crop production as heat stress and evapotranspiration increase. In addition, water availability is likely to decrease under future climate conditions as rainfall patterns become more erratic, evaporation rates increase, and the dry season becomes longer and drier. The increase in intensity of extreme rainfall events is likely to result in more floods, landslides and soil erosion, posing a threat to water quality. The project will improve water security by increasing the climate resilience of water supply in water insecurity hotspots and facilitating access to improve water storage and rainwater harvesting where appropriate. Moreover, the project will facilitate training and the development of sustainable water use plans to support village level monitoring and management of water resources and enable adaptation to future changes in water availability. Timor-Leste's NAPA identifies improving access to water and water security in rural areas as a priority adaptation action for the country. In addition, LDCF resources will be used to support watershed management and the restoration and protection of critical ecosystems to further increase water security in target communities. These activities will improve the provision of ecosystem services to reduce the impact of climate change-related droughts and storms on water quality and availability.
- e) This comment is well noted. On consideration, the project development team has decided to remove the Output related to the water payment model from the PIF. The selection and training of teams from the community to manage and maintain the infrastructure will be used to ensure its sustainability, and the detailed O&M needs will be determined during PPG along with the specifics of the water supply and storage infrastructure to be developed at each target site.
- f) The output to upgrade water storage and supply infrastructure will be designed to upscale activities under the ongoing GCF project and past LDCF project (*Strengthening the Resilience of small scale rural infrastructure and local government systems to climate variability and risk*). The activities in these projects include: i) formalising informal communal water sources, for example through the installation of standpipes and storage tanks; ii) revegetating land surrounding water sources; iii) installing rainwater harvesting systems; iv) connecting existing water sources to collection points through distribution pipes; and v) developing small water reservoirs for water storage. The details of how each system will be upgraded will vary for each target village and will be determined during the PPG stage. These upgrades will enhance the sustainability and resilience of existing water sources (groundwater and surface water) and will increase village capacity to harvest and store rainwater.

While climate change is likely to affect rainfall seasonality in Timor-Leste, there is no consensus indicating that an overall decrease in precipitation is likely to occur. Therefore, water storage is likely to be a viable way to increase water security in many communities, particularly in the early and mid-dry season. An Output has been added to the project to facilitate a national Climate Risk Assessment which will include an evaluation of climate-induced threats to water security throughout the country to inform policy- and decision-making. The detailed Climate Change Vulnerability Assessments for the two target watersheds will evaluate water security at village level and be used to ensure that the design of all water infrastructure upgrades is climate resilient.

Upgrading existing water collection systems will enable the villages to better monitor and manage water use and availability. In addition to upgrading the water infrastructure, under Outcome 2.3 of the project, the development of village-level sustainable water use plans will be facilitated, systems established for monitoring water use and availability and training provided on sustainable water use, monitoring and operation of water supply and storage systems. These activities will further support rural communities to adapt to changing rainfall seasonality and water availability, building on traditional community governance systems.

g) Please see response to point e) above.

Land Degradation (ABS): **NOTE: numbering added to above review points**

- h) Thank you for the suggestion. We have strengthened the LD indicative indicators/targets in both the PIF, as well as uploaded in the Portal (which were accidentally lost during the various versions of the PIF as well as forgotten to upload at first submission – sorry).
- i) We agree and have rephrased the objective by highlighting the SLM in watersheds approach, for both economic and water resilience of rural communities.
- j) Thanks, we agree, although most of the applicable quantifiable outputs Including on GEF) already do so (e.g. those under Outcome 2.2 and Outcome 3.2). As indicated above we have now restated these where applicable. We have corrected for this both in the PIF as well as in the Portal. With regards the suggested “# of hectares stated for improvement under LDN targets” in the review; we have already the 22,200 ha LD Core Indicator 4.3 for ‘improved landscape management’ (through Outcomes 2.2. plus 3.2) and which is part of the larger LDCF Tracking Tool baseline value of an estimated 71,300 ha ‘watershed area managed for improved climate resilience’. The PPG will conduct more accurate estimates of the ‘targeted working/planning area’ in the two watersheds.

Component 1

k) The main goal of LDN policy work under Comp 1 is to **firstly**, expand the national vision and LDN national target setting to include interventions and targets related to other key drivers of LD. Although the analysis in the National Report for LDN Target Setting is right (e.g. by identifying poverty and agriculture system-based drivers of LD), the LDN Targets which have been set for Timor Leste (2018) appear to be incomplete and biased towards forest management and protection (which indeed is essential), yet are insufficient in highlighting and targeting agriculture-based drivers of deforestation & land degradation, nor the need for reducing vulnerability to climate change; as well as not clearly incorporating an poverty alleviation rationale as the root cause of LD. These include especially (a) deforestation from traditional/unsustainable subsistence agriculture including slash-and-burn (of which the use of fire is another sub-driver), (b) the dependency on firewood for rural energy, (c) vegetation- and soil erosion by uncontrolled free-roaming livestock, (d) land-use and cropping systems not adequately adapted to the applicable agro-ecological situation (needed zoning), as well as € sustained poverty and unproductive agriculture systems including in agro-forests. **Secondly**, the project under Comp 1 will work towards mainstreaming an ‘expanded/improved’ LDN approach in policy and programming, especially for improved climate-resilient watershed management through investing in rural development, sustainable agriculture/agri-business development and SLM for water security – which are interrelated with regards attaining the TL LDN goal of targeting the ‘sustainable management of at least 5 of the 29 national priority watersheds’. A new Outcome 1.1 indicator/target has been added to Table B related to one of the National LDN Targets and will be further elaborated in PPG phase to strengthen monitoring system and capacity building to ensure integration of LDN. **Thirdly**, with regards the suggested development or strengthening of national monitoring system for LDN: As responded previously, we agree including LD strategic program 2-5 (‘Create enabling environments to support scaling up and mainstreaming of SLM and LDN’), yet given the rather modest baseline capacity as well as the existence of other larger and better placed programs such as the draft proposed GCF project ‘Enhancing Early Warning Systems to build greater resilience to hydro-meteorological hazards in Timor-Leste’ (which would invest several millions USD in data and monitoring systems all over TL), it is not considered the time nor feasible to have the GEF project develop baseline data and mechanisms to monitor/track progress towards LDN targets at a national scale. Instead, the project intends to facilitate the partnership process and rationale (outputs 1.1.1 to 1.1.3) to improve on national target setting and mainstreaming SLM, Climate Resilience and sustainable agriculture-based poverty alleviation in key government programs related to watershed management and water resources supply. Additionally, Comp 4.1 would establish the tracking and learning systems related to targeted watersheds.

With regards the observed need for national capacity building for enhanced LDN implementation, outputs 1.1.2, 1.1.3 and 1.1.5 combined will work on that.

A new Outcome 1.1 indicator/target has been added to Table B related to one of the National LDN Targets.

- l) As previously clarified, the rationale for agri-business approach is to provide economic incentives for participating farmers and production groups to adopt sustainable agriculture practices including the opportunity costs of participating and enabling SLM

production groups, to adopt sustainable agriculture practices including the opportunity costs of participating and enabling SLM practices in the wider (off-farm) landscape, including improved land and forest management (dealing with shifting cultivation, free roaming livestock), water resources protection, forest restoration in hotspots, etc. Agri-business is not the targeted result (which is SLM, sustainable agriculture/LEISA, climate smart agriculture) yet the tool necessary given the baseline situation of highly marginalised

and poor rural communities leading to LD in Timor Leste. The inclusion of the proposed agri-business approach related to marketable commodities such as Cocoa is fully in line with the objectives of GEF 7 programming to incorporate private finance and private companies to enable sustainable value chains and sustainable production landscapes, with direct measurable LD GEBs such as e.g. the stated 22,200 ha improved landscape management.

- m) TL has already conducted multi-stakeholder consultations towards its Report of National LDN Target Setting (2018), led and coordinated by the UNCCD unit in the Ministry of Agriculture and Fisheries. It is suggested to revisit this forum and decide how to better represent the various interests related to CR, poverty alleviation, sustainable agriculture, livestock management and related drivers of LD (which are stated above as somewhat missing in the LDN target setting, and CR watershed management). This will be discussed further in detail with stakeholders during PPG phase and will be explained in implementation arrangement section in project document.
- n) The already existing indicator under Outcome 1.1. – “Degree of mainstreaming and integration of CR, LDN and agri-business approach in policies relevant to watershed planning and management” is meant to be measured through a perception-based index by interviewing sector agencies, donor agencies, and practitioners; however will be re-assessed during PPG to become more specific to the existing policies and opportunities – based on a more comprehensive baseline analysis. Additionally, a specific LDN Target indicator has been added to to 1.1. (“Project-facilitated policy modifications benefit improved adoption of SLM in two of the twenty nine national priority watersheds by 2023 to avoid further LD”). The previous indicator under 2.1 “Depth of support felt among communities living in the watershed for climate-resilient agricultural and sustainable land management approaches’ has been removed; whilst a new one “Two CRIWDPs, with associated actions and targets for climate-resilient landscape management, developed for an estimated maximum of 71,300 ha (15,700 ha Dasidaro & 55,600 ha Laclo watersheds)” has been added.

Component 2

- o) *Suco* Watershed Management Committees (previously named as Community Stewardship Committees) will be established in each target sucos, linked to suco leadership, farmer representation (e.g. from the LEISA and agri-business programs), as well as comprising youth representatives, LGBT, people with disabilities where applicable, and at least 50% women. These committees will lead on the participatory planning process as well as strengthen local implementation of the CRIWDPs, and coordinate EbA interventions at suco level. Additionally, the participatory planning work of the *Suco* Watershed Management Committees will gain stronger buy-in with communities and program sustainability beyond the project, through their linkages with the project-supported incentive and empowerment programs with farmer production groups towards more inclusive and productive sustainable agriculture/agri-business approach, building upon traditional land management ‘Tara Bandu’ practises and ongoing or planned government baseline programs. The project will additionally assess during PPG whether any Watershed (management) Boards exist to the project targeted watersheds in Timor Leste (established under other programs), for greater government support and sustainability. Information has been added to the relevant output descriptions to link the sustainability of watershed management to improved national-level planning for financing watershed management, as well as to increased accessibility of impact finance under Outcome 3.1. The *Innovation, sustainability and potential for scaling up* section has also been updated accordingly.

Component 3

- p) We refer to previous clarifications on the role and place of agribusiness approach as an additional and follow-up step to the introduction and upscaling of sustainable agriculture (and off-farm SLM). Additionally, as further clarification with regards what GEF incremental support would be provided: as summarised under the Co-finance table as well as PIF section 4, the project plans to work with impact financiers to attract private capital for investing in sustainable production and sourcing of Cocoa and other commodities. The project will conduct a phased approach to this by continuing the present PIF consultations with potential investors and sourcing companies during the PPG, as well as conducting pre-feasibility design of options during the PPG; and securing the investments after more detailed negotiations and detailed design of investment plans during the ESP implementation. Most of the costs involved and

more detailed negotiations and detailed design of investment plans during the PIF implementation. Most of the costs involved and certainly 100% related to the impact financing will be co-financed; GEF incremental support would be used for 'de-risking aspects' of organising and empowering farmers, introduction of sustainable climate-smart agriculture practises, feasibility design, assistance to

business proposal development (specifically related to sustainable agriculture, SLM, CR aspects) and facilitating the negotiation of investment deals between banks-financers-private firms (e.g. MARS) and farmer representatives. GEF will also support the tracking of progress on achieving SLM outcomes under Comp 4 related to these investments.

Re Output 3.1.1

q) The approach and role of agri-business approach has already been clarified above. In follow up to the specific review comment, the latter part of the Output 3.1.1. has been rephrased to "... *cooperatives to develop climate-resilient sustainable agriculture through agri-businesses*". Section 1.3 in the PIF clarifies that the main institutional basis for training would be through a ToT approach directed at farmer organisations and women's cooperatives from target 'sucos' in the two watersheds, led by the international NGO RIKOLTO which has much experience in the matter of rural development, sustainable value chains/marketing support, as well as sustainable agriculture through e.g. LEISA, climate-smart practices and the likes. The project will seek integration in the existing agriculture extension services, although the field baseline analysis indicated that such are very redundant (and in one reported case that the last government extension service was provided to a village in Lautem during the former Indonesia occupation). Additionally, it is envisioned that once an impact financier and private sector partner has been secured these entities will also support farmer facilitation and support services as part of their 'business plan'.

Co-financing

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

Secretariat Comment at PIF/Work Program Inclusion 3/26/2021

Cleared.

10/6/2020:

Further clarifying information is requested on the value addition of the proposed project relative to the ongoing/proposed co-finance initiatives.

Agency Response

10/6/2020:

Although, there is some level of similarity in technical fields and investment location of the (co-finance) GCF project of UNDP, as well as the EU – Partnership for Sustainable Agroforestry, none of these co-finance programs/projects have adopted the integrated approach to attaining both CR as well as SLM through a sustainable agriculture, poverty alleviation and agri-business approach at a watershed level.

Importantly, the PIF section on baseline analysis – co-finance projects at p. 20-22, provides detailed information on how the GEF project builds upon and provides additionality to these co-finance initiatives.

GEF Resource Availability

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

Secretariat Comment at PIF/Work Program Inclusion

4/29/2021:

Cleared.

4/22/2021:

Adjustment is requested.

(i) The Agency Fee for Land Degradation in Table D is beyond the allowed cap of 9.5%: this portion cannot go above \$339,961 (it is currently \$340,123). However, the PPG Agency fees for Land Degradation in Table E is below the cap of 9.5%. Please revise and adjust accordingly.

(ii) The PPG Agency Fee for LDCF in Table E is above the permissible cap of 9.5%: this portion should not go beyond \$11,929 (it is currently \$12,091). However, the Agency Fees for the LDCF project grant in Table D is below the cap of 9.5%. Please revise and adjust accordingly.

3/26/2021:

Not yet. The amount totals for Tables D+E for GEFTF and LDCF are still incorrect.

FI, 9/30/2020:

Adjustment is requested. The overall STAR request falls short of Timor Leste's allocation by \$1,688 and the LDCF request exceeds the amount available for Timor Leste by the same amount. Please adjust the STAR and LDCF requests to accurately reflect the amounts specified in the LoE.

Agency Response

4/22/2021:

Thank you for the observation. Table D and E has been revised in PIF and portal.

3/24/2021

The discrepancies in table D and E has been corrected both in portal and in PIF.

10/6/2020:

Thank you for your observation. We have done the correction in relevant tables in PIF as well as in portal.

The STAR allocation?

Secretariat Comment at PIF/Work Program Inclusion 4/12/2021:

Cleared.

3/26/2021:

No. Please see see comment for Table D, above.

10/5/2020:

No, please see comment for Table D, above.

Agency Response

3/24/2021:

No. Please see comment for Table D, above.

10/6/2020:

Please refer to the responses above

The focal area allocation?

Secretariat Comment at PIF/Work Program Inclusion

Agency Response

The LDCF under the principle of equitable access?

Secretariat Comment at PIF/Work Program Inclusion 4/12/2021:

Cleared.

3/26/2021:

No. Please see the comment on Table D above.

FI, 9/30/2020:

No. Please see the comment on Table D above.

Agency Response

3/24/2021:

Please refer to the response above

10/6/2020:

Please refer to the responses above

The SCCF (Adaptation or Technology Transfer)?

Secretariat Comment at PIF/Work Program Inclusion

Agency Response

Focal area set-aside?

Secretariat Comment at PIF/Work Program Inclusion

Agency Response

Impact Program Incentive?

Secretariat Comment at PIF/Work Program Inclusion

Agency Response

Project Preparation Grant

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

Secretariat Comment at PIF/Work Program Inclusion

4/12/2021:

Cleared.

3/26/2021:

The revised amount shown for PPG is fine, but please delete the 'justification' for higher PPG below Table E that had been provided for the previous submission.

10/5/2020:

No. Co-financing should be explored to cover the shortfall for the PPG.

Agency Response

3/24/2021:

The justification has been removed from the portal.

10/6/2020:

The Budget has been revised; relevant tables have been updated with new GEF figures; and a new LoE is being requested from the GoTL

Core indicators

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

Secretariat Comment at PIF/Work Program Inclusion

4/19/2021.

Cleared.

4/12/2021:

Not yet. Please see comments for CCA and LD, below:

CCA:

The GEF believes that policy change can play a major role in affecting transformation, and this project offers an opportunity to do so. Please consider mainstreaming adaptation in relevant development/sector policy/planning through this project (i.e., CCA Core Indicator 3).

LD:

-Core Indicator 6- In the portal submission, is still missing the information for Anticipated start year of accounting and Duration of accounting under Sub-Indicator 6.1

-Core Indicator 4- In the portal submission, we are not seeing the 10,500ha under sub-indicator 4.1 as described in the response.

3/26/2021:

Not yet. Please see comments for CCA and LD, as follow:

CCA:

We understand that the populations of the two target districts totals 68,000. However, (i) will all 68,000 be direct beneficiaries of the GEF-supported CCA and LD activities? and (ii) 68,000 direct beneficiaries would be a relatively low-impact number for a total grant request of \$11 million. The agency is requested to justify, or to consider greater impact in terms of beneficiaries, e.g., by including an additional district.

Land degradation:

-Below the core indicator table, please provide additional explanation on the targets and other methodologies used.

-Thank you for the information provided on the Ex-Act calculations. Please complete the information for sub-indicator 6.1 in the Core Indicator Sheet. At PPG stage, please provide a copy of the completed FAO Ex-Act tool.

-The GEBs, for Output 2.2.2: 15,000 ha forests and natural ecosystems protected through community agreements and monitoring at suco level, may be better placed under sub-indicator 4.1 as the focus is on protection and conversation.

-Regarding the 15,000ha forest protected under Output 2.2.2, if it includes the 4,500ha forest restored under Output 2.2.1, we recommend placing this under sub-indicator 3.2 to avoid double counting.

10/5/2020:

Not yet.

Adaptation (FI):

Please submit the excel file with the CCA Core Indicators. (Please note that for a project of this grant size, we expect significant impact.) (In case of any overlap in reported Core Indicators for the LDCF and the GEFTF, please provide a justification for the overlap, so that we avoid simply double-counting.)

Land Degradation (ABS):

Related to the above, Core Indicator 6 needs to be completed with a narrative indicating the basis for the estimate.

-The SLM Core Indicator is not selected, however \$2.7M financing has been allocated to the SLM LD Objective (1.1) Please clarify. Please also clarify the basis for the figure for Core Indicator 4. Including the targets in Table B would be useful in this regard.

-Please indicate how many of the direct beneficiaries are small farmers?

-Please ensure the figures in the Core Indicator Sheet, Table B and GEBs section all align.

Agency Response

4/12/2021:

CCA:

Thank you for the comment. The PIF has been revised to incorporate the comment (please refer to page 43 and 45) and core indicator worksheet has been revised to reflect the change. Both the documents are uploaded in the portal.

LD:

The portal has been revised to reflect the comments in core indicator 6 and 4.

3/24/2021

CCA:

i) The total population of the watershed will benefit with integrated watershed management and restoration of degraded land as the vulnerability of the watershed will be reduced and communities will benefit with resilient ecosystem, degraded land restored as well as ecosystem services provided. This integrated project approach will yield many benefits in terms of crop production, livestock grazing, water storage, watershed rehabilitation to deliver a bigger adaptation benefit per household because it addresses a range of climate change risks.

LD

i) We have added information under Table F on the targets (e.g. breakdown and type of intervention/anticipated result) – previously captured as footnotes in the PIF; and with additional details as captured under Ex-Act calculations/assumptions (see Annex D to PIF).

ii) We already included this information in the PIF – Table F Core Indicator, as well as Annex BB in PIF. Apologies this was not properly uploaded on the Portal. A summary of the ExAct calculations has been given in Annex D to the PIF.

iii) We have done as suggested in the PIF, Core Indicator table as well as the Annex B; based on the corrected figure of 10,500 ha (excluding the 4,500 ha forest restoration under Indicator 3.2).

iv) We have corrected for this: 10,500 ha forest protection under 4.1 and 4,500 ha under sub-indicator 3.2. PIF and core indicators have been updated with this.

10/6/2020:

Adaptation (FI):

Apologies for the overlook in the first submission. CCA Core indicator has been attached in this submission.

In alignment with the responses below, LDCF Core indicator 2 has been adjusted to reflect the 71,300 ha targeted by the CRIWDPs, which covers land relevant to 2.2.1, 2.2.2, 2.2.3, 2.2.4, 3.2.1.

Land Degradation (ABS):

Our apologies for wrongly uploading the LD Core Indicator 4.3 (21,200 ha) under 4.1 (mainstreaming BD). This has been corrected for with the re-submission.

Core Indicator 11: Based on the 2015 census, it can be conservatively estimated that 90% of households in the six project municipalities are engaged in crop and/or livestock production. At least 61,200 of the 68,000 beneficiaries will therefore be small-scale farmers.

We have double checked the alignment of Core Indicators in Table B, with Core Indicators Sheet and the section on GEB.

The GEF TF core indicator values (in the Core indicator calculations excel sheet) have been updated. Core Indicator 4 now includes . 2.2.2, 2.2.3 and 3.2.1, which have been adjusted to reflect the increased hectares of land. Core Indicator 3 includes the forest restored under Output 2.2.1 and the degraded farmland restored under Output 2.2.4.

LDCF Core indicator 2 has also been adjusted to reflect the 71,300 ha targeted by the CRIWDPs, which covers land relevant to 2.2.1, 2.2.2, 2.2.3, 2.2.4, 3.2.1.

An estimated value for Core Indicator 6 has be provided based on calculations using using the FAO EX-ACT Tool. This has been added into Table F at the beginning of the PIF, Annex B (Core Indicator Worksheet) and summarised in the Global Environmental Benefits section. A detailed description of the Ex-ACT calculation assumptions, methodology and results are provided in Annex D in the PIF document. During the PPG stage these assumptions and calculations should be revisited to ensure accuracy.

GEB has been updated to align with the above.

Project/Program taxonomy

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

Secretariat Comment at PIF/Work Program Inclusion 3/26/2021:

Cleared.

10/5/2020:

Not yet. We see that relevant keywords have been identified in the PIF document that has been uploaded. Please also enter this complete list in the Portal's online Taxonomy section.

Agency Response

10/5/2020:

Sorry for this omission. We have now properly uploaded the relevant keywords identified in Annex C Project Taxonomy.

art II – Project Justification

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

Secretariat Comment at PIF/Work Program Inclusion

3/26/2021:

Cleared.

10/5/2020:

Not yet.

Please note that the online PIF entry is missing several key sections, e.g., description of the proposed project components. Please ensure the online entry is a complete submission, thank you.

Also, given that there are several proposed elements to this project, can you please include a para that summarizes how the various proposed adaptation interventions come together and the adaptation benefits they will collectively deliver? Thank you.

Adaptation (FI):

a) Please cite scientific sources for the climate change projections and expected sectoral impacts, where possible. Also, please check and/or update the information provided. For example, the PIF cites Timor Leste's INDC of 2014 to state that "yields of non-irrigated maize may decrease by up to 19%" (presumably, by 2100) under future climate conditions. However, the World Bank's Climate Change Knowledge Portal projects that yields of rainfed, low-input maize are expected to substantially increase in the country by 2080.

Land Degradation (ABS):

-A number of issues have been raised in this section related to land tenure (affecting effective livestock management), enforcement, governance at both national and local level and the collaboration in this respect, access to finance by small farmers in particular women. How is the project going to deliver results with these additional challenges, or is the government working on this separately?

-The PIF has indicated the following 'Forest degradation in Timor-Leste is driven by logging, for both timber and fuelwood, while shifting cultivation and forest fires are the direct drivers of forest loss in the country'. We note component 2 is targeting restoration of 4,500 ha of land, but how is the project addressing this driver? Is the government working on this separately? There is a potential for these results to be eroded given the driver outlined.

-Output 3.1.3 refers to Portfolio of bankable impact investments developed with capital intermediaries and providers targeting sustainable production of cocoa, vanilla and other commodities. What is the baseline for sustainable production of these commodities? The targeted watersheds do not appear to engage in the production of these commodities, and they are not mentioned as agricultural crops in Timor Leste. Please clarify? How were these crops selected? Are they suitable for the landscape?

Agency Response

The new upload in the portal has been checked and corrected for these omissions (description of components etc). Additionally, a summary

of consolidated adaptation benefits is given in the GEB section, as follows.

The proposed project will confer adaptation benefits to a range of projected climate change impacts on agriculture and rural livelihoods in Timor-Leste. Using an ecosystem-based adaptation (EbA) model and addressing drivers of land degradation, the project will improve the delivery of ecosystem services such as soil stabilisation, infiltration and water retention on 71,300 ha of forest, rangeland and farmland in two target watersheds through improved climate-resilient planning and management. This will include the protection of 15,000 ha forest (Output 2.2.1; 4,500 ha of which will be restored under Output 2.2.2), and improved sustainable agricultural practices over 7,200 ha rangeland and cropland (Output 2.2.3, 2.2.4 and 3.2.1). This will increase the resilience of the target communities to the project increase in intense rainfall by reducing the risk of flooding, soil erosion and landslides. In addition, the project will reduce water insecurity in ~40 villages identified as vulnerability hotspots by providing small-scale water supply and storage infrastructure. This will reduce the vulnerability of communities to further water insecurity resulting from the erratic rainfall, longer dry season and increased drought risk projected under future climate conditions. These interventions will contribute to the country's adaptation priorities as identified in the National Adaptation Programme of Action.

Adaptation (FI):

This comment is well noted. Additional information and references relating to the project's climate change rationale have been added to the PIF. The updated information includes reference to the World Bank Climate Change Knowledge Portal. It should be noted that projections for precipitation under future climate conditions vary widely and there is much uncertainty about overall and seasonal changes in the amount of rainfall. As a result, it is difficult to model the impacts of climate change on agriculture, and many of the projections, including those available on the World Bank's Climate Change Knowledge Portal vary substantially between scenarios and timescales. In light of these uncertainties, the proposed project has been designed using a "no regrets" approach, in line with the LDCF objective of addressing urgent and immediate adaptation needs, focussing on ecosystem-based adaptation and building the adaptive capacity of communities in ways that will enable them to better several possible climate scenarios, including increased drought, more intense rainfall events, flooding and more erratic and unpredictable rainfall. Further information about these uncertainties and the project development team's approach to dealing with them has been added to the PIF.

Land Degradation (ABS):

- a) The project will complement existing government initiatives that seek to develop capacity for community-level governance, as well as previous and ongoing projects supporting community-based natural resource management. By empowering decision-making at community level, the project seeks to align its interventions with existing traditions and customs (e.g. 'Tara Bandu'), and to improve implementation. Both the planning as well as the implementation of watershed development plans, including for example livestock management and forest protection activities, will be centred *on Suco* Watershed Management Committees; and facilitated through the economic incentive mechanisms such as agri-business development. Training will be provided to communities to support both the implementation and the governance of the plans. All of these outputs have been designed to be gender-sensitive, incorporating the gender-differentiated roles in agriculture and access to natural resources, and ensuring the participation of women in training and decision-making under the project. In addition to this work at a local scale, Component 1 of the proposed project will focus on creating an enabling national policy environment and government support for the proposed approach to addressing land degradation and climate change.
- b) We agree with the suggestion of the possible risk of project results being affected due to logging. However, forestry degradation due to large scale logging is the legacy of the former Indonesian occupation, and its campaign against the resistance army (hidden in forests and mountains), which until today results in very large areas denuded of forests and experience full LD, lack of top soil, lack of water infiltration combined with heavy sheet and gully erosion of the land – further aggravated by the steep and instable landscape geomorphology (prone to landslides, shifting braided rivers' courses etc). Today, most of forested land is experiencing levels of forest degradation/ LD due to the stated impact of traditional low-technology shifting cultivation (including use of fire) and shortened cycles, poverty (individual logging for round- and firewood) and the uncontrolled free-roaming livestock. These latter drivers are targeted through GEF incremental support; whilst the government has separate programs dealing with forest protection for e.g. biodiversity

conservation.

With regards the technical approach to forest restoration (the summary of this is found in PIF section 1.3, which unfortunately was not uploaded, Section 1.3 describes “Forest restoration will largely comprise assisted natural regeneration to increase efficiency and ensure that species remain site appropriate, as well as for a smaller part the reforestation with trees and shrubs providing direct economic benefit to communities. Plants species used under this output will be selected to be climate resilient and to increase the resilience of the landscape and communities”. The 4,500 ha of restored forest (Output 2.2.1) will be incorporated into the forest protection agreements developed under Output 2.2.2 to ensure that the benefits of the investment in forest restoration are maximised. Additionally, the targeted improved management of the off-farm landscape (e.g. situated on communal village land in the micro-watersheds) such as through rangeland management, and working with communities towards agreement on the protection of critical hotspots of importance for water resources and reduced LD, will accompany the forest restoration work, based on mutual agreement as part of the CRIWDPs.

- c) We can confirm that Cocoa is widely grown in Timor Leste – yet admittedly in mixed systems in low densities and with low production due to reportedly low-tech approaches by traditional farmers. Although Cocoa was part of some past agriculture development programs together with e.g. Coffee, maize and other such cash crops, Cocoa never received the focussed attention and investments such as towards national coffee development in Timor Leste; which today has become a successful business and part of global coffee supply chains (including Starbucks). More recently the CACAO and Timor-Leste Agribusiness Development programs (see Section 6 in PIF) have been supporting Cacao and farming development, including marketing support, yet these concern other areas in Timor Leste; exclude private capital financing mechanisms such as proposed under the GEF project (to make it better business model), as well as not being part of an integrated watershed development program for SLM outcomes. The PPG will conduct the pre-feasibility analysis for investing in and the development of Cocoa and possibly one other commodity such as Vanilla and additionally use this for final site/watersheds selection and program design. Admittedly, the GoTL has more looked at CCA aspects for watershed selection, rather than potential for Cocoa, although both proposed watersheds do have areas with traditional Cocoa already being grown.

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

Secretariat Comment at PIF/Work Program Inclusion

3/26/2021:

Yes.

10/5/2020:

Please see comments elsewhere in this review regarding baseline projects, particularly with regard to additional reasoning of the proposed project.

Agency Response

10/5/2020:

Please refer to the response in section 3 under co-finance (baseline projects)

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

Secretariat Comment at PIF/Work Program Inclusion

4/12/2021:

Cleared.

Please note however that the comment of 3/26 was not intended to flag a barrier but was more a question about comprehensively addressing activities around climate-resilient agribusiness -- which of course requires access to markets.

3/26/2021:

In clarification of CCA comment (b) of 10/6/20 on climate resilience of agribusiness, will the project also look at aspects such as all-weather access to markets (rural roads)?

10/6/2020:

Not yet. Further information is requested.

Adaptation (FI):

a) Please include in the Theory of Change (ToC) the underlying assumptions regarding the project's success. For example, in a situation where illegal logging has been an important contributor to land degradation and consequent vulnerability (e.g., to flooding and landslides), on what basis do we assume the proposed adaptation measures will succeed in reducing vulnerability? Also see reference to ToC in review item on private sector engagement, below.

b) We are happy to see the project will support an assessment of the potential impacts of climate change on the proposed crops for agribusiness development. Please ensure this assessment does not only focus on crop production (land area and yield) but also examines potential vulnerabilities across the value chain. Have any preliminary climate risk assessments been undertaken that can be submitted?

c) Given the uncertainties relating to climate change, please discuss the ability of the project to help people deal with a range of climate change scenarios.

d) Please describe whether the project has identified potential opportunities to mitigate impacts (if any) created by COVID-19 to deliver climate adaptation/resilience benefits and GEBs, and how the project can contribute toward green recovery and building back better.

Land Degradation (ARS):

-Please note comments related to Focal Area alignment and Table B.

-The baseline describes a number of related projects and policies that have been implemented or are being implemented, however significant challenges remain with land degradation. The ToC needs to clearly articulate how this project will be doing things differently and provide the incremental investment needed for more results.

-The narrative on the ToC is noted and provides some understanding of the integrated nature project. However, LDN is not mentioned in the narrative of the ToC although it forms the basis of the land-based interventions. In addition, more clarification is needed on how shifting subsistence farmers to agri-business will lead to more sustainable production and land management.

Agency Response

3/24/2021:

Thank you for your comment. During PPG phase we will assess the barriers and constraints to the project approach and consider what this will mean for the intervention strategy and co-financing plan.

10/6/2020:

Adaptation (FI):

- a) This comment is well noted. Assumptions, including those relating to addressing the drivers of deforestation have been integrated into the ToC. It should be noted that while illegal logging has historically been a major driver of land degradation, in more recent times, agriculture has been a more significant driver. Further information on these drivers is given on page 11 and in the ToC in the PIF. While flash floods and landslides are indeed exacerbated by the removal of vegetation, the hilly topography and potential for rainfall intensity and prolonged dry periods are expected to increase this. The restoration and protection of forest and natural ecosystems increase infiltration and increase soil stability is therefore expected to reduce the risks of flooding and landslides.
- b) This is well noted. At present, value chains are primarily local and national, with small-scale farmers selling vegetables, for example, to local markets. As the project supports the adoption of agroforestry to produce commodity crops, including cocoa and vanilla, it will also consider how climate change is likely to impact the relevant value chains. This has now been explicitly included as a consideration for the agri-business opportunity assessment under Output 1.1.1.
- c) As noted previously, climate change projections for Timor-Leste, particularly relating to changes in rainfall patterns, are highly uncertain. In light of these uncertainties, the proposed project has been designed using a “no regrets” approach, focussing on ecosystem-based adaptation and building the adaptive capacity of communities. The ecosystem restoration and protection activities will increase the resilience of agro-ecosystems (and therefore agricultural livelihoods) to changes in climate. The promotion of climate smart and low external input sustainable agriculture (LEISA) will also support climate resilience through improved agro-ecosystem health. In this way, the project will improve the resilience of rural communities to several possible climate scenarios, including increased drought, more intense rainfall events, flooding and more erratic and unpredictable rainfall. In addition, knowledge management and capacity development activities under the project have been designed to promote learning and adaptive management, so that as changes in climate become visible and projections become clearer, agricultural practices and natural resource management can be adapted to address these changes. These activities will include promoting uptake of weather advisories and early warning systems developed through other investments to further enable adaptive farming. The PPG phase will scope out the methodology for integrating early warning systems into the project strategy. Moreover, capacity development for approaching climate risk and uncertainty in national-level planning will be included under Outcome 1.1, alongside the climate risk assessment that has been added to that outcome. This information has been reflected in the PIF.

- d) The following has been added to the PIF, under 'innovation, sustainability and potential for scaling up': "In the current context of COVID-19, the proposed project will capitalise on opportunities for adaptation measures to contribute to green recovery processes. During PPG phase, the project-related risks associated with COVID-19 will be assessed, and opportunities for green recovery will be identified. All

measures for capitalising on these opportunities will then be fully integrated into the project strategy and activities. The proposed project will respond to COVID-19 by proactively integrating COVID-19 into training activities under Outputs 2.1.4. This Output, focused on the CRIWDPs, will include specific training materials on water management, sanitation, hygiene, and human resilience against zoonotic diseases such as COVID-19. Additionally, training activities under Output 3.1.1 (on climate-resilient agribusinesses) will include materials on the opportunities for green growth – particularly regarding the ways in which investments in climate-resilient income-generating activities can stimulate local economies, create employment and livelihood security, and increase local resilience to recurrent zoonotic diseases. By raising awareness among stakeholders about the linkages between ecosystem resilience and human resilience to COVID-19, the proposed project will not only build momentum for implementing and scaling up climate-resilient agricultural interventions but also contribute to global green economic growth and sustainability efforts."

Additionally, the risk of a COVID-19 resurgence during PPG phase and/or implementation has been included in Table 4 alongside the strategy for mitigating this risk.

Land Degradation (ABS):

- e) This has already been responded above and correction has been done in PIF
- f) The ToC has been updated to reflect how the project will address land degradation. Please see figures 1, 2 and 3 in the updated PIF, along with accompanying text.
- g) Please see previous response with regards the Comp 1 LDN policy support and need to enhance the target setting; as well as the project approach of transforming traditional farming systems to sustainable agriculture/inclusive LEISA/climate smart farming systems linked to landscape services for e.g. fodder production, for composting, mulch etc, complemented with an agribusiness approach for Cocoa agroforest systems (the latter to both provide the economic incentives for participating farmer groups to transitioning to sustainable and climate resilient commodity production). Additionally, the ToC has been strengthened with regard to LDN narrative.

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

Secretariat Comment at PIF/Work Program Inclusion

10/5/2020:

Yes.

Agency Response

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

Secretariat Comment at PIF/Work Program Inclusion

3/26/2021:

Cleared.

10/5/2020:

Not yet.

Adaptation (FI):

a) The value addition of the adaptation aspects of this project, relative to the GCF project, is unclear. The municipalities included in the proposed GEF project overlap with half of those in the GCF project (Lautem, Baucau, Aileu), where the GCF will support agroforestry, revegetation, slope stabilization, and small scale climate-proofed rural infrastructure, including water supply, irrigation systems and flood defenses. The PIF states, "in Lautem, Baucau and Aileu (municipalities targeted by both projects), the proposed project will build on activities of the GCF project, making use of the systems and infrastructure to improve the resilience of rural livelihoods and farming practices". The agency is requested to please provide a clear and compelling rationale for the LDCF to support adaptation in these municipalities, especially given the similarities/apparent overlap with what the GCF will be supporting. A matrix clarifying how the proposed LDCF-supported measures will be distinct from GCF-supported measures in each of the 3 municipalities will be appreciated.

b) Please further clarify the additional climate change adaptation reasoning. The PIF states that land degradation has been largely driven by "shifting agriculture, unsustainable farming practices, illegal logging and forest fires". Thus the "urgent and immediate adaptation needs" mentioned in the PIF are not evident from a climate change perspective. To what extent have climatic factors been observed to play a role in exacerbating degradation and vulnerability of downstream communities and to adversely affect agriculture, in the target areas?

c) What measures are being taken to ensure that the main drivers of degradation (see (a) immediately above) are being addressed in the country? Without such measures in place, the sustainability of the activities the GEF will support is unclear.

d) At time of CEO Endorsement, please scale back the indicative request of \$425,000 in LDCF grant toward Component 4, as this seems high for knowledge products and workshop (see p. 34 of PIF Word document).

Agency Response

10/5/2020:

Adaptation (FI):

- a) This comment is well noted. Further details of the complementarity between the GCF project and the proposed *project* have been provided in the PIF and table 1 "Matrix clarifying how the proposed LDCF-supported measures will be distinct from GCF-supported measures in Lautem, Bacau and Aileu municipalities" has been added for further clarification. In the detailed site selection process during the PPG phase, the project will ensure that it does not duplicate efforts with the GCF project. Instead lessons learned and best practices will be

integrated into the proposed project, and it will also expand on the work done under the GCF project, for example by improving access to markets and finance to support the upscaling of agroforestry and incentivise the adoption of SLM. It should be noted that the GCF project will invest in 20–30 units of small scale infrastructure in each municipality, and that the overlapping municipalities (Lautem, Baucau and

Aileu) all have substantial areas that are outside of the two target watersheds. It is therefore unlikely that overlap with the GCF project will exhaust the potential for increasing climate resilience in vulnerable villages in the Dasidaro and Laclo Watersheds. The target watersheds were identified based on government priorities and evidence of land degradation and climate change vulnerability across the country.

- b) Land degradation drivers, impacts and links to climate change adaptation, under Part II of the PIF has been updated to include a paragraph on the re-enforcing feedback loop between land degradation due to climate change, the subsequent land degradation due to unsustainable land use practices in response to restricted natural resource access, and the further exposure to projected extreme climate events as a result of this land degradation.
- c) This has been responded above in section 3 on “PIF/Work Program Inclusion”. In addition, the following paragraph has been added to the *Global environmental benefits and adaptation benefits* section of the PIF to clarify the adaptation rationale.

The proposed project will confer adaptation benefits to a range of projected climate change impacts on agriculture and rural livelihoods in Timor-Leste. Using an ecosystem-based adaptation (EbA) model and addressing drivers of land degradation, the project will improve the delivery of ecosystem services such as soil stabilisation, infiltration and water retention on 71,300 ha of forest, rangeland and farmland in two target watersheds through improved climate-resilient planning and management. This will include the protection of 15,000 ha forest (Output 2.2.1; 4,500 ha of which will be restored under Output 2.2.2), and improved sustainable agricultural practices over 7,200 ha rangeland and cropland (Output 2.2.3, 2.2.4 and 3.2.1). This will increase the resilience of the target communities to the project increase in intense rainfall by reducing the risk of flooding, soil erosion and landslides. In addition, the project will reduce water insecurity in ~40 villages identified as vulnerability hotspots by providing small-scale water supply and storage infrastructure. This will reduce the vulnerability of communities to further water insecurity resulting from the erratic rainfall, longer dry season and increased drought risk projected under future climate conditions. These interventions will contribute to the country's adaptation priorities as identified in the National Adaptation Programme of Action.

- d) LDCF allocation on Comp 4 in the final draft is reduced to USD 317,068 and will be utilized to prepare a comprehensive M&E system as well as knowledge products, policy briefs and watershed upscaling plan.

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

Secretariat Comment at PIF/Work Program Inclusion

4/19/2021:

Cleared.

3/26/2021:

Not yet. Please see comments on core indicators, earlier in the review sheet.

4/19/2021

Adaptation, FI, 10/6/2020:

Not yet clear as the Core Indicators for Adaptation have not yet been submitted.

Agency Response

3/24/2021:

Kindly refer to the previous response. We have reloaded the CCA core indicator.

Adaptation, FI, 10/6/2020:

A new LDCF indicator has been added to Outcome 2.1 related to the level of integration of objectives, activities and targets on CR and SLM in the planning and management at municipal level and applied to the CRIWDP. Core Indicators for adaptation have also been uploaded with this submission.

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

Secretariat Comment at PIF/Work Program Inclusion

3/26/2021:

Cleared.

Adaptation, FI, 10/6/2020:

Please provide further information on sustainability and durability of the project outcomes and outputs.

Working across departmental silos is an innovation in the context of Timor Leste. The project will actively explore opportunities to scale up the measures that will be supported by this project, in other vulnerable areas of the country.

Agency Response

Adaptation, FI, 10/6/2020:

The project's approach to ensuring sustainability beyond the project implementation period is integrated into all four components. Under Component 1, the project will build capacity for national-level planning and decision-making for climate change adaptation and addressing land degradation, mainstreaming these considerations across relevant sectors. The improved planning and increased capacity in national government that result from these activities will improve support for and sustainability of municipal- and *suco*-level implementation of watershed management (Component 2).

Climate-resilient integrated watershed development plans (CRIWDPs) generated under Outcome 2.1, and implemented under Outcomes 2.2 and 2.3, will set a sustainable foundation for water resources management. This will bolster communities' resilience to erratic rainfall and

subsequent water shortages and enhance their ability to implement and maintain the proposed project regarding ecosystem management and climate resilient agriculture. Under Outcome 2.3 community members will be trained for the sustainable use, operation and maintenance of water resources and infrastructure, ensuring that the upgrades to water infrastructure under Output 2.3.1 provide maximum

benefits to communities in terms of improving water security. This will add to the proposed project's durability as it is founded on local-level ownership. The Environmental and Social Management Plan, the stakeholder engagement plan and the gender Action Plan will ensure that the interests of all groups are included in the design of the project strategy to prevent conflict and promote stakeholder engagement and sustainability of the intervention plan.

Component 3, informed by the national assessment under Component 1, will enhance the viability and sustainability of existing agroforestry systems, including those established under the GCF project, by improving technical support and market access for sustainably produced commodities. Component 3 will actively support farmers organisations, women's cooperatives and NGOs throughout design and implementation, such that the project is sustainably maintained at a local level into the future. Additionally, during Output 3.1.1 and 3.1.2, the proposed project will incorporate sustainability certification measures and training will be provided to farmers and cooperatives on how to ensure that they meet the certification requirements. By establishing market mechanisms to support sustainable, climate-resilient agroforestry, the project will ensure that this approach can be maintained and upscaled after the project has finished.

Outputs under Component 4 are directed towards ensuring the longevity and scalability of the project – thereby ensuring the project's sustainability. Thus, outputs include monitoring, evaluation, and learning (MEL) throughout the project lifespan, gender-responsive policy development and best practice guidelines. Additionally, upscaling plans will be developed for replication of successful project activities under Output 4.1.3.

Finally, as noted, gender-responsive policy will be developed under Output 4.1.2, as well as earlier during Output 1.1.4. Gender-responsive measures will be taken in all collaborative activities during all outputs. This focus on gender equity will feed into the sustainability of the project by ensuring: i) a diversity of knowledge and representation – particularly of those most vulnerable; ii) gender equality that aligns with SDG 5; and iii) the enabling of a widespread sense of ownership over the project implementation and maintenance among all stakeholders such that the project is continued, scaled up and replicated.

Project/Program Map and Coordinates

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

Secretariat Comment at PIF/Work Program Inclusion

10/5/2020:

Yes.

Agency Response

Stakeholders

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

Secretariat Comment at PIF/Work Program Inclusion

4/29/2021:

Cleared.

4/22/2021:

Please describe the consultations conducted during the project identification phase with Indigenous Peoples and Local Communities, Civil Society Organizations and Private Sector Entities.

10/5/2020:

Further information is requested.

- a) Are minority ethnic groups present in the target districts and will they be included in the consultations and as beneficiaries?
- b) How does the agency envisage further consultations, for example during PPG, to occur safely and successfully given the COVID-19 situation? (Please see Risks section for further questions on COVID-19.)

A list of stakeholders has been provided, along with their possible roles in project preparation and implementation. Preliminary consultations with Government stakeholders took place in 2019.

Agency Response

4/22/2021:

Additional information on community and corporate sector consultations has been added to PIF Section 2 based on preliminary field consultations, interviews, meetings and e-mail exchanges (please refer to Page 48). Field consultations could only be held in one of the two targeted project watersheds; given the second watershed was added by the Government of TL when COVID restriction applied. Risk assessment and proposed mitigation measures are stated in the SRIF with regards indigenous people and local communities. Detailed consultation will be done during the PPG phase, and potential stakeholders have been identified.

10/5/2020:

NOTE: The Work Program Inclusion List is not a final list of stakeholders. It is a list of stakeholders that are identified as potential stakeholders.

a) The Lacio watershed (Sungai Lacio) includes people from the Tetum ethnic group who predominantly live around Dili and the northern coast. The Lacio watershed is located around Dili and extends to the northern coast and so there will likely be Tetum peoples within the project site. The Tetum ethnic group is of Malayo-Polynesian origin and includes ~433,000 people across Timor-Leste in two sub-groups -- the Tentun Prasa and Tentun Terik.

The Dasidaro Watershed (Sungai Dasidaro) is on the north-eastern end of Timor-Leste, on the border of Lautem and Baucau municipalities. The population of these municipalities includes the Fataluku people and the Makasae people. Additionally, the Mambae people live in the mountains of central Timor-Leste, which may include the highlands of the Dasidaro Watershed.

These ethnic minority groups will be actively engaged in consultations throughout the project process including during PPG and during the implementation of the project. The stakeholder engagement plan will detail all group's involvement in the project. This is fundamental to ensuring the sustainability of the project. Special measures will be taken to ensure that minority ethnic groups are able to interpret the information presented and are able to feed back into the consultative processes throughout the project implementation.

b) While Timor-Leste has not been one of the worst hit countries by COVID-19, precautions will be taken both during PPG and project implementation to prevent the spread of this virus. Social distancing required as part of COVID-19 regulations will be observed during all consultations. However, in-person consultations will be held whenever this is feasible. These consultations would include multiple small groups (6-8) of stakeholders, in spaces that allow for socially-distancing. These spaces may be, for example, outdoor areas or large community halls. Measures, including COVID-19 testing and using disinfectants will also be applied in these spaces. All stakeholders will also engage with the entire stakeholder group (beyond the smaller groups) such that the diversity of voices are heard by all parties.

If required, holding consultations virtually will be considered, for example via Zoom, Skype or Teams which could supplement in-person meetings or otherwise be used in place of them, if required. However, limited access to internet for rural communities may pose a challenge to virtual consultations. The use of video-elements in consultations in the form of recorded video presentations will also be considered. These videos could be downloaded and viewed by multiple stakeholders prior to the discussion sessions. A summary on COVID risks and mitigation has been added to the PIF Risk Table.

Gender Equality and Women's Empowerment

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

Secretariat Comment at PIF/Work Program Inclusion

3/26/2021:

Cleared.

10/6/2020:

Further information is requested.

The project has a strong focus on women-headed households, provides relevant context on women's vulnerability, and has indicated that

gender will be mainstreamed across the components. It will report on sex-disaggregated information for the core indicators, and during PPG conduct a gender analysis and develop a gender action plan.

Recommended action: During PPG, we request the agency to identify some indicators to measure tangible benefits to women pertaining to their resilience, both quantitative ones (e.g., increase in income; reduction in time spent collecting water, etc., as appropriate) and qualitative ones that indicate change in empowerment and vulnerability.

Agency Response

10/6/2020:

Noted with thanks and needed indeed. During PPG phase, a proper stakeholder and gender analysis will be conducted, and a budgeted gender action plan inclusive of outcome indicators will be developed.

Private Sector Engagement

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

Secretariat Comment at PIF/Work Program Inclusion

3/26/2021:

Cleared.

FI, 10/5/2020:

Further information is requested.

Can you please clarify if consultations have already occurred with private sector partners such as Mars and Olam? The PIF states that they "will be engaged to develop commitments to sourcing sustainable and traceable commodities". Please clarify if they have already agreed to do so. Also, there is an assumption that this will incentivize small scale farmers to transition to sustainable and climate resilient commodity production. Please build this and other assumptions into the theory of change for the project, thank you. And please provide further detail on this aspect of the project (farmer linkage with private sector for sustainable and climate resilient commodities) by CEO Endorsement.

Agency Response

FI, 10/5/2020:

RIKOLTO - our main proposed partner on community empowerment, introducing sustainable agriculture, community development, and LEISA for sustainable CR-agriculture and off-farm SLM linkages, is also specialised and involved in sustainable Cocoa, marketing support and collaboration with sustainable sourcing companies such as MARS and OLAM. RIKOLTO already has had preliminary talks with both

firms on the proposed collaboration – where they expressed serious interest to collaborate, plans to access private capital for upscaling, as well as collaboration in the field of sustainable cocoa production/farmers support once the project and private financing would be realised. More cannot be expected during PIF conceptualisation- whilst the PPG would conduct a pre-feasibility study, and the FSP itself would be working on full business plan development, feasibility design and negotiations with financiers, banks and sourcing companies. Additionally, as already stated in the footnote under the co-finance Table C, RIKOLTO is in conversation with a Belgium investor to seek impact investment support to the GEF project towards transforming cocoa production and value chain, in addition what UNP has already discussed with the Rabobank Agr-3 Fund.

Risks to Achieving Project Objectives

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

Secretariat Comment at PIF/Work Program Inclusion

4/19/2021:

Cleared.

4/12/2021:

Not yet.

We understand that the national and sector level climate risk assessment will be undertaken as part of this project. However, as requested on 3/26, can you please submit a preliminary project-level climate risk screening, which looks at potential risks climate change can pose to the envisioned outcomes of the project? This would basically be a somewhat expanded version of Row 6 of the 'Risks' matrix, informed by climate change projections for the country, including changes in climatic means.

3/26/2021:

Not yet. Climate risks are discussed very briefly in one row of the Risks table. And the submitted SRIF discusses how the project will reduce vulnerability in the target areas but does not discuss potential adverse impacts of climate change and variability on the proposed project activities. As recommended by the GEF STAP, would it be possible to submit a preliminary climate risk screening undertaken for this project?

10/5/2020:

Adaptation (FI):

Not yet. A risk matrix has been submitted outlining major risks and potential mitigation measures for the project. However, it needs to also include climate risks and risks posed by COVID-19. In addition, please see below.

a) COVID-19: Please discuss how the project design will incorporate consideration of COVID-19 risks and mitigation strategies. In so doing, please consider the risks that COVID-19 poses for all aspects of project design and eventual implementation.

b) Thank you for submitting the Safeguard Risk Identification Form (SRIF). We note this project has received a Moderate risk rating. Please provide further information on measures to be taken to mitigate identified risks by CEO Endorsement.

c) Information on climate change projections and key climate hazards has been provided in the PIF. The SRIF includes a section on Climate and Disaster Risks, of which line 2.2 states: "The design has been informed by climate change projections and an analysis of expected climate-related risks, including food and water insecurity and extreme climate events."

Recommended action: Is it possible to upload the climate risk screening undertaken for the proposed project activities, or a summary report of it, that includes the identified potential climate risks, and the mitigation measures proposed? For example, the PIF mentions that climate resilient tree species will be planted, climate-resilient infrastructure supported, etc. How has their climate resilience been determined? Also, please provide further information on any climate risk assessment that will be undertaken during PPG.

(By CEO Endorsement, we would like to see a climate risk assessment and the identified mitigation measures.)

Land Degradation (ABS):

Climate change risks not mentioned, and will need to be included in the Table for Risks to the project. At the very least, some indication of projections/scenarios and how these can potentially affect the project and possible mitigation measures to address these. This can be further developed during the PPG phase.

The integration of COVID impacts, risks and opportunities not considered in any significant way.

Agency Response

4/12/2021:

We have added a screening of project risks to the SRIF (Safeguard Risk Identification Form) and have added text to the PIF under Component 2, 3 descriptions and the Risk Mitigation Table

3/24/2021

Detail Climate Risk Assessment at national level (please refer output 1.1.4) and detail gender specific climate vulnerability assessment for two watershed (please refer to output 2.1.1) will be conducted during project implementation phase. The screening of sector policies and strategies would certainly be a methodology to use in Output 1.1.4: *Climate risk assessment (CRA) conducted at the national level to identify the potential impacts of climate change at country and sectoral level* and to identify gaps that could be addressed by Output 1.1.5:

Gender-responsive revisions to LDN targets and sectoral policies prepared and agreed with the national focal Ministries for UNFCCC and UNCCD, to incorporate climate change risk assessments and expand the scope of LDN strategies. We will clarify this in the project strategy once fully developed.

10/5/2020:

Adaptation (FI):

a) The risk of a COVID-19 resurgence during PPG phase and/or implementation has been included in Table 4 alongside the strategy for mitigating this risk. The primary risk associated with COVID-19 is a resurgence of the pandemic during PPG phase and/or implementation. This would likely result in restrictions regarding: i) the congregation of people, and ii) national and international travel. Thus, stakeholder engagement could be hindered, and project implementation delayed – particularly those activities related to capacity development and adaptation interventions.

The mitigation strategy in a resurgence scenario is for the proposed project to follow Government protocol related to COVID-19. The risks related to COVID-19 will be evaluated during PPG phase and mitigation measures will be integrated into planned project activities and budgets. Possible arrangements include that: i) meetings and workshops will take place in outdoor spaces, with social distancing and hygiene measures applied; ii) meetings and workshops will be organised in smaller groups, with a larger number of events such that all stakeholders are engaged and that the same total number of beneficiaries are reached; iii) physical meetings may be replaced with virtual meetings (via Skype, Zoom or an similar platform); iv) capacity building and training may be conducted via videos, online training modules, webinars, and/or podcasts; and v) protective equipment will be provided to all implementing partners and beneficiaries and full access to sanitation points will be ensured.

Should national or international travel restrictions be implemented as part of Government COVID-19 regulations, virtual consultations, workshops, and training can be organised.

b) Well noted. The SRIF/ESMP will be further elaborated on during the PPG phase .

c) Climate risks were identified at this stage of project using projections and information that is available from the World Bank Climate Change Knowledge Portal, as well as the following documents.

- Government of Australia. 2012. Vulnerability assessment of climate change impacts on groundwater resources in Timor-Leste.
- Timor-Leste's National Adaptation Programme of Action
- Timor-Leste's Intended Nationally Determined Contribution
- Timor-Leste's Initial National Communication to the UNFCCC

Climate-related risks are incorporated into the *Risks and mitigation measures* table (Table 5) in the PIF. The SRIF/ESMP will be further elaborated on during the PPG phase, a national climate risk assessment and detailed watershed-level climate change vulnerability assessments will also be conducted at the beginning of the project implementation period and will inform adaptative management of the project.

Land Degradation (ABS):

SAME: Climate Risk analysis has both been added to the PIF - Risk Table as well as are part of the UNEP SRIF.

The following has been added to the PIF, related to 'innovation, sustainability and potential for scaling up':

"In the current context of COVID-19, the proposed project will capitalise on opportunities for adaptation measures to contribute to green recovery processes. During PPG phase, the project-related risks associated with COVID-19 will be assessed, and opportunities for green recovery will be identified. All measures for capitalising on these opportunities will then be fully integrated into the project strategy and activities. The proposed project will respond to COVID-19 by proactively integrating COVID-19 into training activities under Outputs 2.1.4. This Output focused on the

This output, focused on the

CRIWDPs, will include specific training materials on water management, sanitation, hygiene, and human resilience against zoonotic diseases such as COVID-19. Additionally, training activities under Output 3.1.1 (on climate-resilient agribusinesses) will include materials on the opportunities for green growth – particularly regarding the ways in which investments in climate-resilient income-generating activities can stimulate local economies, create employment and livelihood security, and increase local resilience to recurrent zoonotic diseases. By raising awareness among stakeholders about the linkages between ecosystem resilience and human resilience to COVID-19, the proposed project will not only build momentum for implementing and scaling up climate-resilient agricultural interventions but also contribute to global green economic growth and sustainability efforts.”

Coordination

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

Secretariat Comment at PIF/Work Program Inclusion

3/26/2021:

Cleared.

10/6/2020:

Adaptation (FI):

Please see comments on coordination with the GCF project, above in the review sheet. Please also discuss coordination across the proposed cross-sectoral working group.

Land Degradation (ABS):

No information provided on project coordination. This is an important area, given this complex project and the capacity of the executing agency to implement along with many other projects being implemented in the country currently.

Agency Response

10/5/2020:

These comments are well noted. Coordination with GCF project has been addressed above (Part II Project Justification, Section 5a)

These comments are well noted. Coordination with GCF project has been addressed above (Part II: Project justification, Section 2a). Additional information on the proposed coordination mechanism for the project has been added to the PIF. This information is copied below for ease of reference.

A Coordination Committee – e.g. based on member agencies involved in the ‘Cross-sectoral working group on climate resilience and LDN’ under Output 1.1.2, will be established to support the implementation of the proposed project and facilitate coordination between the project and parallel investments. The Committee will meet at least biannually and will be chaired by a representative of the Secretary of State for the Environment. In addition to this representative, other government stakeholders, including the Ministry of Agriculture and Fisheries, and the Ministry of Social Solidarity and Inclusion will be represented on the Committee. Private sector stakeholders, representatives of the project management teams for other projects, including the GCF UNDP project, and community organisations will also be a part of the Coordination Committee. An indicative list of relevant stakeholders is provided in Section 2. The Committee will support coordination between the proposed project and other relevant projects to maximise synergies and avoid duplication.

Consistency with National Priorities

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

Secretariat Comment at PIF/Work Program Inclusion

10/6/2020:

Yes.

Agency Response

Knowledge Management

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

Secretariat Comment at PIF/Work Program Inclusion

10/6/2020:

Yes for PIF stage.

By CEO Endorsement, please provide detailed information on:

- The various aspects of knowledge emerging from this project that will be captured (e.g., engagement of the private sector in climate-resilient agriculture; conducting climate change assessments of crops and infrastructure; enhancing the climate resilience of women; etc.).
- How the knowledge products will be developed to target various stakeholder groups, in appropriate formats for each, and how their usage can be monitored.

Agency Response

10/6/2020:

Noted regarding detail information during CEO Endorsement.

Environmental and Social Safeguard (ESS)

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

Secretariat Comment at PIF/Work Program Inclusion

4/19/2021:

Cleared.

4/12/2021:

Please see comments elsewhere in the review requesting a preliminary climate risk screening for the project.

10/6/2020:

Yes, the SRIF has been submitted. However, see comments in Risks section, above.

Agency Response

4/12/2021:
Addressed above

10/6/2020:
Addressed above

art III – Country Endorsements

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

Secretariat Comment at PIF/Work Program Inclusion

4/12/2021:
Cleared.

3/26/2021:
Not yet. Please submit an LoE with the updated PPG amounts reflected.

9/30/2020:
Yes.

Agency Response

3/24/2021:
Revised LoE is submitted.

Termsheet, reflow table and agency capacity in NGI Projects

Does the project provide sufficient detail in Annex A (indicative termsheet) to take a decision on the following selection criteria: co-financing ratios, financial terms and conditions, and financial additionality? If not, please provide comments. Does

the project provide a detailed reflow table in Annex B to assess the project capacity of generating reflows? If not, please provide comments. After reading the questionnaire in Annex C, is the Partner Agency eligible to administer concessional finance? If not, please provide comments.

Secretariat Comment at PIF/Work Program Inclusion

N/A

Agency Response

EFSEC DECISION

RECOMMENDATION

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

Secretariat Comment at PIF/Work Program Inclusion

4/29/2021

Cleared.

4/22/2021:

Not yet. Please address comments for items 1 and 4 of Part I of the review sheet, and in the Stakeholders section.

4/12/2021:

Not yet. Please address comments for review items above.

3/26/2021:

Not yet. Please address comments for review items above.

10/6/2020:

Not yet. Please address comments for review items above.

ADDITIONAL COMMENTS

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

Secretariat Comment at PIF/Work Program Inclusion

1. Please see PIF-stage comment on Gender, with request for further gender-specific quantitative and qualitative indicators.
2. Please see PIF-stage comments in the Knowledge Management section, with request for further information by CEO Endorsement.
3. As per the agency response to the PIF stage comments in the 'Private Sector' section, please provide additional information on which private sector partners will be engaged, and how.
4. By CEO Endorsement stage, we will need detailed information on the specific investments that will be supported by the LDCF.
5. Please submit a climate risk assessment for the project. Please see STAP documentation on items to consider/include in the assessment.

/iew Dates

	PIF Review	Agency Response
First Review	10/7/2020	10/5/2020
Additional Review (as necessary)	3/26/2021	3/24/2021
Additional Review (as necessary)	4/12/2021	4/12/2021
Additional Review (as necessary)	4/19/2021	4/22/2021
Additional Review (as necessary)	4/22/2021	

PIF Recommendation to CEO

Brief reasoning for recommendations to CEO for PIF Approval

Context:

Timor Leste is an LDC SIDS in Asia-Pacific where rural agriculture contributes roughly 30 percent to GDP but experiences low crop productivity due to the impacts of climatic hazards (e.g., frequent tropical cyclone events, flooding, drought and landslide damage) as well as unsustainable farming practices that lead to soil nutrient depletion, loss of topsoil and gully erosion. About half of the country's land area is at risk of land degradation. Agriculture in Timor-Leste is also affected by the limited amount of available surface water. With rainfall projected to become more erratic, and drought and extreme rainfall events likely to occur more frequently under future climate conditions, climate change presents a substantial threat to the water and food security of rural communities in Timor-Leste. It is also expected to increase the occurrence of forest fires. Subsistence farmers are trapped in a cycle of poverty; without access to irrigation infrastructure, markets for cash crops, or equipment and technologies for improving yields, they are unable to increase their incomes or ensure their own food security.

Components and Results:

The project will support small-scale farmers in Timor-Leste in adopting climate-resilient sustainable land management (SLM) practices and improving access to and management of climate-resilient water resources for rural communities. This is expected to reverse land degradation, decrease water and food insecurity, reduce rural poverty, and help the communities adapt to climate change and increased variability.

Proposed solutions include: (i) improved national and sub-national adaptation planning; (ii) ecosystem restoration and protection; (iii)

Proposed solutions include: (i) improved national and sub-national adaptation planning; (ii) ecosystem restoration and protection; (iii) sustainable agricultural management systems; (iv) climate-resilient water supply and management systems; and (v) the transformation of subsistence agriculture to agri-businesses. This transformation will promote access of smallholder farmers to commodity markets and

catalyze motivation, incentives and resources to communities (for example, through the impact investments) to engage in improved sustainable water, forest, land and livestock management in priority watersheds. These measures will ultimately result in an increase in food and water security under future climate conditions.

Expected results for the project include 68,000 direct beneficiaries of climate resilience SLM solutions, 2.8 mtCO₂ mitigated through climate-resilient sustainable land management (SLM) including restoration and climate-resilient agricultural production, 5,500 ha of (forest and agricultural) land restored, 71,300 ha of land brought under climate-resilient management, mainstreaming of climate resilience in three sector policies and plans, and 8,200 people trained about climate risks and adaptation measures.

Private sector: The project will explore engagement with companies involved in producing sustainable cocoa, to be further assessed during project preparation.

Gender: Interventions have been designed to take into account gender-differentiated vulnerability to climate change; the different roles and livelihood activities of men and women in their communities; and differences in men and women's access to resources and services. Women will be included in all community consultations. A gender analysis and action plan will be developed during project preparation, which will be used to further refine the project design and develop gender-responsive indicators.

Coordination: The agency has submitted a matrix clarifying how the activities of the proposed GEF project will complement those of a proposed GCF project in the country. The GEF project will establish a Coordination Committee to support implementation of the proposed project and facilitate coordination with related, parallel investments in the country.

Covid 19 risks, and opportunities for green recovery:

Risks and their mitigation: A Covid-19 resurgence in the country could result in restrictions regarding: i) the congregation of people, and ii) national and international travel. Thus, stakeholder engagement could be hindered, and project implementation delayed – particularly activities related to capacity development and adaptation interventions.

Possible coping arrangements include: i) meetings and workshops to take place in outdoor spaces, with social distancing and hygiene measures applied; ii) meetings and workshops will be organized in smaller groups, with a larger number of events such that all stakeholders are engaged and that the same total number of beneficiaries are reached; iii) physical meetings may be replaced with virtual meetings (via Skype, Zoom or an similar platform); iv) capacity building and training may be conducted via videos, online training modules, webinars, and/or podcasts; and v) protective equipment will be provided to all implementing partners and beneficiaries and full access to sanitation points will be ensured. Should national or international travel restrictions be implemented as part of Government COVID-19 regulations, virtual consultations, workshops, and training can be organized.

Green recovery: Through its strong focus on nature-based solutions for improving the livelihoods and resilience of vulnerable rural communities, improving food security, and helping to develop resilient agribusiness, the project will be supporting green recovery in the

communities, improving food security, and helping to develop resilient agribusinesses, the project will be supporting green recovery in the target areas. Investments in climate-resilient income-generating activities can stimulate local economies, create employment and livelihood security, and increase local resilience to recurrent zoonotic diseases. The proposed project will not only build momentum for implementing

and scaling up climate-resilient agricultural interventions but also contribute to green economic growth and sustainability efforts. Opportunities for green recovery will be further refined during project preparation.