

Promoting Dryland Sustainable Landscapes and Biodiversity Conservation in the Eastern Steppe of Mongolia

Review CEO Endorsement and Make a recommendation

Basic project information

GEF ID

10249

Countries

Mongolia

Project Name

Promoting Dryland Sustainable Landscapes and Biodiversity Conservation in the Eastern Steppe of Mongolia

Agencies

FAO, WWF-US

Date received by PM

7/23/2020

Review completed by PM

9/17/2020

Program Manager

Ulrich Apel

Focal Area

Multi Focal Area

Project Type

FSP

PIF

CEO Endorsement

Part I – Project Information

Focal area elements

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

Secretariat Comment at CEO Endorsement Request

08/04/2020: Yes, but amendments needed.

The project remains aligned with focal area objectives and Impact Program (IP) objectives. However, much emphasis is placed on the alignment with focal area objectives; the alignment with the goals and objectives of the IP will need to be further strengthened. Several of the following review comments will provide further detail to what needs to be addressed.

The portal entry text should right from the outset (under project justification) present this project as part of the program and clarify how it contributes to the program's objectives. This project will be circulated to Council and other stakeholders for comments and needs to be clearly presented as a child project of the IP. In this context: why is the project document not categorized as a "public" document? If it is categorized for "official use only" it will prevent circulation to Council. Please clarify and adjust accordingly.

Correction required: In Table A, please select only the IP SFM Drylands objective (same objective as in the PFD; so that in the portal the amounts of each child project can draw from the total program envelope).

09/17/2020: Addressed.

Cleared

Agency Response

RE 4 Aug 2020:

Alignment with Global IP objectives: Part II: Project Justification has been revised accordingly, in particular Section 1.a.1) Global environmental and/or adaptation problems and Section 1.a.3) Alternative scenario. See other responses for details.

Revised uploaded project document category has been changed to "public document".

Table A has been adjusted.

In addition to GEFSEC comments, the project design team has addressed feedback received from UNCCD Secretariat, in particular with regard to alignment with LDN targets and LDN indicator monitoring. Information has been added in *Sections 1.a.1) Global environmental and/or adaptation problems, 1.a.2) Baseline scenario and 1.a.3) Alternative scenario*.

Changes have also been made in the work plan based on the outcomes of the draft ESIA:

- 1) ProDoc Annex H (work plan): Activity 2.2.3.2 on bagh-level schooling pilot has been cancelled due to concerns raised by the ESIA. Budget has been reallocated to Activity 2.2.2.3 to support the decrease in livestock concentration;
- 2) ProDoc Annex A1 (results indicators): The area of cropland under improved management (sub-target of 29,182 ha under Sub-Indicator 4.3) has been reduced to 4,000 ha based on concerns raised by the ESIA and the project design team regarding the feasibility of this target. Accordingly, indicator target b) under Outcome 2.1 “Quantity of crop and fodder produced from sustainable and climate-smart practices” has been reduced.

Project description summary

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

Secretariat Comment at CEO Endorsement Request

08/04/2020: Not fully.

Please indicate which Outputs are intended to contribute to the specific indicators and targets outlined in the Core Indicator sheet. We note the details presented in the Project Results Framework, however, for overview purposes the contribution to targets should be made and/or cross-referenced to the project results framework.

Component 1

- Given the importance of multi-stakeholder platforms for the Drylands IP and the focus on value chain development for this project, will the private sector and other local groups be involved in the national level multi-stakeholder working group? If so, what are their specific roles? (Please reflect this in the documentation in other relevant sections as well).
- Are there any plans to improve the policy environment as it relates to provision of sustainable finance for PAs and/or access to loans by herders? Access to finance was mentioned as a barrier.

Component 2

- Indicators representing % improvement in productivity and % increase in income should be included, and as much as possible tracked by gender
- Barrier 2 references financial resources, and limited access to financing from commercial banks due to agricultural risk calculation, making interest rates high, and short repayment terms.

Please consider addressing this barrier, by either training for financial institutions on how to incorporate these investments in their lending portfolio or offer to offer new specialized products. This is necessary for value chain development and continued investments by the herders etc. in sustainable land management. We note that it is briefly mentioned in the project description, however, is there a particular target associated with this activity?

If Pasture User Group are not legally recognized, do they have sufficient status to engage in partnerships/agreements with local government and private sector etc (Output 2.2)?

- How is Component 3 addressing the issues of enforcement of the NR and LPA management plans including species management?

09/17/2020: Addressed.

Cleared

Agency Response

RE 4 Aug 2020:

Annex A1 of ProDoc/Annex A of CEO ER (Project Results Framework) and Table B have been revised accordingly; cross-reference between Outputs and Core Indicators has been added.

Component 1

- Clarification has been added in *Section 1.a.3) Alternative scenario*, Component 1 description. “The working groups will be established under the existing mechanism of the National Land Reform Committee, and will include representation of the various sectors as well as private sector and local groups.” In addition, the land management planning process will involve detailed consultations with local stakeholders, including private sector and local groups. The roles of the working group members will be established during implementation, when elaborating the Terms of Reference.

- With regard to the policy environment for sustainable PA financing, this is being addressed by the GIZ and UNDP/GEF-6 ENSURE project (includes sustainable financing mechanisms such as user fees, biodiversity offsets, etc.). If the need arises, the GEF-7 can take this work forward after the ENSURE project ends. Regarding access to loans by herders, the main mechanism will be by working with banks for the provision of concessional/low-interest loans (as explained below). Addressing the issue of credit risk management in Mongolia more generally goes beyond what the project realistically can achieve.

Component 2

- % improvement in productivity/income: The following changes have been made in Annex A1 of ProDoc/Annex A of CEO ER (Project Results Framework): Outcome 2.3, Indicator *c) Additional or new income from value chain activities (\$ equivalent)*. “\$ equivalent” has been replaced with “% change”. The end-of-project target is 10% increase over baseline measurement. Regarding productivity: Reference to the three LDN indicators – land cover, land productivity and soil organic carbon – has been added in the work plan (Output 1.1.4) and in *Section 1.a.3) Alternative scenario*, Component 1 description. This will be part of the improved monitoring systems. Details will be elaborated during implementation.
- Access to financing: During PPG, based on the detailed baseline analysis and consultations with stakeholders, it was assessed that the issue of access to financing will more realistically be addressed through other projects with more long-term presence and larger funding. First, there is an ongoing eco-loan product pilot under the *Green Pasture Pilot Project*, a collaboration between XacBank, Mercy Corps and CPR. If successful, this can be replicated by the GEF-7 project. A provision for this has been included as part of Output 2.3.1, which includes an optional activity “Develop partnerships with financing institutions to enable access to affordable financing for herders in support of sustainable livestock production (soft loans, establishment of credit saving cooperatives, credit and savings unions).” (see ProDoc *Section 1.a.3) Alternative scenario*).

Second, it is anticipated that XacBank (a GCF accredited entity) and other banks in Mongolia will in the future be engaged in GCF adaptation projects (and potentially other sources of concessional loans from international climate financing), which would likely involve loan components for herders and could address this on a larger scale.

Third, as explained in the baseline section, SFA (a project partner) and Khan Bank have started a collaborative programme to scale SFA activities and reward responsible livestock production practices. Preferential loans and other bank services will be made available to SFA herding communities that can demonstrate compliance with the SFA Codes of Practice. Herder cooperatives that received a bronze certificate by SFA can apply for a Khan Bank loan. The GEF-7 project will explore opportunities to upscale these loans/services if successful.

Also, the project includes specific interventions to strengthen financial mechanisms for pasture management activities and NRs, as explained under Outputs 2.2.3 and 3.1.5, building on the Livestock Risk Management Fund (LRMF) of the Green Pasture Pilot.

Pasture User Groups:

While PUGs are not a legal entity, both the Land Law and the Environmental Protection Law refer to local “groups”. This is why during PPG it was decided to use the wording “local herder groups/institutions” in Output 2.2.2 instead of PUGs. Under Activity 2.2.2.1, the best mechanism for each soum/bagh will be decided through participatory consultations. In some soums, where the concept of PUG has been successfully applied through the Green Gold project, the concept of PUG may still be used in lieu of herder groups. In other soums, the pasture management plans will be based on the bagh-level administration, “hot ails” and/or herder groups.

Component 3

- Enforcement in NRs and LPAs: Under Outputs 3.1.2, 3.1.3 and 3.1.4, the project will help stakeholders identify priorities and establish management plans; and then implement these priorities. As explained in the ProDoc, this is likely going to include communications/awareness activities, improving professional skills and capacity, engaging communities in conservation, providing PA administration infrastructure, etc. Local government is responsible for providing rangers for NRs. As explained in the ProDoc, in NRs traditional, non-commercial activities such as grazing is allowed (as opposed to Strictly Protected Areas). Accordingly, NR (and even more so, LPA) management is based on a “soft approach” to enforcement, largely relying on awareness and engagement of local communities, in particular considering the vast areas covered by these nature reserves. For capacity building activities to develop skills and capacity of rangers, the WWF Standard on Community Health, Safety and Security will be duly applied. The project will also focus on strengthening collaboration between neighbouring PAs such as target NRs, LPAs in the connectivity area of the Mongolian gazelle and White-Naped Crane and Strictly PAs. This will contribute to introducing the effective conservation management of migratory species at the landscape level.

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

Secretariat Comment at CEO Endorsement Request n/a

Agency Response

Co-financing

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

Secretariat Comment at CEO Endorsement Request

08/04/2020: Not fully.

- If co-financing letters do not confirm cash co-financing and specifically mention that the contribution is in kind, the entries in Table C cannot indicate "grant" and "investment mobilized" (i.e. MOFALI contribution).
- If letters are provided for a certain amount, the amount has to appear in Table C, it cannot be split into different categories and/or lumped together (i.e. MOFALI contribution and 2 letters of crop companies).
- TNC is listed as "others". Would NGO be more appropriate?
- The level of investment mobilized is relatively low under the impact program and in view of the ambitious targets. Please clarify which plans are in place to mobilize other sources of co-financing to achieve those targets.

09/17/2020: Addressed, but additional discrepancy found:

Co-financing figure entered for SFA in the Portal is entered as \$4.2 million US Dollar. The co-financing letter shows that the 4.2 million is in British Pound, please enter the equivalent amount based on official exchange rate. Please adjust all co-financing figures throughout the documentation if the total amount changes.

11/16/2020 Addressed.

Cleared

Agency Response

RE 4 Aug 2020:

- *Section C. Confirmed sources of Co-financing* has been adjusted accordingly, i.e. MOALI co-financing has been changed to in-kind/recurrent expenditures only and merged to only one entry.

- Letters of crop companies have been divided into 2 separate lines.

- TNC has been changed to “Civil Society Organization”.

- After adjustment, the investment mobilized is still USD 5.2 million (from crop companies and SFA). During implementation, additional sources of investment mobilized will be sought, including from the World Bank and potential future GCF projects, EU funding, etc.

RE 17 Sep 2020:

A conservative exchange rate was used to anticipate and so mitigate any exchange rate risks related to Brexit as the GBP started to depreciate followed by market concerns. The exchange rate is now adjusted using the official exchange rate of the UN. (Please refer to: <https://treasury.un.org/operationalrates/OperationalRates.php>, USD/GBP 1:0.777, 1 Oct 2020).

With this rate, GBP 4.2 million corresponds to USD 5.4 million.

The amount has been adjusted throughout the CEO ER documentation.

GEF Resource Availability

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

Secretariat Comment at CEO Endorsement Request 08/04/2020: Yes.

Agency Response

Project Preparation Grant

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

Secretariat Comment at CEO Endorsement Request 08/04/2020: Yes.

Agency Response

Core indicators

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

Secretariat Comment at CEO Endorsement Request

08/04/2020: Clarification required.

Core Indicator 1 - Protected Areas mentioned under this Biodiversity focused indicator, need to be of global importance and have to be nationally designated as such. Please clarify if all of the targeted sites for this indicator are Local Protected Areas or nationally designated protected areas following IUCN Categorization. All other area would have to be counted under Core Indicator 4.1. "Areas under improved management for biodiversity benefits (outside PAs)".

Please briefly explain how the area on 5.6 million ha under indicator 4.3 has been estimated. NOTE: We cannot locate an Annex A1 referring to detailed information for this indicator, please clarify.

09/17/2020: Addressed.

Cleared

Agency Response

RE 4 Aug 2020:

We confirm that all six Nature Reserves under Core Indicator 1 are of global importance and have been nationally designated as IUCN Category IV Habitat/Species Management Area. (Local Protected Areas, in turn, will be counted towards Sub-Indicator 4.1.) Please refer to the Core Indicator worksheet and the GEF-7 BD Tracking Tool for details. IUCN Category V had been mistakenly selected in the Core Indicator worksheet – this has been corrected.

Details on the 5.6 million ha for Sub-Indicator 4.3 are described in Annex A1 of ProDoc/Annex A of CEO ER (Project Results Framework), under Core Indicator 4, as follows:

- 6,857,748 ha will be under improved land management plans (entire area of 9 soums). To avoid double-counting, Core Indicator 1 and Core Indicator 3 were deducted from this target. [Area of Core Indicator 1 that needs to be deducted from Core Indicator 4 is 1,189,866 ha minus 221,262 ha (corresponding to the area of Toson Khulstai NR that is outside of the 9 target soums) = 968,604 ha. 6,857,748 ha minus 968,604 ha (Core Indicator 1) minus 249,027 ha (Core Indicator 3) = 5,640,117 ha.] Sub-Indicator 4.1 for LPAs will also have to be deducted, when available (area to be determined during implementation as part of Output 3.1.1).
- Within this area, there will be:
 - (i) 4,000 ha of cropland under improved management
 - (ii) 1,861,305 ha of pastureland under improved pasture management plans [Estimate calculated as 33% of total 5,640,117 ha. See Outcome 2.2, Indicator d), 33% of baghs have improved bagh-level pasture management plans.]
 - (iii) 19,800 ha of forest area under improved management [Total forest area in the nine soums is 109,872.7 ha. Project interventions are anticipated to cover approximately 20,000 ha of forest area, of which 200 ha of forest restoration.]

Part II – Project Justification

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

Secretariat Comment at CEO Endorsement Request

08/04/2020: Not fully.

- There is insufficient information on threats to forests and the forest sector as a whole in particular in relation to the targeted dryland landscapes. Given the focus in Component 2 (Output 2.2.4) on restoration and SFM, please provide additional details on this.
- There is very little narrative on how the challenges are linked to the Drylands IP programmatic approach. Please include.

09/17/2020: Addressed.

Cleared

Agency Response

RE 4 Aug 2020:

- Information has been added in *Section 1.a.1) Global environmental and/or adaptation problems*, Sub-Section *Threats to forests* (copied below for reference). Further information can be found in Annex S1 (Baseline Report on Biodiversity).

“The facing forest degradation and deforestation caused by climate change and over-exploitation has become one of the pressing issues of the Mongolian forestry sector.

Average annual temperatures in Mongolia warmed 2.1 degrees Celsius between 1940 and 2014 – around triple the global increase over the same period – and Mongolian tree-ring records indicate that the 20th century was one of the warmest centuries of the last 1,200 years. Warmer winter temperatures can enable pests to expand their range, while drought and water stress make trees more susceptible to insects. Where pest infestations kill large numbers of trees, fires burn more easily and intensely – and release more carbon. The impacts of climate change, fire and pests are cumulative.

Mongolian forests have low productivity and growth, and they are vulnerable to disturbance from drought, fire and pests. Forests can easily lose their ecological balance following disturbance, and they have a relatively low ability for expansion to currently non-forested areas. The main drivers of forest loss and degradation in Mongolia are forest fires, pests, selective logging and clear felling, and grazing. Forest fires affect large areas in Mongolia, generally about 95% of these are regarded as caused by human activities, only 5% are due to natural factors, mainly lightning. Fires mostly occur during the spring and autumn period, when activities such as timber harvesting, use of non-timber forest products, and hunting may cause forest fires. Declining rainfall also means that conditions become less favorable for forests.

The Forest Steppe is a savanna system of open steppe grasslands and meadows with (sometimes widely scattered) patches of coniferous and mixed forest and woodland. Most of it occurs in patches and larger blocks across the Daurian Forest Steppe Ecoregion, with outlier units mapped in the Great Khyangan in eastern Mongolia and in the foothills of the Khangai Nuruu in the west. It takes up over 6% of the region in units averaging 22,000 hectares. While the boundary between forest and steppe in this system has certainly oscillated over the millennia, there is strong ecological and palynological evidence of an increase in steppe vegetation

and a decrease in forest vegetation in the last thousand years. The changes may be largely irreversible, and humans are likely the principal agents of change. Wood extraction for household use and intensive grazing of domestic livestock open up the woods and dry them out, and subsequent blowdowns and mixed-severity fires (fire return intervals may be less than 10 years) and insect and pathogen problems further suppress the ability of trees to regenerate.

In the project's target area, in addition to the steppe/patch forest areas in the northern parts of Bayan-Adraga and Norovlin soums, forest areas are found along the Ulz and Kherlen Rivers. In Norovlin, Bayan-Ovoo, Khulunbuir, Bulgan and Bayan-Adraga soums, herders' conventional summer pasture is along the river Ulz and Kherlen. The Ulz and Kherlen river banks nowadays lack significant vegetation cover from being overgrazed and species of vegetation have been changing into more unpalatable and drought-resistant grass species. The Ulz and Kherlen Rivers' riparian floodplain is heavily grazed by local livestock almost throughout the year.

Grazing contributes directly and indirectly to deforestation and forest degradation in Mongolia. Both the southern Saxaul forests and the northern boreal forests are also widely used for grazing (sometimes seasonal), with approximately 35-40% of total livestock population of Mongolia grazing in and near forest areas in Mongolia (Narangerel Z., 2017). In the project target area, the riparian forest is affected by overgrazing due to overgrowth of livestock numbers in the floodplain meadows in dryland. Grazing can interact with other pressures on forests that contribute to forest degradation and deforestation. For example, overgrazing results in damage to young trees and saplings, and can particularly hinder forest regeneration. This is also one of the threats to forests in the NRs such as Khar Yamaat and Ulz goliin ekh NR, where small patches of forests, particularly Birch forest, are very sensitive, especially during the young period.”

- Further information has been added in *Section 1.a.1) Global environmental and/or adaptation problems*, Sub-Section *Root causes and barriers*, after Barrier 4 description, on how the challenges are linked to the Drylands IP programmatic approach. Copied below for reference.

“While many of the above-mentioned causes and drivers of dryland degradation and biodiversity loss are specific to the Mongolian social/economic/ecological context, they are in line with the global trend of land degradation, desertification and biodiversity/forest loss in drylands. They are also in line with the four major categories of proximal causal agents highlighted in the SFM/Drylands IP Program Framework Document (PFD), i.e. (1) increased aridity; (2) agricultural impacts, including livestock production and crop production; (3) wood extraction, and another economic plant removal; and (4) infrastructure extension, which could be separated into irrigation, roads, settlements, and extractive industry (e.g., mining, oil, gas). Like elsewhere, in Mongolia desertification/dryland degradation is attributable to a combination of all four causes.” In addition, it has been added under Barrier 4 that “there is limited regional cooperation and knowledge exchange for addressing dryland management challenges”.

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

Secretariat Comment at CEO Endorsement Request

08/04/2020: Yes.

Agency Response

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

Secretariat Comment at PIF/Work Program Inclusion

08/04/2020: Not fully.

- It would be important here again to explicitly indicate how the child project theory of change is linked to the overall theory of change of the program and how it is contributing to the overall goal of the program. NOTE: we cannot locate an Annex K: theory of change in the documents section.
- There is an indication of a lack of sufficient incentives for user groups and local government to engage in sustainable landscape management. How is the project addressing this?
- In addition to the comments mentioned under on Table B, we note that in the project description under Outcome 2.2 there is reference to restoration of forests. Please ensure the targeted hectares are reflected in the Core Indicator table under the appropriate sub-indicator for forest restoration as well as in Table B.
- Component 4: We expect more detailed information at this stage on how the child project will engage with the Global Coordination project as well as in the Central Asian cluster of the Drylands IP project. Further, please elaborate on the cooperation with the Cashmere platform.
- In light of the COVID-19 pandemic and GEF's focus on resilience in general, please include details on how the project will work on increasing the resilience of value chains (meat, wool, cashmere) being considered as well as the land based interventions under Component 2.

09/17/2020: Addressed.

Cleared

Agency Response

RE 4 Aug 2020:

A table explaining how the Project Components contribute to the Program Components and Outcomes has been added in *Section 1.a.3) Alternative scenario*. An introductory paragraph has also been added, as copied below.

“The project will directly contribute to the objective of the SFM Drylands IP, which is to avoid, reduce, and reverse further degradation, desertification, and deforestation of land and ecosystems in drylands through the sustainable management. Along with the Drylands child project in Kazakhstan, the Mongolia child project will contribute to the sustainable management of rangelands and steppe forests of Central Asia.”

Annex K is included as part of the Project Document. A note has been added.

- The project is applying a holistic approach involving a range of different interventions. As explained in *Section 1.a.3) Alternative scenario*, Component 2 description (Outcomes 2.2 and 2.3), land management and pasture management interventions will be implemented in parallel with market-based incentives that support a reduction in the stocking density and a more balanced herd composition. By providing technical assistance that help herders increase the quality of their products, improve animal health and breeding/access to veterinary services, link herders with processing companies/buyers, increase meat exports to increase turnover, and access to low-interest loans, it is anticipated that this will provide sufficient incentives for herders to engage in sustainable land management. Policy incentives (such as a pasture tax) are also important and are addressed under Component 1.

- Target for forest restoration (200 ha) has been added in Annex A1 of ProDoc/Annex A of CEO ER (Project Results Framework) and in the Core Indicator worksheet (and has been deducted from the 20,000 ha of forest under improved management).

- Component 4: The following information has been added in *Section 1.a.3) Alternative scenario*, Component 4 description.

“Special consideration will be given to experience sharing with other Central Asian countries practicing pastoral husbandry and sustainable dryland management. Exchange will be sought, in particular, with the Drylands child project in Kazakhstan, implemented by the World Bank with FAO as the Co-Implementing Agency. In coordination with the (virtual) regional hub for Asia established under the Global Coordination Project, the Mongolia child project will build on relevant international platforms in which Mongolia already plays an active role, such as the UNCCD, WOCAT, the Central Asia Countries Integrated Land Management Initiative (CACILM), the Bonn Challenge, the Northeast Asia Desertification, Land Degradation and Drought Network, the Global Soil Partnership and Asian Soil Partnership, and the United Nations Environment Assembly, to share lessons learned and knowledge from the Impact Program.

Also, the project will support regional and cross-border coordination relevant to maintaining the ecological integrity of the Central Asian Steppe, in particular in relation to the Mongolia-Manchurian Grassland and the Daurian Forest Steppe Ecoregions. It will generate and systematically document lessons learned that will contribute to the understanding of the complex dynamics of ecosystems, their values and the multiple demands placed upon them. In particular, the project will aim to share lessons, through regional meetings, exchange visits and knowledge products, with neighbouring Russia and China and build on ongoing support for transboundary conservation by WWF Mongolia, in particular through mechanisms such as the CBD and UNCCD Conference of the Parties. Exchange will also be sought with regard to regional cooperation on White-Naped Crane conservation, in particular with China. The project will also provide important lessons with regard to land tenure and access, resilience, and the role of women in the sustainable management of drylands. Through the involvement of the private sector, the project will catalyse innovations that can be scaled up in other countries in the region and globally under the IP. These innovations may include, among others, market-based instruments such as certifications as well as innovative technologies introduced by the project. {...} Project indicators will feed into Program indicator reporting. Building on the indicators developed during PPG and in coordination with the global IP Program, the project will establish systems for M&E, knowledge management and knowledge sharing, including a methodology to capture good practices and lessons learned, contributing to national, regional and global IP implementation.”

“Furthermore, the project will continue to exchange closely with the Sustainable Cashmere Platform established under UNDP’s lead, to bring together the various initiatives and value chain actors working on sustainable cashmere in Mongolia, in particular with regard to national standards and indicators for sustainable cashmere.”

- COVID-19: Section on COVID-19 response has been added in *Section 1.a.1) Global environmental and/or adaptation problems*, *Section 1.a.2) Baseline scenario*, as well as *Section 1.a.3) Alternative scenario*. Copied below for reference.

“COVID-19 pandemic

On 13 February 2020, the Government of Mongolia declared a state of high alert and implemented measures to restrict the spread of COVID-19, including travel restrictions, social distancing, cancellation of public events and closure of universities and schools. This has impacted national food supply, in particular fruits and vegetables for which the country mostly relies on imports to cover domestic demand. To address this shortage, the Government, with some technical assistance from FAO, has been implementing measures to increase the area planted with vegetables to address the shortages of vegetables. Also, the Government is planning to import 100,000 tonnes of wheat throughout 2020 in order to ensure adequate market supplies. According to a rapid assessment conducted by FAO in May 2020, 58% of surveyed herders and farmers reported that COVID-19 had impacts on their households. Among others, COVID-19 is impacting the sales of animal wool and cashmere, which are critical income sources for herders. Access to loans/cash is a priority for herders. The Government is granting a loan totalling MNT 300 billion (USD 107.7 million) at a 3% interest rate to national cashmere companies for the purchasing of at least 30% of all combed cashmere from herders.”

“COVID-19 response

As mentioned above, the Government has implemented measures to address shortages of food supply (in particular, vegetables), and is granting soft loans at a 3% interest rate to cashmere companies to support purchase of cashmere from herders. In August 2020, the Parliament approved the “Action Plan of the Government of Mongolia for 2020-2024”. The action plan includes policies to overcome the social and economic challenges caused by the COVID-19 pandemic, as well as human development, economic, green development, governance and capital city, regional and local development policies. Under this action plan, the green development policy focuses on the rational use of natural resources, the reduction of environmental pollution and degradation, and the creation of healthy living conditions for citizens. Conditions will be created to be resilient to environmental and climate change, engage environmentally friendly businesses, protect natural resources, prevent depletion, and use wisely and rehabilitate them. The government action plan is based on the fundamental principles of improving economic diversification, supporting development of priority sectors through policies, ensuring export growth, as well as maintaining the value-added industrialization policy sustainably for a long period of time.”

“Activities under Component 2 are directly supporting the Government’s COVID-19 response and will contribute to building the resilience of local livelihoods and value chains (meat, wool, cashmere) in a number of ways. First, the project will contribute to ensuring national food supply by enhancing the productivity of the crop and livestock sectors. The project will also support ongoing efforts to increase capacity for processing of livestock products (such as cashmere, hides and skins) within the country for value addition. Through co-financing from the World Bank project, the project will assist Mongolia in increasing its export capacity, in particular for meat, in line with Government priorities. Furthermore, the project aims to increase the resilience of herders to climate and other shocks through animal health and breeding interventions, but also by enhancing access to sufficient feed/healthy grasslands through its pasture management activities. Lastly, in close collaboration with the World Bank project, the project will ensure implementation of the One Health approach, contributing to a coordinated approach in promoting public health, animal health, plant health and environmental outcomes, including in the area of human-livestock-wildlife interface.”

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

Secretariat Comment at CEO Endorsement Request

08/04/2020: No.

This is lacking. In the respective section much emphasis is placed on alignment with the focal area objectives. However, as the child project is a part of the IP, please provide the key points on the alignment with the goals and objectives of the program here as a summary.

09/17/2020: Addressed.

Cleared

Agency Response

RE 4 Aug 2020:

Section 4) Alignment with GEF focal area and/or Impact Program strategies has been revised accordingly, as per the below.

“First and foremost, the project is aligned with the Sustainable Forest Management Impact Program on Dryland Sustainable Landscapes. It directly contributes to the Impact Program objective of avoiding, reducing, and reversing further degradation, desertification, and deforestation of land and ecosystems in drylands through sustainable management. As one of the two countries of Central Asia that are part of the Impact Program, the Mongolia child project plays an important role in addressing dryland degradation in the rangelands and steppe forests of Central Asia. As explained above, the project is closely embedded in the Impact Program and contributes to its overall goals, outcomes and outputs. Through exchange with and alignment to the IP, best practices and knowledge will be systematically documented and shared, and regional and global collaboration will be leveraged to have a greater impact at biome and ecoregion levels. The Mongolia child project will generate multiple environmental and social benefits and enhance the resilience of ecosystems and livelihoods by focusing on addressing the barriers to sustainable dryland management and biodiversity conservation in Eastern Mongolia.”

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

Secretariat Comment at CEO Endorsement Request

08/04/2020: Yes.

Agency Response

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

Secretariat Comment at CEO Endorsement Request

08/04/2020: Yes.

Agency Response

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

Secretariat Comment at CEO Endorsement Request

08/04/2020: Not fully.

- We note the potential for scale up as well as the large area targeted under the project; however, please provide details on how the project can facilitate or influence scale up beyond the targeted sites to help to transform the management of drylands in Mongolia as a whole.

- Please include some more information on sustainability/durability in terms of the value chain support for the targeted products; continuity of the sustainable financing mechanisms for the local protected area management; institutionalization of the cross-sectoral, multi-stakeholder working groups at both local and national level to ensure continuity of sustainable dryland management and effective governance; and sustainability of the small funds for herders.

09/17/2020: Addressed.

Cleared

Agency Response

RE 4 Aug 2020:

- The following has been added in *Section 7) Sub-Section Potential for scaling up*.

“It is anticipated that successful demonstration of the land management planning process, including through improved guidelines, and mechanisms for implementing local pasture management by linking them with value chain interventions, will lead to their adoption in other areas of Mongolia. Furthermore, the project will collaborate closely with the UNDP/GEF-6 ENSURE project, which has similar interventions in Western Mongolia, to contribute to sustainable dryland management at scale in the country. The project will also collaborate with ENSURE to foster adoption and scaling up of best practices in the cashmere sector under the Sustainable Cashmere Platform. Most importantly perhaps, if the policy interventions are successful and if the systemic barrier of an absence of national regulation/pasture use tax can be addressed, along with support for meat exports, it is anticipated that this would lead to a reduction of livestock numbers throughout Mongolia and to livestock numbers that lead to healthy, sustainable herds and associated livelihoods.”

- *Section 7) Sub-Section Sustainability* has been revised as follows.

“The project directly works with and builds on existing government and community-based institutions and processes for natural resource management. In particular, it builds on the ongoing land management planning process led by ALAMGAC. It will strengthen capacity at the national and local level to improve resource governance, management and restoration of drylands, and biodiversity conservation. The land management plans are directly embedded in government processes, they build on the land management planning process initiated at the national level, and are a requirement for local governments. Once developed, it is expected that they will be an important cross-sectoral planning instrument for local government both in the short and long term. The working groups also build on existing mechanisms of the land management planning process, and it is anticipated that they will be continued under the lead of ALAMGAC and the aimag land offices. With regard to the local pasture management plans, it is expected that if these plans are effective in enhancing pasture quality and availability of feedthrough improved grazing management, local herder groups and local government will be incentivized (and capacitated) to take them forward after the project ends.

Furthermore, the project will establish sustainable financing mechanisms for the Nature Reserves, Local Protected Areas, as well as the community-based pasture management through local funds for herders. These funds/financing mechanisms will be designed in a way that they can be continued and sustained by local stakeholders after the project ends. Capacity building related to the management of these funds will be an important component of Outputs 2.2.3 and 3.1.5. The experience of WWF in establishing similar funds in other areas of Mongolia will be utilized. The management and funding mechanisms established by the project will be co-managed and co-financed by, and eventually entirely handed over to local actors (government and communities).

Moreover, the project aims to establish value chains that support sustainable management. The value chain interventions will establish links between value chain actors, such as between producers (herders) and processors as well as with traders and consumers, by collaborating with existing platforms in Mongolia, such as SFA. These interventions are anticipated to generate benefits for all actors involved and are, thus, expected to be sustained after the project ends.”

Project Map and Coordinates

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

Secretariat Comment at CEO Endorsement Request

08/04/2020: Yes.

Agency Response

Child Project

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

Secretariat Comment at CEO Endorsement Request

08/04/2020: No.

In line with comments made earlier, substantial improvements need to be made throughout the documentation. The project document reflects the contribution better than the CEO endorsement request, please make the necessary amendments.

09/17/2020: Addressed.

Cleared

Agency Response

RE 4 Aug 2020:

Information on alignment with the IP has been added in *Part II: Project Justification* of the CEO ER (in line with the Executive Summary of the ProDoc), as below. Other sections have been revised accordingly.

“The project “*Promoting Dryland Sustainable Landscapes and Biodiversity Conservation in the Eastern Steppe of Mongolia*” (“Eastern Steppe project”) is part of a global program, the GEF-7 Sustainable Forest Management Impact Program on Dryland Sustainable Landscapes (SFM/Drylands IP). The program is led at the global level by FAO and implemented in collaboration with World Bank, IUCN, and WWF-US. The objective of the SFM Drylands IP is to avoid, reduce, and reverse further degradation, desertification, and deforestation of land and ecosystems in drylands through sustainable management. Mongolia is one of the two countries of Central Asia that are part of the Impact Program, along with Kazakhstan (the other nine countries being located in Southern and West Africa). The two countries in Central Asia represent the biome “rangelands and steppe forests of Central Asia”, which includes a large number of ecoregions, such as the Eastern European forest steppe, the Pontic steppe, the Kazakh forest steppe, the Kazakh steppe, the Daurian Forest Steppe and the Mongolian-Manchurian grasslands; to the north, steppes generally give way to forest ecoregions (boreal forests, conifer forests, mixed forests and taiga) and to the south to deserts and semi-deserts.

The project is closely embedded in the Impact Program and contributes to its overall goals, outcomes and outputs. Through exchange with and alignment to the IP, best practices and knowledge will be systematically documented and shared, and regional and global collaboration will be leveraged to have a greater impact at biome and ecoregion levels.”

Stakeholders

Does the project include detailed report on stakeholders engaged during the design phase? Is there an adequate stakeholder engagement plan or equivalent documentation for the implementation phase, with information on Stakeholders who will be engaged, the means of engagement, and dissemination of information?

Secretariat Comment at CEO Endorsement Request

08/04/2020: Not fully.

We note in the stakeholder engagement matrix there is missing information on the issues raised by these groups: Herder organizations, herder groups, Pasture User Groups (PUGs), Forest User Groups (FUGs); Women’s groups, women’s cooperatives; Khan Bank. Please clarify.

09/17/2020: Addressed.

Cleared

Agency Response

RE 4 Aug 2020:

Information has been added in the Stakeholder Engagement Matrix under Annex I2, as below.

- Khan Bank: “Was consulted with regard to the issue of high-interest rates in the agriculture sector. They are interested in financing agriculture businesses and in working with herders; would need access to sources of concessional financing from donor organizations/guarantees for risk-sharing. Synergies with ongoing collaboration with SFA, and potential future concessional loans, will be sought.”

- Herder organizations, herder groups, Pasture User Groups (PUGs), Forest User Groups (FUGs): “Several issues discussed, please refer to social and gender analysis (Annex Q1) for details. Generally keen to participate in the project activities. The project should implement concrete activities rather than just training. Support for sustainable haymaking was one of the priorities discussed. FUGs need to be further strengthened.”

- Women’s groups, women’s cooperatives: “Several issues discussed, please refer to social and gender analysis (Annex Q1) for details. Women move to soum centres to accompany their children for schooling, have to temporarily pause the dairy processing business. The idea of vegetable storage in the *soum* center to store vegetables for a longer period. Women are active in the cooperative’s engagement.”

Gender Equality and Women’s Empowerment

Has the gender analysis been completed? Did the gender analysis identify any gender differences, gaps or opportunities linked to project/program objectives and activities?

If so, does the project/program include gender-responsive activities, gender-sensitive indicators and expected results?

Secretariat Comment at CEO Endorsement Request

08/04/2020: Clarification requested.

Can any of these gender-based indicators be incorporated into the overall results framework?

While the context for Mongolia is described, is there more project specific information on gender and opportunities available? NOTE: We cannot locate the Annex Q2 to which this section refers.

09/17/2020: Addressed.

Cleared

Agency Response

RE 4 Aug 2020:

The following gender-based indicators had been incorporated into the project’s results framework (Annex A1)

- Outcome 2.3

a) Number of people (women and men) benefiting from enhanced value chains in support of sustainable grazing practices. Target is 450, of which **at least 50% women**.

b) Number of herder groups/cooperatives that obtain certification on sustainable practices through the project. Target is 9 herder groups/ cooperatives, **of which at least 3 women-led**.

- Outcome 4.1

a) Number of knowledge products (publications, leaflets, case studies, best practice documents, videos or other media content, etc.) developed and disseminated. Target: 10, of which at least one best practice document and one media content **specifically focused on women**.

- In addition, beneficiaries under Core Indicator 11 are disaggregated by gender.

- An additional indicator has been added under Outcome 2.1:

c) Number of farmers (women and men) participating in crop management activities. Target is 40 individual farmers, **of which at least 40% women farmers or households involving both spouses**.

- *Section 3. Gender Equality and Women's Empowerment* has been revised to include more project-specific information (from the project's Social and Gender Analysis/Gender Action Plan). Updates have also been made to Annex Q2 Gender Action Plan based on the outcomes of the Environmental and Social Impact Assessment (ESIA).

- Annex Q1 ("Social and Gender Analysis") and Annex Q2 ("Gender Action Plan") are available in the Documents section. For Annex Q2 "Gender Action Plan", a revised version has been uploaded.

Private Sector Engagement

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

Secretariat Comment at CEO Endorsement Request

08/04/2020. Yes, but further elaboration requested.

Please include some information here on how the project will be assisting with access to finance for value chain development and land-based interventions.

Further advise from GEF's Private Sector expert maybe requested during the development and implementation of the private sector engagement activities.

09/17/2020: Addressed.

Cleared

Agency Response

RE 4 Aug 2020:

- Information has been added in *Section 4. Private Sector Engagement*, as follows.

“Under Outcome 2.3, as part of the value chain activities, the project will seek to develop partnerships with financing institutions to enable access to affordable financing for herders (in particular, women) in support of sustainable livestock production (soft loans, the establishment of credit saving cooperatives, credit and savings unions). Specifically, the project aims to build on the outcomes of ongoing pilots such as the Green Pasture Pilot with XacBank and the collaboration between SFA and Khan Bank.

Furthermore, the project will continue to exchange closely with the Sustainable Cashmere Platform established under UNDP’s lead, to bring together the various initiatives and value chain actors working on sustainable cashmere in Mongolia, in particular with regard to national standards and indicators for sustainable cashmere.

{...} Other companies engaged in agribusiness, such as fertilizer distribution companies, will also be engaged as stakeholders to promote sustainable crop management.

Lastly, local mining operations will be engaged as one of the key stakeholder groups for the planning of sustainable land use and biodiversity conservation, building on lessons learned of the UNDP/GEF-5 Land Degradation Offset and Mitigation in Western Mongolia project. Biodiversity offsets are among the options for sustainable financing mechanisms for NRs that will be explored during implementation (Output 3.1.5).”

Regarding the 4Rs (right fertilizer source, at the right rate, the right time, and in the right place), the project will promote optimized fertilizer use under its Outputs 2.1.1 and 2.1.2.

- With regard to mining companies: As explained in *Section 1.a.3) Alternative scenario*, local mining operations will be engaged as one of the key stakeholder groups for the planning of sustainable land use and biodiversity conservation, building on lessons learned of the UNDP/GEF-5 Land Degradation Offset and Mitigation in Western Mongolia project. Biodiversity offsets are mentioned as one of the options for sustainable financing mechanisms for NRs that will be explored during implementation (Output 3.1.5). Due to the limited size of the project, and its already ambitious design, it is not considered feasible to expand the project's scope in this area.

- Regarding the process by which better practices/certification are rewarded: As explained in the ProDoc, certifications can help herders (i) access premium (export) markets; (ii) access technical assistance and animal health and breeding services that help herders increase the quality of their products; (iii) contracts with buyers; as well as (iv) access to low-interest loans such as under the Green Pasture Pilot project.

- International companies are buying certified cashmere at an aggregated level through intermediaries/buyers. Traceability systems are currently being piloted under various projects described in the baseline section.

- Industry platforms such as Textile Exchange, SFA and their private sector members (described in the baseline section) are working to advance sustainable solutions in the cashmere value chain, including through raising awareness of all value chain actors involved/educating the market. As explained above, the project will continue to exchange closely with the Sustainable Cashmere Platform established under UNDP's lead, to bring together the various initiatives and value chain actors working on sustainable cashmere in Mongolia.

- Reference to the South Gobi Cashmere Project has been added in *Section 1.a.2) Baseline scenario*, as follows.

“South Gobi Cashmere Project

The South Gobi Cashmere Project is a unique partnership working with Mongolian herders to deliver a source of high-quality sustainable cashmere into the local and global cashmere supply chains. The project is a partnership comprising a mining company (Oyu Tolgoi), a luxury goods company (Kering), two non-government organisations (WCS and VET Net), academia and aerospace agency.^[1] The aim of the project is to improve animal husbandry practices to consistently produce a higher quality of cashmere while reducing the number of goats on the rangelands. Coupled with income diversification, this will increase the income for herders, improve the quality of the rangelands, and reduce the competition between domestic animals and wildlife. The GEF-7 project will seek to exchange with this project and build on its lessons learned, in particular with regard to private sector engagement in promoting sustainable land management and cashmere value chain.”

[1] <http://southgobicashmere.com/our-partnership/>

Risks to Achieving Project Objectives

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

Secretariat Comment at CEO Endorsement Request

08/04/2020: Not fully.

COVID-19 related risks and mitigation measures should be further itemized separately and explained in further details. We expect details on potential risks related to *Availability of Technical Expertise and Capacity and Changes in Timelines, Stakeholder Engagement Process, Enabling Environment and changing government priorities, Availability of co-financing, Future Risks of Similar Crises (human wildlife interaction)* [Please see guidelines shared with all Agencies for reference]

09/17/2020: Addressed.

Cleared

Agency Response

RE 4 Aug 2020:

Separate risk on COVID-19 has been added in *Section 5. Risks*, as below.

“3) Risks related to COVID-19:

- a) Delays due to COVID-19 lead to slow implementation or stalling, and/or impacts the stakeholder engagement process.
- b) Impacts from COVID-19 affects the availability of technical expertise and capacity.
- c) Enabling environment and changing government priorities/ availability of co-financing.
- d) Future risks of similar crises (including from human-livestock-wildlife interaction)”

Mitigation measures:

“Potential impacts of COVID-19 will be closely monitored.

a) The project will implement adaptive management, and the work plan and stakeholder engagement plan would be adjusted, if necessary, to reflect the impacts of COVID-19. It is anticipated that, even if face-to-face interactions are reduced, the project would still be able to organize meaningful consultations with local stakeholders through the local representatives. Remote communication via email, online meetings and phone may be used increasingly to adjust to the new situation.

b) It is not currently anticipated that the COVID-19 restrictions would affect the availability of national expertise. The project relies mostly on national experts for its implementation. With regard to any international experts, it is expected that expertise could be provided remotely, if necessary.

c) As explained above, increasing exports (such as meat exports), as well as environmental protection and green economic recovery, are among the priorities of the new Government, which is aligned with the GEF-7 project goals. The Government has also taken action to address vulnerabilities of herders by granting soft loans at a 3% interest rate to cashmere companies to support the purchase of cashmere from herders. Additional measures will be taken in the near future to support socio-economic recovery and increase resilience. In addition, under its COVID-19 response, the Government is promoting vegetable production, which provides opportunities for the project to engage with farmers (including women farmers). Availability of co-financing is not anticipated to be affected due to the additional investments in the COVID-19 response.

d) As explained in *Section 1.a.3) Alternative scenario*, in close collaboration with the World Bank Animal Health and Livestock Commercialization project and with technical guidance from both FAO and WWF, the GEF-7 project will ensure implementation of the One Health approach, contributing to a coordinated approach in promoting public health, animal health, plant health and environmental outcomes, including in the area of human-livestock-wildlife interface.”

Coordination

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

Secretariat Comment at CEO Endorsement Request

08/04/2020: Yes.

The institutional arrangements have been fully described. The OFP has made a request for an exception for providing a part of the execution support services. The request has been assessed and is considered justified by the Program Manager, and herewith recommended for approval.

Agency Response

Consistency with National Priorities

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

Secretariat Comment at CEO Endorsement Request

08/04/2020: Yes.

Agency Response

Knowledge Management

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

Secretariat Comment at CEO Endorsement Request

08/04/2020: Yes.

Agency Response

Monitoring and Evaluation

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

Secretariat Comment at CEO Endorsement Request

08/04/2020: Yes. However, further information on the budget is required as per updated project cycle guidelines effective July 20, 2020.

- The Budget Template in Appendix A of the updated guidelines should be completed by the Agency and submitted at the time of CEO Endorsement/Approval as an annex in the Portal (see portal, Annex F). The same Budget Template in excel format should also be uploaded in the Portal - section "Documents". Please note that the information that is already contained in the budget that is presented as part of the project document may be presented at a higher level of aggregation in the GEF budget template in recognition of the fact that the budget has been already developed.

On the budget please note:

- the justification for the request for a vehicle costed at \$65,000 will only be considered by the PM if the salary/costs for the driver are fully contributed by the GoM as co-financing. The savings for the driver (\$48,000) should be made available for cooperation and facilitation of work with the global and regional platforms under the IP.

- The category that contains motorbikes and other equipment should be separated so that the costs for motorbikes can be assessed and justified as they belong to the category "motorized vehicles".

09/17/2020:

- Additional justification for purchase of 1 vehicle and 9 motorbikes provided, which is deemed justified by the Program Manager.

- Please note that all costs associated with the execution of the project (including the Project Manager and Project Assistant) need to be covered by both portions of PMC – GEF and co-financing. Costs cannot be charged to project components unless the Terms of Reference for those positions clearly indicate the tasks that these positions contribute to the implementation of project components and deemed justified by the Program Manager.

- The KM expert and M&E Specialist can be partly charged to component 4 (as it includes KM and M&E besides coordination) – but all other tasks that are related to project execution have to be entered under PMC and co-financed by the co-financing part of the PMC;

- Costs for a driver can only be charged to PMC. As the PMC is already fully used, the driver can only be covered by co-financing.

- Please also clarify what is meant by three entries in the budget lines in M&E Plan "PMU Staff time".

11/16/2020: Addressed as per agency response below and considered adequate by the PM.

Cleared

Agency Response

RE 4 Aug 2020:

Annex F has been uploaded in the Portal. Revised budget template in Excel has been uploaded in the Documents section.

- Additional justification on the purchase of vehicle and driver costs has been added in ProDoc section *Annex A2: Project Budget*. Based on this justification (copied below), the project design team would like to request GEFSEC to reconsider the inclusion of a driver, as otherwise the effective and safe implementation of the project would be compromised. The driver salary costs have been reduced slightly from 60 to 56 months and from USD 800 to USD 750/month.

“During the project duration, in addition to the vehicle and driver salary costs procured by the project, some other vehicles and drivers will be provided in the field through co-financing. The estimated co-financing of vehicles is summarized below (included in WWF and aimag co-financing):

Vehicle use (co-financed by WWF and aimags)	Estimated amount
1) WWF staff in the field: 1 car and 1 driver when attending meetings and activities at aimag and soum level	Driver: 20% of 60 months x USD 750 = USD 9,000 Vehicle: 20% of annual costs of USD 10,000 x 5 years = USD 10,000
2) Government staff at soum and aimag level: 3 cars and 3 drivers when attending local meetings and activities	Driver: 3 x 20% of 60 months x USD 750 = USD 27,000 Vehicle: 3 x 20% of annual costs of USD 10,000 x 5 years = USD 30,000
Total	Driver: USD 36,000 Vehicle: USD 40,000 Total: USD 76,000

Furthermore, the project will procure nine motorbikes for the Soum Coordinators (9 x USD 2,000). This is important to enable them to frequently visit and interact with local stakeholders for planning and implementation of project activities.”

The USD 6,000 savings from the driver costs have been reallocated to a new budget line on ‘ESMF implementation support’. This budget allocation will be further elaborated once the ESMF is completed.

Regarding the participation in global and regional events: The project has currently budgeted USD 40,000 for “participation in global and regional IP and knowledge sharing events” and USD 40,000 for “regional/global cross-visits”. Due to the very ambitious national targets of the project (which substantially contribute to the global IP targets) and the relatively limited size of the project, the project design team considers that increasing the amounts for cooperation under the IP is not feasible without compromising the implementation of the project activities in country. The Project Manager and the Knowledge Management, Capacity Development and M&E Specialist will have the key role in cooperation and facilitation of work under the IP and will work closely with the Regional Outreach and Engagement Coordinator funded by the GCP. This has been made clearer in the Project Manager’s TOR in *Annex L: Draft Terms of Reference* and in *Section 6. Institutional Arrangements and Coordination*. In addition, the Mongolia child project expects additional support from the Global Coordination Project to support regional and global coordination.

- Motorbikes have been separated out from the category ‘Motorbikes and other equipment’ (lines 121 and 122 in the budget file).

RE 17 Sep 2020:

National Project Manager (NPM)

· The Terms of Reference in Annex L of the ProDoc have been adjusted further clarifying the NPM’s technical contribution. Minimum requirements have been added for this position to emphasize its technical qualifications. The project does not have a separate Chief Technical Advisor (CTA) position. The NPM has an important technical role, ensuring the overall technical lead for the implementation of all project outputs and activities and the technical soundness of project implementation. In addition to being technical lead, the NPM will assume a key role in the project’s overall coordination.

· This position cannot be co-financed, as there needs to be a dedicated, full-time position created for this important task to ensure project delivery. Please refer to the section below for additional detail on items covered by PMC co-financing.

Knowledge Management and M&E Specialist

· The Knowledge Management and M&E Specialist position is not a coordination role; although it will inform effective coordination, the post is fully dedicated to the implementation of project Component 4. KM and M&E are an integral part of the project strategy, and are required not only to achieve the project’s objective and directly support the global IP strategy. The post is therefore fully covered by Component 4 and the M&E budget.

· This critical post requires dedicated project budget. Kindly note that WWF Mongolia PMC co-financing will cover select monitoring and communication tasks on top of this position, as explained further, below.

Project Assistant

· This position not only covers project coordination tasks, but is critical in assisting the delivery of all project outputs and activities. A clarification has been added within the TOR. Please see Annex L in the ProDoc.

· Potential co-financing for this position has been discussed. The position is anticipated to be partially co-financed by an EU-funded project under development (in advanced stages, though yet approved) to be implemented by FAO and the Government of Mongolia. The rate of USD 1,000/month is already very low and will cover only ca. 80% of the Project Assistant's post. This will be reassessed at project start-up, and where additional co-financing is realized.

Driver

· Covering 100% of the driver's salary from co-financing is not possible at this time, and would significantly impact the PMU's ability to operate effectively. Driver costs have nonetheless been reduced to 50% and moved into PMC. The project anticipates covering the other 50% from developing pipeline coming on line, which may include the above-mentioned EU-funded project.

PMC co-financing

As shown in the CEO ER, the total PMC co-financing is USD 1,700,000. Details are provided in the following sections.

Items included in PMC of MET, MOFALI and Aimag Governments Co-financing

Additional clarification is provided in this section on the items included in Government PMC (as in-kind co-financing). The Government PMC contribution is important for the smooth delivery of the project and project coordination. It includes the following items:

- National Project Director (NPD) (part-time, please refer to Annex L for Terms of Reference)
- Assigned staff within MET and MOALI for ministry/agency-wide coordination and project assistance (part-time)
- Office costs for NPD and other Government Staff involved in the project
- Office costs for Local Soum Coordinators
- Vehicles and drivers for local government staff
- Local government staff time that provides advice to the project implementation
- Logistics, project assistance and coordination at soum and aimag level

Items included in WWF Mongolia PMC co-financing

WWF Mongolia co-financing includes the following items related to PMC:

- Human Resources (HR) and Administrative support for hiring of project staff and consultants.
- Conservation Director will support monitoring and risk management tasks such as monitoring the key results of the project and regular monitoring of overall project risks.
- Amur Heilong Program Manager will play a key role to ensure implementation of the project's work plan and monitoring plan (in particular, project Component 3), and ensure integration and continuity with other ongoing initiatives in Eastern Mongolia.
- Communications Manager will support the KM and M&E Specialist in communications tasks, including synergies with other publications and events.
- Finance Director will monitor budget management and reporting.
- Procurement Specialist will assist the Project Assistant in procurement-related tasks and monitor conflict of interest in procurement process.
- Technical co-financing (not PMC): Species and Freshwater and PA Specialists will be involved in the project implementation by providing technical advice as well as coordination with ongoing initiatives.

Items included in FAO Mongolia PMC co-financing

FAO Mongolia co-financing includes the following items related to PMC:

- HR and Admin support for hiring of project staff and consultants.
- Co-financing of 50% of driver's costs.
- Potential co-financing for Project Assistant position (to be confirmed at project start-up).
- Overall project results monitoring and ensure implementation of monitoring plan and risk management plan.
- Additional project financial, logistical and operational management support as required.

Budget revisions

Please refer to the revised budget. Based on the above, the following revisions are noted:

- Reduced driver cost to 50% and moved to PMC.
- Indicated that the USD 1,000 salary will cover 80% of Project Assistant's time.
- Budget for National Safeguards and Gender Specialist has been increased to USD 80,000 in line with the ESMF. Travel/meeting budget reduced slightly to compensate for this increase.

M&E Plan

The reference to “PMU Staff time” in the M&E table in *Section 9. Monitoring and Evaluation* has been clarified and replaced by “KM and M&E Specialist’s time” (in line with the amount shown under M&E in the budget file, 3 x USD 9,600 = USD 28,800).

ESMF

Reference to the ESMF has been added in *Section 3) Proposed alternative scenario*. The ESMF has been finalized and uploaded to the Portal. Relevant CEO ER sections have been updated accordingly.

Benefits

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

Secretariat Comment at CEO Endorsement Request

08/04/2020: Yes.

Agency Response

Annexes

Are all the required annexes attached and adequately responded to?

Secretariat Comment at CEO Endorsement Request

08/04/2020: While all required Annexes are attached, there are several additional Annexes that cannot be located (A1, Q2, N) and/or may have been titled differently while uploaded in the document section? Some Annexes may be included in the Project document, if so, please indicate that accordingly.

09/17/2020: Addressed.

Cleared

Agency Response

RE 4 Aug 2020:

- Annex A1 is included in the Project Document and corresponds to Annex A of the CEO ER (Project Results Framework). Clarification has been added throughout the document when referring to Annex A1.

- Annex Q2 is named “Gender Action Plan” in the Documents section of the Portal. The revised version has been uploaded.

- Annex N (FAO, WWF and Government Obligations) will be inserted ahead of signing the agreement between FAO, WWF and the Government.

Project Results Framework

Secretariat Comment at CEO Endorsement Request 08/04/2020: Yes, it is available and adequately developed.

Agency Response

GEF Secretariat comments

Secretariat Comment at CEO Endorsement Request All GEFSEC comments are contained in this review sheet, no earlier comments have been made as this is a child project under a program, which is only submitted and reviewed at CEO endorsement stage.

Agency Response

Council comments

Secretariat Comment at CEO Endorsement Request

08/04/2020: The parent program, PFD #10206 contains Council comments that are relevant for this child project and need to be responded (see US Council comment on land tenure and political stability). Please respond.

Additional comments maybe forthcoming during the 4-weeks Council review period.

09/17/2020: Addressed.

Cleared

Agency Response

RE 4 Aug 2020:

The US comment has been added and addressed in *Annex B: Response to Project Reviews*.

“US Comment on land tenure and political stability. For all child projects, additional information on the diversity of land ownership arrangements on terrain subject to the program’s interventions will be required moving forward. Several of the countries included in this program have endured recent and chaotic land redistribution schemes, and a successful (and durable) set of interventions would presumably influence land value moving forward.”^[1]

“Response: In the context of the Mongolia child project, project activities will be mostly implemented on public land. As explained in the baseline section, Mongolia’s Law on Land (2002) places pasture land firmly within public tenure. The same is true for forests. Cropland, in turn, is leased by individual farmers or companies. The highlighted land redistribution schemes are not relevant in the Mongolian context. However, as part of the land management planning process, which is embedded in the ongoing land reform process of Mongolia, the project will address some of the issues with regard to land governance in Mongolia, in particular the absence of regulations or local planning mechanisms leading to unsustainable use of grasslands. Furthermore, the project will work to improve the policy environment and support ongoing improvements in the Land Law.”

^[1] https://www.thegef.org/sites/default/files/work-program-documents/GEF_C.56_compilation_council_comments_0.pdf

STAP comments

Secretariat Comment at CEO Endorsement Request 08/04/2020: Yes. Have been adequately responded to in Annex B.

Agency Response

Convention Secretariat comments

Secretariat Comment at CEO Endorsement Request UNCCD Secretariat comments were provided upstream directly to the agencies, and have been incorporated and addressed.

Agency Response

Other Agencies comments

Secretariat Comment at CEO Endorsement Request none received

Agency Response

CSOs comments

Secretariat Comment at CEO Endorsement Request none received

Agency Response

Status of PPG utilization

Secretariat Comment at CEO Endorsement Request 08/04/2020: Has been found in order.

Agency Response

Calendar of expected reflows (if NGI is used)

Secretariat Comment at CEO Endorsement Request n/a

Agency Response

Project maps and coordinates

Secretariat Comment at CEO Endorsement Request 08/04/2020: Yes.

Agency Response

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 CEO Endorsement Request

n/a

Agency Response

GEFSEC DECISION

RECOMMENDATION

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

Secretariat Comment at CEO Endorsement Request

08/04/2020: No. Please address comments made in this review.

09/17/2020: No. Please address remaining comments on co-financing discrepancy and the budget.

11/16/2020: Yes. Program Manager recommends CEO endorsement.

Review Dates**Secretariat Comment at CEO Endorsement****Response to Secretariat comments**

First Review	8/4/2020	
Additional Review (as necessary)	9/17/2020	
Additional Review (as necessary)	11/16/2020	
Additional Review (as necessary)		
Additional Review (as necessary)		

CEO Recommendation**Brief reasoning for CEO Recommendations**

The project “Promoting Dryland Sustainable Landscapes and Biodiversity Conservation in the Eastern Steppe of Mongolia” (“Eastern Steppe project”) is part of the GEF-7 SFM Impact Program on Dryland Sustainable Landscapes (SFM/Drylands IP). In Mongolia, the project is implemented by FAO in partnership with WWF, and will be executed by the Ministry of Environment and Tourism (MET) in collaboration with other partners. Along with the Drylands child project in Kazakhstan, the Mongolia child project will contribute to the sustainable management of rangelands and steppe forests of Central Asia.

The project's objective is to reverse and prevent dryland ecosystem degradation and biodiversity loss through an inclusive, integrated landscape and value chain approach securing multiple environment benefits and sustainable, resilient livelihoods in the Eastern Steppe of Mongolia. The project interventions will be implemented in nine counties (soums) of the three eastern provinces (aimags) of Dornod, Khentii and Sukhbaatar, as well as at the aimag and national level.

The project will be divided into four components, as follows.

- 1) Component 1: Strengthening the enabling environment for the sustainable management of drylands in Mongolia.

- 2) Component 2: Scaling up sustainable dryland management in the Eastern Steppe of Mongolia.
- 3) Component 3: Strengthening biodiversity conservation and landscape connectivity.
- 4) Component 4: Project coordination, knowledge management and monitoring and evaluation.

Under Component 1, the project will strengthen cross-sectoral, multi-stakeholder collaboration for integrated land management planning and monitoring. It will also support incorporation of land degradation and biodiversity considerations into the ongoing land management planning process in line with Mongolia's land degradation neutrality (LDN) and biodiversity targets; and will support the ongoing policy reform to promote sustainable land use.

Under Component 2, the project will strengthen sustainable dryland management in Eastern Mongolia through a three-pronged approach. First, the project will promote environmentally friendly, climate-smart crop and fodder production. Second, the project will work with local herder and forest communities in the target area to implement and scale up sustainable management and restoration of rangelands and forest patches. And third, the project will support partnerships between herder groups/cooperatives (incl. women groups or women-led cooperatives), local government and private sector to develop value chains and access to markets for sustainably produced agricultural products.

Under Component 3 of the project, the management capacity of Nature Reserves (NRs) and Local Protected Areas (LPAs) in connectivity areas will be strengthened to support survival of the Mongolian gazelle, the White-naped Crane, and other iconic migratory species. Priority interventions will be implemented to support enhanced management and connectivity of these protected areas, along with conservation-based income-generating opportunities for local communities (women and men) and sustainable financing mechanisms of the protected areas.

Component 4 of the project will support effective project coordination, as well as the systematic creation and sharing of knowledge on sustainable dryland management and biodiversity conservation at the provincial, national and global levels. The project will also aim to strengthen LDN target monitoring and reporting mechanisms.

The project will build on lessons learned and collaborate closely with ongoing and planned initiatives by organizations including the World Bank, the International Fund for Agricultural Development (IFAD), the United Nations Development Programme (UNDP), and the Swiss Agency for Development and Cooperation (SDC).

Through exchange with and alignment to the Global SFM/Drylands Impact Program, best practices and knowledge will be systematically documented and shared, and regional and global collaboration will be leveraged to have a larger impact at biome and ecoregion levels.

The expected results and Global Environmental Benefits (GEBs) of the project are as follows:

- 1.19 million hectares of terrestrial protected areas under improved management for conservation and sustainable use.
- 0.25 million hectares of land restored.
- 5.64 million hectares of landscapes under improved practices.
- 10.3 million metric tons of CO₂e greenhouse gas emissions mitigated.
- 25,241 direct beneficiaries (at least 40% of both women and men)