

Enhancing capacity for sustainable management of forests, land and biodiversity in the Eastern Hills (ECSM FoLaBi EH)

Review CEO Endorsement and Make a recommendation

Basic project information

GEF ID

10381

Countries

Nepal

Project Name

Enhancing capacity for sustainable management of forests, land and biodiversity in the Eastern Hills (ECSM FoLaBi EH)

Agencies

FAO

Date received by PM

6/17/2021

Review completed by PM

10/21/2021

Program Manager

Hannah Fairbank

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

October 21, 2021 HF:

Comment cleared.

October 19, 2021 HF:

1. Table A: Please include the focal area outcomes.

July 14, 2021 HF:

Yes.

Agency Response

21 October 2021

The focal area outcomes have been included in Table A

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

October 14, 2021 HF:

Comment cleared.

October 1, 2021 HF:

1.) Per STAP guidance on goal/objective definition I would recommend a succinct, clear project objective that is focused on the "what" rather than the "how" such as: **"Increased mainstreaming of biodiversity and flows of ecosystem services to deliver socioeconomic benefits through community-based forest management in the Eastern Hills of Nepal."** (STAP goal/objective definition: The impact in society and the environment that an intervention means to effect. In the Global Environment Facility context, goals are at least partly described in terms of the global environmental benefits that the Global Environment Facility aims to ensure are scaled and enduring.) Please revise to ensure accuracy and clarity with a focus on the what rather than the how.

September 13, 2021 HF:

1.) Given the GEF's interest in sustainable, scale-able results, consider revising the project objective to capture efforts to have impact/produce results beyond Province One. Clearly the project will focus the implementation of the approach and new systems in this province, but please telescope the objective to capture results/impacts beyond this locale given the KM and scaling activities.

2.) Comment cleared.

July 14, 2021 HF:

1.) Please shorten the project objective to one or two clear sentences, currently the project objective is nearly a page. This should be consistent/build on what was contained in the PIF. Further content should be re-integrated into project description/justification.

2.) Please further describe how the outputs of Component one contribute to output 1.1 in particular-and how the outputs are linked.

Agency Response

12 October 2021: The objective statement has been revised to *Globally significant biodiversity outside protected areas conserved and the flow of ecosystem services for sustainable livelihoods improved in the Eastern Hills of Nepal*. The same has been revised in the CER and ProDoc

24 September 2021: The revised project objective is *to mainstream biodiversity and improve the flows of ecosystem services to deliver socioeconomic benefits in the Middle Hills of Province One through adaptive, collaborative land use planning, management and restoration of landscapes and more broadly in Nepal by sharing lessons learned and information management systems with other provinces and at the national level.*? The same has been revised in the CER and ProDoc

Sept 2, 2021

- 1) This is noted. A brief summary of the project objective is provided.
- 2) The linkages between outputs of Component 1, in particular with output 1.1, are clarified and elaborated in the section 3 under proposed alternative scenario.

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

Secretariat Comment at CEO Endorsement Request NA

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

September 13, 2021 HF:

Comment cleared.

July 14, 2021 HF:

1.) Section C. The paragraph titled: "Describe how any "Investment Mobilized" was identified" wouldn't apply in this case because it looks like 100% of the project co-finance is designated as recurrent expenditures NOT investment mobilized. Further, the

section contains a description of the GCF grant which is not designated as investment mobilized.

Agency Response

Sept 2, 2021

Yes, that is correct. The entire project co-finance is designated as recurrent expenditure and not investment mobilized. Same has been indicated in the relevant section.

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

July 14, 2021 HF:

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

July 14, 2021 HF:

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

October 21, 2021 HF:

Comments cleared.

October 19, 2021 HF:

1.) Core indicators: The section justifying target levels for Core Indicators reads 41,00. Should this be 41,000? Or 4,100? Please correct placement of comma.

2.) Please insert in Annex A the Core Indicators used. This will ensure internal consistency in the project document, highlight that Core Indicators are part of the logical framework and help document means of verification and assumptions, as is already done for other indicators.

September 13, 2021 HF:

Comments cleared.

July 14, 2021 HF:

1.) Please update target for Indicator 11 (direct beneficiaries) at CEO endorsement stage. It is currently marked "O".

2.) Given the near-halving of the number of beneficiaries from PIF to CER stages, please describe the impact on the project budget of this significant contraction of beneficiary results while the resources remain constant.

Agency Response

21 October 2021

1. Thanks for the observation. Indeed, it should be 41,000ha. This has been corrected in the CER and ProDoc (page13).

2. The suggestion is well noted. The relevant Core Indicators are now mentioned in the Annex A- Project Results Framework (page 81)

Sept 2, 2021

1&2. The number of beneficiaries in the PIF and the CER stages are similar at 150,000 and no changes have been made.

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

July 14, 2021 HF:

Yes.

Agency Response

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

Secretariat Comment at CEO Endorsement Request

September 13, 2021 HF:

Comments cleared.

July 14, 2021 HF:

1.) The First barrier: Lack of information and knowledge seems to be focused on the local level and CFUG level, thus it is unclear how Outputs 2.1-2.3 (Component 2) will address this given the understanding that the KMIS is a computer-based system meant to inform land-use planning at the landscape scale. Please address this seeming disconnect both in the description of Barrier 1 and within the articulation of Component 2.

2.) Please clarify how the project plans to take advantage of the "potential linkages" identified for the lengthy list of baseline projects in the table titled: "Relevant Projects and Initiatives" ?

Agency Response

Sept 2, 2021

1) Further clarification describing the linkages between the barriers and proposed interventions is provided in Barriers section (page 23-24 of the prodoc) and further articulated in the revised Component 2 (page 37)

2) The project benefits from the relevant projects and initiatives identified in the table. These projects have developed useful tools/knowledge products, training manuals,

approaches and documented best practices/learnings on different thematic areas relevant to the project. Potential learnings and linkages with few specific projects are also mentioned (page 26).

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

October 1, 2021 HF:

Comments cleared.

September 13, 2021 HF:

1.) Comment cleared. Please make sure to include any changes/responses in the GEF CER documentation as well as the attached ProDoc.

3.) a, b: cleared. For parts c, d, e: Please answer directly in the review sheet as well as edited ProDoc/CER text.

July 14, 2021 HF:

1.) The "pathway to effecting sustainable change" is helpful in understanding the causal links and assumptions that underpin the project design, but this treatment seems to be missing any consideration of incentives for behavior change, adoption of new approaches, use of new information and skills etc. without which the project approach doesn't seem viable. Please revise.

2.) On a related note, the description of the proposed alternative scenario and challenges described in the CEO endorsement request starts out strong, but lacks a logical connection between the project objective and the bulleted list of activities/components, starting with the KMIS. Further, the second bullet that starts "support Province One, and targeted local levels" should be framed to address drivers of biodiversity loss and incentivize conservation and SLM (if that indeed is the intention of that component).
Component 1: Is the design of this component and outputs based on a model for landscape level planning/policy framework? If so, which? How will this approach build-on/benefit from the lessons, approaches, expertise? The most obvious example would seem to be the Terai Arc Landscape (TAL) framework/plan, which is referenced once, in passing under Hariyo Ban in the baseline projects. Please elaborate how the project will approach planning/implementation/monitoring at this large scale and how it will draw and benefit from previous/ongoing efforts.

3.) Component 2: KMIS. Please provide further detail regarding the KMIS in terms of:

- a.) What exactly the proposed system is, what it will do and who are the key identified users and where will the data/information com from?
- b.) Why this system has been identified as the correct solution for the key constraint for land use planning that is identified "access to information, data and knowledge is a key constraint"?
- c.) If this is to be used as a key system to inform land use planning, wouldn't the key audience and users and hosting of this system sit within the planning unit at the appropriate level? The idea being this could support true mainstreaming of biodiversity and land management issues with those land uses that are having serious impacts on ecosystems.
- d.) Is there a model for this KMIS being used in other regions of Nepal for the same purpose? How/will this system link/be compatible with other such systems.
- e.) What measures are being taken to ensure sustainability of KMIS function, use, funding etc past the project end date?

Agency Response

27 September 2021

Comments 1) 2) All changes are provided in the Theory of Change narrative and chart in the CER and the Prodoc (pages 32, 33 and 34)

Response to comments c and d are provided below and also in the CER and ProDoc (page 40)

The KMIS will be hosted by the MoITFE at the provincial level. Given the mandate of the MoITFE, this is the most appropriate unit and level for managing the KMIS. The MoITFE has the primary responsibility for forest and land use planning in the province, and it has linkages to local levels via divisional forest offices and the federal level departments within the Ministry of Forest and Soil Conservation (MoFSC). The MoITFE also has the capacity to link effectively with other directorates at provincial level and is at a level that can provide sufficient economy of scale while also maintaining strong linkages with DFOs and CFUGs as well as other users and groups to help bridge critical data/information gaps.

The KMIS will be a first of its kind in Nepal, but it will be able to draw on lessons learned with the national forest information system and from various projects and programs including the Nepal REDD+ Readiness Preparation Support Project, ICIMOD, IUCN, WWF, the Integrated Landscape Management to Secure Nepal's Protected Areas and Critical Corridors, and the Developing Climate Resilient Livelihoods in the Vulnerable Watershed in Nepal project, amongst others. (ProDoc page 40)

Response to e) is provided below, in the CER and in the ProDoc (page 40)

The project includes an activity to support the provincial forest directorate and the national level MoFE to identify and implement approaches that will sustain the operation of the KMIS. The provincial government will cover most of the ongoing costs, while other options will also be explored including fee for service products (for example, to the private sector or projects wishing to access analyses beyond the basic information of the KMIS), and contributions from local levels and possibly user groups. By making the KMIS relevant, useful and user friendly for user groups and local levels, it is assumed that demand for the KMIS and associated decision support systems that may be developed will rapidly increase and be sustained over time. This will require the KMIS to be able to provide relevant, time series data at a scale that is useful to users.

Sept 2, 2021

Thank you for the observations:

- 1) The ToC narrative and chart have been revised to reflect and integrate the importance of incentives for biodiversity and climate resilient practices (in page 33). Accordingly, the linkage between the objective and the proposed activities under the project has been re-phrased (page 31).
- 2) Component 1 of the project is based on an understanding that integrated management of natural resources is key to addressing the direct drivers and root causes of ecosystem degradation and biodiversity loss and to generate sustainable livelihood outcomes at landscape level. Forest users, local levels and provincial governments are identified as important stakeholders. The project will draw lessons from the Terai Arc Landscape (TAL) Kanchenjunga Landscape Development Initiatives (KLCIDI) and other landscape level projects that have gathered useful information, tools and knowledge. Further details are elaborated under the revised Component 1 (page 34)
- 3) Component 2: KMIS ? this component has been revised to address the 5 comments and observations regarding KMIS (page 37)

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

Secretariat Comment at CEO Endorsement Request

July 14, 2021 HF:

Yes.

Agency Response

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

Secretariat Comment at CEO Endorsement Request

July 14, 2021 HF:

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

September 13, 2021 HF:

Comments cleared.

July 14, 2021 HF:

- 1.) In the narrative GEBs section of the CER, please articulate the global environmental benefits expected out of this project, (including but certainly not limited to as measured by the core indicators). Currently this section of the CER is mostly a re-hash of what the project plans to do rather than the GEBs for BD and LD expected.
- 2.) In Table 5: Summary of GEBs, please ensure that the GEBs expected for BD and LD are captured in the far right column. For example, there are no GEBs listed for LD (what is listed are numbers of CFUGs and number of people) and the BD is a mix. It should be clear from the articulation of GEBs in this CER the reason GEF funds are supporting the project in terms of GEBs.

Agency Response

2 Sept 2021

- 1) The narrative in the GEB section has been revised to define how the proposed project will generate global environmental benefits in the areas of biodiversity conservation and land restoration, as well as climate change mitigation as a co-benefit.
- 2) Table 5 has been revised to clarify the GEBs delivered

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

October 1, 2021 HF:

Comment cleared.

September 13, 2021 HF:

1.) The response provided on page 50 of the ProDoc does not sufficiently address the specific question below regarding plans/actions on sustainability and plans for scaling-up, both of which are key concerns given the nature of this investment. Please address more fully in CER and ProDoc.

The Provincial forest directorate, with support from MoITFE, has been developing a knowledge portal which will provide a useful basis for developing the more comprehensive and user friendly KMIS. While the KMIS will be initially for the project area, it will be designed to readily allow it to be expanded beyond the project area. The linkages between the KMIS and the FMIS at national level will also support scaling up to other provinces. The Project operational partner (MoITFE) has shown keen interest and commitment to operate the KMIS beyond the life of the project which will help ensure its sustainability.

July 14, 2021 HF:

1.) Sustainability: Please describe what measures are in place and will be taken to ensure the sustainability of the KMIS, what institutions are committed to and able to take on its use, funding, upkeep etc.? What assurances exist regarding the sustainability of this/these systems in Component 2?

Agency Response

27 September 2021

The relevant sections in CER and ProDoc (page 52) have been revised as described below:

The KMIS will be established in Province One and supported by the MoFE. The KMIS design will fully consider the potential to replicate the KMIS across the country, including by incorporating the needs and interests of other provinces into the KMIS design, as far as practicable. This will be achieved by a set of consultations with other provinces, user groups and other stakeholders in the design phase of the KMIS to identify areas of common interest. Consultations will be undertaken with the MoITFEs of other interested provinces as the KMIS is built and tested to ensure its design is as relevant and as adaptable as possible. The KMIS design and application will be shared widely through the project's communication and knowledge management strategy. The project includes activities to communicate best practices and lessons from the process to

support evidence-based policy making on the KMIS and KMIS capacity building and to promote replication in other Provinces.

Sept 2, 2021

The measures to ensure sustainability of the KMIS are elaborated in the related section (page 50)

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

October 1, 2021 HF:

Comment cleared.

See comment in other maps box.

Agency Response The project site map has been uploaded as a separate annex (Annex T)

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

NA

Agency Response

Stakeholders

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

Secretariat Comment at CEO Endorsement Request

September 13, 2021 HF:

Comment cleared. Thank you.

July 14, 2021 HF:

1.) Format of Tables 8 and 13 in CER are very difficult to read. Please remedy.

Agency Response The two tables have been reformatted for clarity and re-uploaded in the portal

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

September 12, 2021 HF:

Comments cleared.

July 14, 2021 HF:

How will the project address the issue identified that often participation in CFUG activities comes as an added burden to women's workloads which could be counterproductive to equity and empowerment efforts? As discuss, this may also be aggravated by the impact of migration on household structures and labor pools etc.

Agency Response

Sept 2, 2021

The clarification has been provided in the section 3. Gender Equality and Women's Empowerment (page 58 of ProDoc) as below

Efforts to strengthen women's participation in CFUG activities in the past have clearly brought positive impacts in terms of improved equality, decision making and leadership. However, in some cases such efforts have resulted in unintended consequences such as increased workload and added burden. Sometimes these issues are also the result of, or compounded by, external factors such as demographic and socio-economic changes that are beyond the scope of any individual project to address. The project will ensure that activities such as livelihood opportunities and community-based conservation and

sustainable production will benefit women, and such activities will be designed after careful consultation with women and men beneficiaries to mitigate any negative impacts. Similarly, capacity building and skill training will be prioritized to females and disadvantaged sections of the target communities. At the same time, the project will identify and promote gender sensitive approaches to forest governance in CFUGs that incentivize women's participation in community forest management without adding burden. The gender action plan and results framework include details of these measures.

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

July 14, 2021 HF:

Yes.

Agency Response

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

September 13, 2021 HF:

All comments cleared.

July 14, 2021 HF:

1.) The risk identified on KMIS start-up seems to imply that this system is not demand-driven and to the contrary the project will have to be actively 'securing interest, backing from and cooperation with the government.' Please address this concern in more detail in this and the sustainability sections.

2.) Please include the risk that the sustainable livelihoods efforts with CFUGs don't positively impact BD and worse, may further damage BD. This needs to be squarely

dealt with as a risk, but also a critical pathway in the TOC and design (e.g. the linkages between the livelihoods and GEBs).

3.) Capacity development support seems like an insufficient (or partial) mitigation measure for the following risk, which is existential to the success of the project ("Local levels and CFUGs are unable or unwilling to implement biodiversity sensitive sustainable land use planning in their planning cycles and decision-making processes.") Please address.

4.) Although climate change risk is included in the risks table in the CER, a climate change risk assessment/mitigation documentation seems to be missing, please include. Please note, this was also flagged by STAP at PIF review stage, and the response matrix states this was undertaken, but doesn't reference the document in an annex or otherwise. Please remedy.

5.) Given the significant current risk of COVID-19 and the disruption to daily life and operations in Nepal please provide a more robust treatment of how the pandemic conditions will be addressed in this context.

Agency Response

Sept 2, 2021

These comments and observations on the risk table are well noted.

For observations 1, 2&3, the mitigation actions have been revised in the risk table

4) The climate change risk assessment is attached as Annex S

5) Approaches to dealing with COVID-19 impacts have been elaborated in the section after Table 8 on 'risks to the project'.

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

October 14, 2021 HF:

Comment cleared.

October 4, 2021 HF:

It remains unclear exactly what activities FAO is proposing to self-execute on behalf of the government. There are pieces of what this would look like scattered throughout

the CER package and review sheet, some of which is contradictory (e.g. Will the BD specialist report to FAO and the Ministry? Or just the Ministry? The CER/ProDoc in different places says both of these things). And as previously noted there is no OFP request letter (yet) requesting this support.

Given this, please: **1.) Clearly and succinctly outline the functions FAO plans to execute (it could be a section of the institutional arrangement annex-or in a separate document); include a strong justification for FAO executing these activities (including what other options have been considered); and an associated budget.** That way we can make an informed decision.

I would also **strongly advise that you do not delay any longer the process of securing an OFP letter to request the execution support** given what you have said about the length of that process. Technical clearance on this CER cannot be given without that letter.

September 13, 2021 HF:

It seems that what is proposed is beyond limited execution support limited to ensuring financial due diligence and M&E and building capacity for the processes. What is proposed below seems to include technical capacity on biodiversity by FAO. If there are technical capacity (BD or otherwise) gaps those should be filled by hiring a non-FAO individual or entity to be managed by the government. Please revise and refine the proposed execution role/functions for FAO providing detailed description and a strong justification.

July 15, 2021 HF:

Please provide further detail regarding the management role FAO is proposing it take on behalf of the EA (read below). This seems to constitute FAO taking on execution functions, which is only permitted in exceptional circumstances. Please provide further justification/explanation of exactly what role/activities are proposed for FAO to take on, the associated budget that will be allocated to FAO for doing so, a review/consideration of alternatives to FAO taking on this role. Further, a letter from the OFP requesting FAO take on this role is required to consider GEFSEC approval.

? The PIF anticipated the Federal Level MoFE would be the operational partner (OP), but with the development of the relatively new federal system, the policy of the GoN is to have Provincial levels manage development projects that are of the size anticipated with the proposed project. The current proposal is for the Ministry of Industry, Tourism, Forest, and Environment of Province One to be the OP. The micro assessment undertaken during project design indicated an overall risk of moderate, four tested subject areas as Moderate risk ? Operational Partner, Programme Management, Organizational structure and management, and Procurement). In addition, the micro assessment included an additional criterion (Sub-partner management) that was

reviewed at the request of FAO, to assist with the assessment of risk in relation to the OP's management of sub-partners. The rating for sub-partner management was significant, with the partner not having policies and procedures for the selection and monitoring of downstream sub-partners. Moreover, the project retains some activities that will be relevant beyond the boundaries of the Province (eg. other provinces and national level). Accordingly, the project design has been adjusted to provide technical support from FAO to address risks and develop capacity at local, district and provincial levels and to deploy tool and approaches, for which FAO has technical expertise, at local, provincial and national levels.

Agency Response

12 October 2021: FAO will not undertake direct execution functions on behalf of the government.

Accordingly, relevant sections in the project document, including the implementation arrangement, budget and the terms of reference of the PMU (Annex P) have been revised. As the GEF Implementing Agency, FAO holds overall accountability and responsibility to the GEF for delivery of the results. It will support quality assurance and due diligence in line with the project document and work plan.

27 September 2021

This comment and recommendation is well noted.

As advised, the technical expert on biodiversity will be hired by the government, not FAO. Due to the **significant** risk rating of the government's sub-partner management, an Operations cum M&E Expert will be recruited by FAO to support the government in strengthening its sub-partner management, including the establishment of policies and procedures on sub-partner management, such as building a database of service providers and due diligence on their screening and selection; training to staff and project personnel on procurement guidelines; developing an effective internal control framework, etc. The section on institutional arrangements and coordination has been revised accordingly in the CEOR and ProDoc (page 75 onwards) along with the Terms of Reference and budget.

Sept 2, 2021

The justification for FAO execution support has been elaborated in the section on **institutional arrangements** (p 73 of the ProDoc) and the same is articulated below.

Due to the lengthy process and time required in obtaining the OFP's letter, the justification below has been provided for now. Moving forward, and once this

justification is assessed and validated by GEFSec, we will seek a letter of support from the GEF.

The proposed operational partner of the project - MoITFE - was established in Feb 2018 under the new federal system of the government and the ministry is currently working towards building its capacity. A capacity assessment of MoITFE's programme, financial and operations management policies, procedures, systems and internal control framework was conducted as part of the project preparation phase, that resulted in an overall moderate risk rating, with its sub-partner management rated as a significant risk. The assessment noted the absence of policies and procedures for selection and monitoring of downstream sub-partners and highlighted the increased risk that funds transferred, if sub-partners are required, may not be properly monitored and/or spent in line with the project's objectives. The report noted that the OP has never received funding support from the UN and lacks knowledge of UN Agency procurement requirements, exposing it to the risk of breaching its agreements. Further, with no anti-fraud and corruption policies of its own, the OP follows the central governments policies. The assessment also noted the lack of documented formal internal control framework which increases the risk of gaps in internal controls not being noticed. Some of the weaknesses in programme management identified include the absence of templates for workplans and project development checklists, basic monitoring template and lack of M&E framework for its programmes to monitor project results. The significant turnover in key positions in the MoITFE, staff shortages and staff positions remaining vacant for long periods were also highlighted in the report.

In light of these limitations, and with similar concerns expressed by the government, FAO will support the MoITFE in mitigating the identified risks and bridging the overall capacity gaps in programme management by establishing effective systems and procedures instrumental in ensuring smooth project implementation that will sustain beyond the project period.

FAO is responsible and accountable to GEF for overall delivery of results, including administering of funds, overseeing project implementation in accordance with work plans, budgets, agreements with co-financiers, providing technical guidance, etc. Given its accountability to GEF, and the significant findings in the OP capacity assessment report, FAO is of the view that risk mitigation measures cannot be entrusted to another agency, but will be undertaken by FAO, in accordance with its stringent accountability framework, with support from a Technical Team Leader and an Operations cum M&E Expert who will carry out the following functions (further elaborated in Annex P: Terms of Reference of PMU).

Technical Team Leader:

- S/he will support the OP in establishing written policies and procedures in sub-partner management, including a thorough pre-award capacity assessment, due diligence screening and selection. Further, s/he will support the OP in ensuring that legally binding agreements are made with sub-partners prior to transfer of funds.

- S/he will support the OP in developing an effective internal control framework, which identifies key components of internal control, that will be distributed amongst all staff and updated on a regular basis.

- The technical team leader, also a biodiversity expert, will play a key role in enhancing programme management capacity and institutionalising biodiversity sensitive land use planning. S/he will support biodiversity monitoring and ensure that biodiversity is mainstreamed across policy and programmes at province, local levels and with user groups. S/he will provide capacity building and training support to the project team and MoITFE on key FAO's tools and methodologies in the area of forest and biodiversity monitoring.

- The expert will also ensure that GEF and FAOs policies on Environmental and Social Safeguards are strictly followed and any risks emanating from the project are identified and addressed, esp since most of the community based forest management group members, the key project stakeholders, are indigenous people. (As detailed in the ToR submitted in the portal).

M&E and Operations Expert:

- The expert will provide training and guidance to MoITFE staff, project personnel and district support unit staff on FAO's procurement requirements.

- S/he will help build a database of service providers and their performance evaluation records to help the MoITFE to strengthen its institutional memory on procurement processes.

- S/he will support the design, adoption and implementation of procedures for the management of contracts post award, including overseeing supplier performance and ensuring safeguards in case of sub-par performance.

- S/he will assist in development of the project M&E framework and action plan, develop reporting formats, prepare monthly, half yearly and annual progress reports, carry out field monitoring and prepare monitoring reports in close coordination with the concerned officials.

The cost involved in strengthening the capacity of MoITFE in mitigating these risks through the two experts, during the 4 years of project implementation, including their travel, is USD 241,200, as indicated below.

Budget for FAO execution support (in USD)

Title	units	amount
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Technical Team Leader cum Biodiversity Expert	@2500x44 months	110,000
Operations cum M&E Expert	@2300x44 months	101,200
Travel for consultants	4 years	30,000
Total		241,200

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

July 15, 2021 HF:

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

July 15, 2021 HF:

Yes.

Agency Response

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 CEO Endorsement Request

September 13, 2021 HF:

Comments cleared.

July 15, 2021 HF:

- 1.) How will the project via safeguards or otherwise, address the issue of elite capture in CFUGs and project activities? The safeguards reference FPIC, which is necessary, but not sufficient to counteract these structural inequalities that disadvantage the poor and disenfranchised. Groups in Nepal-including WWF for one-has been using the "power mapping" tool/approach to better understand the structural inequalities, who holds the power and why, who wins and who loses etc and then can design projects and activities intentionally.
- 2.) [When] does the project plan to undertake a full ESMP preparation?
- 3.) Table 9: Summary of potential social risks [etc]: The suggested mitigation measures column includes many statements of what the project will do (e.g. risk: staff selection won't be transparent; mitigation measure: make the staff selection process transparent), without providing any sense of the HOW the project will do this. Please revise all mitigation measures to include a description of how the project will mitigate the risks identified, rather than just stating that the project will do so.
- 4.) Environment risk of Output 3.2 includes use of non-native species but doesn't include any mitigation measures. Please address.

Agency Response

Sept 2, 2021

- 1) Approaches to addressing elite capture has been included in the risk table under Section 5. Risks (p 62) as well as in a narrative under section B: Environmental and Social risks from the project
- 2) ESMPs for each of the subproject activities will be developed after specific project sites are identified as required by the Environmental and Social Screening of the sub-project activities and after wider consultations with the IPLCs and other stakeholders. This is expected in the first year of project implementation
- 3) The suggested mitigation measures have been revised with a narrative on potential risks and more specific mitigation measures. Table 9 has been removed.
- 4) Forest Act 2019 has provisions that do not allow plantation of non- native species. Similarly, Cancun REDD+ Safeguards do not support plantation of non-native species. The project will therefore not support for plantation of non-native species and will ensure through monitoring mechanisms that this does not take place.

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

July 15, 2021 HF:

Yes.

Agency Response

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

July 15, 2021 HF:

Yes.

Agency Response

Annexes

Are all the required annexes attached and adequately responded to?

Secretariat Comment at CEO Endorsement Request

October 21, 2021 HF:

Comment cleared.

October 19, 2021 HF:

1.) Please revise budget to charge expenses related to the M&E (MTR and TE) only to the M&E column. Currently, it looks like there is an amount allocated to the M&E budget in addition to smaller amounts charged to the components. The same comment applies to the Inception workshops (both local and national).

2.). Due to point 1.) above, the budget table in Portal has a total value in PMC of (\$125,584), which is different from the PMC amount in Table B (\$199,424). That said, the PMC + the M&E amount in Budget table (\$125,584 + \$73,840) adds up to the total PMC in Table B (\$199,424), which is the same amount for the M&E Matrix (see screenshots below). Please ensure that all the amounts will match in the three different sections (Budget Table ? PMC ? M&E Matrix) ? this may require to create a M&E component in Table B as there is none.

July 15, 2021 HF:

Yes.

Budget: PM approves of vehicle purchase.

Agency Response

21 October 2021

1) The budget has been revised to include all M&E related expenses under the M&E column.

2) The total value of PMC in the portal and Budget are now similar, and the amounts in the budget table, PMC and M&E Matrix match. A separate M&E component has been added in Table B.

Thank you for this confirmation

Project Results Framework

Secretariat Comment at CEO Endorsement Request

October 4, 2021 HF:

Comments cleared.

September 13, 2021 HF:

1.)-2.) Comments cleared.

3.) It is unclear what biological indicators were added. Please highlight and explain. I see number of poaching cases, but the value of this indicator since there is no indication what a poaching "case" means here: Is that a prosecuted case? Or detected case while on patrol? In which case the level of enforcement might increase the number of "cases" which would be a positive development. Or if the indicator is aimed at capturing the directionality of incidents of poaching that would be another approach and a decrease would be positive. What is being requested is a measure of biophysical change-likely a clear proxy therein that will be an effective baseline and measure (or set of measures) that would be of use to the CFUGs and at the landscape scale to know whether their actions are having the desired impact from a biodiversity and ecological perspective. Please address/revise.

July 15, 2021 HF:

1.) The mid-term (235) and final targets (235) for Component 1, outcome 1 seem to be higher than the indicator (200 CFUGs). Please clarify.

2.) Component 2 should include indicators/targets for use of KMIS and other systems as well as the level of investment on the part of those who will be responsible for the sustainability of this system into the future.

3.) Please include some biological change indicators/targets (from a baseline) to set the stage for measuring the impacts of the measures taken by CFUGs, and at the landscape scale. This is critical to have a sense of whether what we are doing is having the intended (or unintended) impact.

Agency Response

27 September 2021

On 3.) - additional indicators are added under output 3.3 and in the results framework. These are - Percent and number of threatened fauna species and exploited flora species illegally killed and or collected; Area of forest containing targeted exploited fauna and flora species under effective control by anti-poaching units; Number of sightings of illegal actors or activities

Sept 2, 2021

Thanks for the observations on the results framework

- 1) This is an oversight and the indicators have been revised for mid-term and final targets to 200
- 2) Two additional indicators have been added to reflect the use of KMIS and the level of investment in operation and use of KMIS
- 3) Two additional indicators have been added to measure the biological changes

GEF Secretariat comments

Secretariat Comment at CEO Endorsement Request

Agency Response

Council comments

Secretariat Comment at CEO Endorsement Request

October 4, 2021 HF:

Comment cleared.

September 15, 2021 HF:

Please indicate where the responses to Council comments are. They don't seem to be attached in the Portal.

July 15, 2021 HF:

1.) In reference to the UK's first comment, it also seems that the value-add of this project is that it is focused on biodiversity conservation and values of CFUGs (sorely needed) and planning at the landscape scale. Please revise response if this is indeed the case.

Agency Response

27September 2021

The response to the Council comments are provided in the portal and highlighted

Sept 2, 2021

A revised response has been provided to indicate the value-add of this project.

STAP comments

Secretariat Comment at CEO Endorsement Request

October 14, 2021 HF:

Comment cleared.

October 4, 2021 HF:

Please include a few sentences in the response table in the Portal in direct response to STAP's question on sustainability (in addition to pointing to the CER/ProDoc).

Please share how sustainability of capacity building impacts will be addressed under the project	The sustainability section was further strengthened and clarified in the full project document.
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September 15, 2021 HF:

Please indicate where the repos to STAP comments can be found-don't see a response table in Portal.

4.) Please see previous follow-up on detail and focus of FAO's proposed execution role/activities.

July 15, 2021 HF:

1.) Please see previous comments on GEBs, STAP also referred to this in their PIF review. Needs further solidification.

2.) Please submit climate risk analysis that was completed during project design.

3.) Please include the livelihood-biodiversity conservation/LD assumptions/linkages into the project evaluation framework to assess the extent to which the assumptions regarding this causality are valid.

4.) Please clarify the response to STAP's inquiry regarding execution. The current response is unclear as to whether or not FAO is proposing it take on execution activities under this project, and a justification for doing so. Please ensure that the response to STAP's inquiry is consistent with the final outcome of this issue at CEO endorsement per the further information requested by the PM in the "Institutional Arrangement" field of this review sheet.

Agency Response

12 October 2021: The response below has been entered in the response to STAP question on sustainability in the portal and in the ProDoc (p92).

Capacity developed by the project will be sustained, and potentially expanded, through four mechanisms. The first mechanism is via the anticipated continued improvements to provincial and district level government agency arrangements as the Province One develops its policies, procedures, structures and staffing, particularly within the MoITFE. The second mechanism is via the numerous NGO and CSO partners of the project that have an ongoing commitment to improving biodiversity conservation and livelihoods in the Province. These NGOs and CSOs already have considerable experience with developing capacity and the guidelines and systems developed by the project will further enhance the ability of NGOs and CSOs to provide training and share knowledge. The third, and emerging, mechanism, is via private sector actors who are interested in supporting the development of sustainable forestry and agriculture. It is anticipated that some private sector actors will adopt and further develop capacity approaches related to sustainable markets. The fourth and critically important mechanism is through community forestry networks and organisations such as FECOFUN that have a common interest in ensuring CFUGs have the capacity to both manage and benefit from community forests.

27 September 2021

The responses to STAP comments are provided in the portal.

4) FAO's support to project execution has been clarified and entered in the portal. Related information is also provided under the institutional arrangements section.

Sept 2, 2021

1) More clarification on GEBs are provided in the GEB section as well as in the response to STAP comments

- 2) Climate Risk Analysis (Annex S) has been submitted and uploaded in the portal
- 3) The livelihood-biodiversity conservation linkage has been included and response provided in the table as well as in the ToC narrative
- 4) A summary of the justification for FAO execution support and the role of FAO has been provided in the response and a detailed justification under the institutional arrangements section

Convention Secretariat comments

Secretariat Comment at CEO Endorsement Request NA

Agency Response

Other Agencies comments

Secretariat Comment at CEO Endorsement Request NA

Agency Response

CSOs comments

Secretariat Comment at CEO Endorsement Request NA

Agency Response

Status of PPG utilization

Secretariat Comment at CEO Endorsement Request

October 26 HF:

Comment cleared.

October 25, HF:

Please also correct in the Portal entry as it is still showing a difference between budget and amount spent.

October 19, 2021 HF:

3.) There is \$215 gap on what was approved at PIF stage and what was utilized. Please revise section to include a comment on how the remaining funds will be utilized.

July 15, 2021 HF:

Clear.

Agency Response

25 October 2021

The table in the portal has been corrected and is now similar to the table in the prodoc.

21 October 2021

Thank you for having identified this minor error in the table. The correct table is as follows. (page 97 in prodoc)

<i>Project Preparation Activities Implemented</i>	<i>Budgeted Amount</i>	<i>Amount Spent to date (13 October 2021)</i>
	90 125	93770
Contract	45310	45231
Travel	4000	2083
Training	4100	3188
Expendable procurement	2500	1971
General Operating Expenses	3965	3757
Total	150,000	150,000

Project maps and coordinates

Secretariat Comment at CEO Endorsement Request

September 15, 2021 HF:

Comment cleared.

July 14, 2021 HF:

Please include maps as an annex as they are not easily legible in the Portal.

Agency Response Project map has been provided as a separate Annex (Annex T)
Does the termsheet in Annex F provide finalized financial terms and conditions? Does the termsheet and financial structure address concerns raised at PIF stage and that were pending to be resolved ahead of CEO endorsement? (For NGI Only)

Secretariat Comment at CEO Endorsement Request

NA

Agency Response

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

Secretariat Comment at CEO Endorsement Request NA

Agency Response

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

Secretariat Comment at CEO Endorsement Request NA

Agency Response

GEFSEC DECISION

RECOMMENDATION

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

Secretariat Comment at CEO Endorsement Request

October 21, 2021 HF:

No, please correct in the Portal entry as it is still showing a difference between PPG budget and amount spent.

October 19, 2021 HF:

No, please revise per comments in yellow.

October 14, 2021 HF:

Yes.

October 4, 2021 HF:

No, not at this time.

September 15, 2021 HF:

No, not at this time. Please respond to comments in this review sheet.

July 15, 2021 HF:

No, not at this time. Please respond to comments in this review sheet.

Review Dates

	Secretariat Comment at CEO Endorsement	Response to Secretariat comments
First Review	7/15/2021	
Additional Review (as necessary)	9/15/2021	
Additional Review (as necessary)	10/4/2021	
Additional Review (as necessary)	10/14/2021	
Additional Review (as necessary)	10/21/2021	

CEO Recommendation

Brief reasoning for CEO Recommendations