



GEF SECRETARIAT REVIEW FOR FULL/MEDIUM-SIZED PROJECTS* THE GEF/LDCF/SCCF TRUST FUNDS

GEF ID:	5096		
Country/Region:	China		
Project Title:	Payment for Watershed Services in the Chishui River Basin for the Conservation of Globally Significant Biodiversity		
GEF Agency:	UNDP	GEF Agency Project ID:	4822 (UNDP)
Type of Trust Fund:	GEF Trust Fund	GEF Focal Area (s):	Biodiversity
GEF-5 Focal Area/ LDCF/SCCF	Objective (s):	BD-2; BD-2; Project Mana;	
Anticipated Financing PPG:	\$100,457	Project Grant:	\$1,908,676
Co-financing:	\$16,000,000	Total Project Cost:	\$18,009,133
PIF Approval:	June 06, 2013	Council Approval/Expected:	
CEO Endorsement/Approval		Expected Project Start Date:	
Program Manager:	Yoko Watanabe	Agency Contact Person:	Midori Paxton

Review Criteria	Questions	Secretariat Comment at PIF (PFD)/Work Program Inclusion ¹	Secretariat Comment At CEO Endorsement(FSP)/Approval (MSP)
Eligibility	1. Is the participating country eligible?	Yes.	Yes.
	2. Has the operational focal point endorsed the project?	Yes.	
Agency's Comparative Advantage	3. Is the Agency's comparative advantage for this project clearly described and supported?	Yes.	Yes.
	4. If there is a non-grant instrument in the project, is the GEF Agency capable of managing it?	n/a	n/a
	5. Does the project fit into the Agency's program and staff capacity in the country?	Yes.	Yes.
	6. Is the proposed Grant (including the Agency fee) within the resources available from (mark all that apply):		

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Resource Availability	• the STAR allocation?	Yes.	Yes as confirmed at the time of PIF approval.
	• the focal area allocation?	Yes.	Yes.
	• the LDCF under the principle of equitable access	n/a	n/a
	• the SCCF (Adaptation or Technology Transfer)?	n/a	n/a
	• Nagoya Protocol Investment Fund	n/a	n/a
	• focal area set-aside?	n/a	n/a
Project Consistency	7. Is the project aligned with the focal /multifocal areas/ LDCF/SCCF/NPIF results framework?	Not fully. 29 Sept 2012 Adequate additional information has been provided and the project is in line with BD-2 results framework.	Yes, as confirmed at PIF approval stage.
	8. Are the relevant GEF 5 focal/ multifocal areas/LDCF/SCCF/NPIF objectives identified?	BD-2	Yes, BD2.
	9. Is the project consistent with the recipient country's national strategies and plans or reports and assessments under relevant conventions, including NPFE, NAPA, NCSA, or NAP?	Please clarify. Contrary to the statements in section A2, the Program Manager could not find any specific reference in the NBSAP or in other publications (e.g. from TNC) about the project area being a priority area for biodiversity conservation. 29 Sept 2012 Adequate additional information provided. The area has been identified as one of the 32 biodiversity priority areas under the NBSAP, and also part of	Yes, as confirmed at the time of PIF approval.

*Some questions here are to be answered only at PIF or CEO endorsement. No need to provide response in gray cells.

¹ Work Program Inclusion (WPI) applies to FSPs only. Submission of FSP PIFs will simultaneously be considered for WPI.

FSP/MSP review template: updated 11-22-2010

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Project Design		the Global Ecoregion and Hotspot.	
	10. Does the proposal clearly articulate how the capacities developed, if any, will contribute to the sustainability of project outcomes?	Yes.	Yes, adequate information provided and included in the project framework.
	11. Is (are) the baseline project(s), including problem (s) that the baseline project(s) seek/s to address, sufficiently described and based on sound data and assumptions?	Yes.	Yes, adequate information provided.
	12. Has the cost-effectiveness been sufficiently demonstrated, including the cost-effectiveness of the project design approach as compared to alternative approaches to achieve similar benefits?		Yes, adequate information provided.
	13. Are the activities that will be financed using GEF/LDCF/SCCF funding based on incremental/additional reasoning?	Unclear. The incremental value of this project is low for the GEF as the Chishui river basin is not considered a high priority conservation area of global or national value. The PWS scheme to be developed is not specifically targeted at biodiversity conservation. 29 Sept 2012 Adequate information provided. The project could potentially contribute for conservation of the important watershed and endangered species, particular some of the rare and endemic species including different types of wild carp.	The GEFSEC recognize that there is a significant reduction in the area that the project will have a direct impact (i.e 7000ha). Please justify cost effectiveness of this change as well as clarify both the direct and indirect area coverage through the project intervention. We found some indication of potential replication in larger areas, but was not sure whether this will be done through project implementation or at a later stage. Please clarify.
	14. Is the project framework sound and sufficiently clear?	Not fully. While the components are comprehensive, it is unclear on how in this specific context of water quality maintenance the project could create a	Yes, however, please clarify direct and indirect coverage of project intervention as noted above.

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		<p>replicable model for more involvement of the private sector in biodiversity conservation.</p> <p>29 Sept 2012 Adequate additional information provided. While working with existing and emerging business forum for conservation, the model of the Payments for Watershed Services could possibly be replicated and catalyze business sector finance for biodiversity conservation in China.</p>	
	15. Are the applied methodology and assumptions for the description of the incremental/additional benefits sound and appropriate?	Please refer to #13.	Please refer #14.
	16. Is there a clear description of: a) the socio-economic benefits, including gender dimensions, to be delivered by the project, and b) how will the delivery of such benefits support the achievement of incremental/additional benefits?	<p>Yes. Significant local benefits will be created. At the same time, this is a shortcoming of the concept, as the projects appears to primarily create local benefits.</p> <p>29 Sept 2012 Adequate information provided. Further measurable GEB needs to be clarified by the time of CEO endorsement.</p>	While consideration on gender and ethnic minorities are well noted throughout the documents, both the GEF template and project document does not provide any details on who the ethnic minorities are and the potential involvement in the project. Please provide further information and the consultation that has been undertaken with the concerned population on project approach and design.
	17. Is public participation, including CSOs and indigenous people, taken into consideration, their role identified and addressed properly?	<p>Yes. However, the participation of private sector companies appears weak, only 'interest' has been expressed.</p> <p>29 Sept 2012 Further information provided. The Maotai is expected to contribute \$5 million to the project as cofinance.</p>	Please refer to comment under #16.

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	18. Does the project take into account potential major risks, including the consequences of climate change and provides sufficient risk mitigation measures? (i.e., climate resilience)	Yes. Risks have been taken into account.	Yes, adequate information provided.
	19. Is the project consistent and properly coordinated with other related initiatives in the country or in the region?	Yes.	Yes, coordination with government institutions, INGOs, etc is well noted.
	20. Is the project implementation/ execution arrangement adequate?	Yes.	Yes.
	21. Is the project structure sufficiently close to what was presented at PIF, with clear justifications for changes?		Changes are explained. Please clarify the coverage question noted above.
	22. If there is a non-grant instrument in the project, is there a reasonable calendar of reflows included?		n/a
Project Financing	23. Is funding level for project management cost appropriate?	No. For projects up to \$2 million, project management costs should no exceed 10% of the sub-total. Please also check the sub-total figure in Table A for typos. 29 Sept 2012 Adequately revised.	It is slightly less than 10% and considered adequate.
	24. Is the funding and co-financing per objective appropriate and adequate to achieve the expected outcomes and outputs?	Yes.	yes.
	25. At PIF: comment on the indicated cofinancing; At CEO endorsement: indicate if confirmed co-financing is provided.	From the presented concept, it is not fully understood why the interested private companies would not significantly co-finance such a project.	The justification for the deletion of the private sector cofinance is explained and understood. Government cofinancing has increased and maintains the

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		29 Sept 2012 \$5 million cofinance has been identified and expected from the Maotai company.	cofinancing ratio of 1 to 8 overall.
	26. Is the co-financing amount that the Agency is bringing to the project in line with its role?	Yes. UNDP provide \$500,000 in grant.	yes.
Project Monitoring and Evaluation	27. Have the appropriate Tracking Tools been included with information for all relevant indicators, as applicable?		Yes.
	28. Does the proposal include a budgeted M&E Plan that monitors and measures results with indicators and targets?		Yes.
Agency Responses	29. Has the Agency responded adequately to comments from:		
	• STAP?	n/a	The PM did not find the response matrix in the CEO endorsement package. Please kindly clarify.
	• Convention Secretariat?	n/a	n/a
	• Council comments?		The PM did not find the response matrix. Please clarify if there were comments from the Council and their responses
	• Other GEF Agencies?	n/a	n/a
Secretariat Recommendation			
Recommendation at PIF Stage	30. Is PIF clearance/approval being recommended?	31 August 2012 UA: No. The project concept does not fully appear in line with GEF-5 BD strategy. Among other issues raised in the review sheet, the most prominent shortcoming of the concept is the lack of creation of tangible GEBs. The projects primarily creates local benefits in an area without	

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		<p>global or national priority conservation value. The incremental value of GEF support in a project with focus on maintenance of water quality is not evident.</p> <p>29 Sept 2012 YW: Yes. With the additional information provided, the global significance of the area and the species within it are recognized. Cofinance from the private sector, \$5 million has also been determined. The project could be innovative by introducing the Payments for Watershed Services scheme for the first time in China, and catalyze the business sector finance for biodiversity conservation. The PIF has been technically cleared and may be included in future work program.</p>	
	31. Items to consider at CEO endorsement/approval.		
Recommendation at CEO Endorsement/ Approval	32. At endorsement/approval, did Agency include the progress of PPG with clear information of commitment status of the PPG?		Yes.
	33. Is CEO endorsement/approval being recommended?		<p>No, please respond to the comments provided and resubmit the revised CEO endorsement package.</p> <p>26 June 2014 Yes, the GEFSEC received a revised package that adequately clarifies and responds to the comments made earlier. The PM recommends the project for CEO endorsement.</p>
Review Date (s)	First review*	August 31, 2012	May 12, 2014

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	Additional review (as necessary)	September 28, 2012	June 26, 2014
	Additional review (as necessary)		
	Additional review (as necessary)		
	Additional review (as necessary)		

*** This is the first time the Program Manager provides full comments for the project. Subsequent follow-up reviews should be recorded. For specific comments for each section, please insert a date after comments. Greyed areas in each section do not need comments.**

REQUEST FOR PPG APPROVAL

Review Criteria	Decision Points	Program Manager Comments
PPG Budget	1. Are the proposed activities for project preparation appropriate?	The activities identified under the PPG are relevant.
	2. Is itemized budget justified?	<p>The PIF cofinancing ratio is 1 to 8, while the PPG cofinance is only 1 to 3. It is expected that the ratio for PPG is closer to the PIF.</p> <p>On activity 5 on socio-economic assessment including gender, it is expected that the cofinance would cover most of the cost. What would the \$2000 from GEF finance?</p> <p>The international and local consultant fees and other costs are considered adequate.</p>
Secretariat Recommendation	3. Is PPG approval being recommended?	<p>No, please revise the proposal based on the above comments and resubmit.</p> <p>13 Nov 2012 The cofinancing ratio has been increased to 1 to 5.5, and the comments have been adequately responded. The PPG is technically cleared. Once the PIF is CEO cleared, the PPG will be processed for CEO approval.</p>
	4. Other comments	
Review Date (s)	First review*	November 07, 2012
	Additional review (as necessary)	November 13, 2012

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