



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

GEF ID:	4836		
Country/Region:	Costa Rica		
Project Title:	Conservation, Sustainable use of Biodiversity, and Maintenance of Ecosystem Services of Internationally Important Protected Wetlands		
GEF Agency:	UNDP	GEF Agency Project ID:	4966 (UNDP)
Type of Trust Fund:	GEF Trust Fund	GEF Focal Area (s):	Biodiversity
GEF-5 Focal Area/ LDCF/SCCF Objective (s):	BD-1; BD-1; Project Mana;		
Anticipated Financing PPG:	\$0	Project Grant:	\$3,705,873
Co-financing:	\$17,188,318	Total Project Cost:	\$20,894,191
PIF Approval:		Council Approval/Expected:	
CEO Endorsement/Approval		Expected Project Start Date:	
Program Manager:	Andrew Velthaus	Agency Contact Person:	Santiago Carrizosa

Review Criteria	Questions	Secretariat Comment at PIF (PFD)/Work Program Inclusion	Secretariat Comment At CEO Endorsement(FSP)/Approval (MSP)
Eligibility	1. Is the participating country eligible?	March 15, 2012  Yes. Costa Rica ratified the CBD on June 13, 1992.	
	2. Has the operational focal point endorsed the project?	March 15, 2012  Yes. The operational focal point endorsed the project on February 27, 2012.	
Agency's Comparative Advantage	3. Is the Agency's comparative advantage for this project clearly described and supported?	March 15, 2012  Yes. UNDP's comparative advantage for implementing this project is completely described and supported.	
	4. If there is a non-grant instrument in the project, is the GEF Agency capable of managing it?	March 15, 2012  No	

	5. Does the project fit into the Agency's program and staff capacity in the country?	March 15, 2012  Yes. There is three staff in UNDP's Costa Rica office, in addition to the regional technical advisor, who will provide technical backstopping.	
Resource Availability	6. Is the proposed Grant (including the Agency fee) within the resources available from (mark all that apply):		
	• the STAR allocation?	March 15, 2012  Costa Rica has an allocation for biodiversity of \$11.27 million, of which \$3 million has been used, leaving a remainder of \$8.27 million.	
	• the focal area allocation?		
	• the LDCF under the principle of equitable access		
	• the SCCF (Adaptation or Technology Transfer)?		
	• Nagoya Protocol Investment Fund		
Project Consistency	7. Is the project aligned with the focal /multifocal areas/ LDCF/SCCF/NPIF results framework?	March 15, 2012  Yes, the project is closely aligned with biodiversity and focal area strategy objective 1, specifically with regard to expanding ecosystem and threatened species representation and increased financing for protected areas.	
	8. Are the relevant GEF 5 focal/multifocal areas/LDCF/SCCF/NPIF objectives identified?	March 15, 2012  Yes, they are.	
	9. Is the project consistent with the recipient country's national	March 15, 2012	

	assessments under relevant conventions, including NPFE, NAPA, NCSA, or NAP?	"National Development Plan 2010-2014", which outlines the importance of improving biodiversity management. It is also aligned with the 2011 decree of the Pres. on strengthening the protection of wetlands.	
	10. Does the proposal clearly articulate how the capacities developed, if any, will contribute to the sustainability of project outcomes?	<p>March 15, 2012</p> <p>The proposal articulates in particular that sustainable financing for the management of seven existing protected areas and one new protected area will increase by 20%. The specific financial instruments to be used will be developed during the project phase, but options under consideration include the establishment of the wetland banking system, expansion of Costa Rica's existing PDS systems are cover wetlands, or capturing REDD+ financing for the protection of wetlands.</p>	
Project Design	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?	<p>March 15, 2012</p> <p>Yes, they are.</p>	
	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?		

	<p>13. Are the activities that will be financed using GEF/LDCF/SCCF funding based on incremental/additional reasoning?</p>	<p>March 15, 2012</p> <p>Yes. The project is incremental nature for two reasons. First, it seeks to establish a new wetland protected area approximately 1000 ha, which will bring new ecosystems and species under protection. Second, the project seeks to increase by 20% the level of financial resources for the management of wetlands protected areas in some specific sites, where current protection effort is inadequate.</p>	
	<p>14. Is the project framework sound and sufficiently clear?</p>	<p>March 15, 2012</p> <p>The project framework is sound as it seeks to increase the protected area estate and employ innovative financial mechanisms to enhance financial support for wetland protected areas in Costa Rica.</p>	
	<p>15. Are the applied methodology and assumptions for the description of the incremental/additional benefits sound and appropriate?</p>	<p>April 5, 2012</p> <p>We are satisfied with UNDP's answers to the comments below and by the changes to the PIF to ensure that the system of wetland banking will not lead to a net loss of wetlands.</p> <p>March 15, 2012</p> <p>We commend this project for its plan to use innovative financial mechanisms to secure sustainable financing for wetland protected areas in Costa Rica. While the specific mechanisms to be used will be identified during the project development stage. Particular focus is given investigating whether a system for wetland banking can be employed to</p>	

		<p>areas. In this case, as we understand it, the 7 wetland areas already under protection would be used to generate credits so that other wetland areas could be developed. And we presume that the new wetland PA would be used as a source for credits. The idea for wetland banking is to be commended for its ambitious vision, but we would like the proposal to describe how it envisions avoiding the risk of having a net loss of wetlands in the country. First, are the wetlands (which are mostly protected) under such stress that they can legitimately be used for credits for the conversion of other wetland areas? What means will be used to ensure that there is not a net loss of wetlands nationally – for example, a high gearing ratio? Or will only wetlands under high risk (e.g. at periphery) be used for crediting. The proposal needs further development with regards to how this risk will be mitigated.</p>	
	<p>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>	<p>March 15, 2012</p> <p>Yes. The project offers a sufficient description of the socioeconomic benefits to be derived from wetland protection. It also specifically states how awareness raising and training will take into account the needs of both men and women.</p>	
	<p>17. Is public participation, including CSOs and indigeneous people, taken into consideration, their role identified and addressed properly?</p>	<p>March 15, 2012</p> <p>Yes, this is specifically addressed.</p>	

	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)	March 15, 2012  Yes, this project gives specific attention to the issue of climate change adaptation and how protection of wetlands is an important ecosystem-based adaptation strategy.	
	19. Is the project consistent and properly coordinated with other related initiatives in the country or in the region?	March 15, 2012  Yes. The project addresses how it will be aligned with the current UNDP-implemented GEF project "Overcoming Barriers to Sustainability of Costa Rica's Protected Area System." It also mentions alignment with the IADB implemented "Integrated Management of Marine and Coastal Resources of Puntarenas. "	
	20. Is the project implementation/ execution arrangement adequate?	March 15, 2012  Yes.	
	21. Is the project structure sufficiently close to what was presented at PIF, with clear justifications for changes?		
	22. If there is a non-grant instrument in the project, is there a reasonable calendar of reflows included?		
Project Financing	23. Is funding level for project management cost appropriate?	March 15, 2012  Yes project management costs assigned to the GEF grants are 5% of the total GEF grant.	
	24. Is the funding and co-financing per objective appropriate and adequate to achieve the expected outcomes and outputs?	March 15, 2012  GEF funding per objective seems appropriate. See below for comments on co-financing.	

cofinancing;  
At CEO endorsement: indicate if confirmed co-financing is provided.

UNDP's answers and changes to the PIF satisfy our concerns. The level of co-financing is appropriate and is essential to the accomplishment of the objectives, and it is now appropriately attributed.

March 15, 2012

We have two questions on co-financing that we believe might warrant changes to the PIF.

Total cofinancing is estimated at a total of \$28 million. Of this, \$15.47 mn is grant financing from the SNAC and \$11.5 mn is in-kind support. The total cofinancing ratio is a very high 1:7.8. There are two problems with this figure. First, given that total annual expenditures on protected areas and Costa Rica were 26 million in 2008 (about \$130 million over five years), and the project claims that the seven protected areas to receive financial support are underfunded, it is difficult to understand how Costa Rica can allocate \$26.92 million as cofinancing for this one project, or about 20% of total system financing over five years. The GEF Secretariat asks that UNDP explain how this level of co-financing is feasible or reduce the figure to a more reasonable level.

Second, the project claims \$1 million of grant support from a "second debt-for-nature swap" with the United States in 2010. This raises a question because funding under the US debt-for-nature

		<p>Forest Conservation Act) can only be used for the conservation of tropical forests. Mangrove conservation is eligible, but wetland conservation per se is not. There are either two possibilities.</p> <p>First, UNDP should check whether it is the program "Forever Costa Rica" that will support the project. "Forever Costa Rica" is broader than just the US debt-for-nature swap, so if this is the case, it should be listed as the co-financier so long as the financing is critical to the objective of the project. If the financing is specifically from the debt-for-nature swap, then PIF should explain how it is otherwise eligible to support wetland conservation (e.g. restricted to mangroves?).</p>	
	26. Is the co-financing amount that the Agency is bringing to the project in line with its role?	<p>March 15, 2012</p> <p>UNDP is providing a \$300,000 grant to this project, which is normal compared with previous projects.</p>	
Project Monitoring and Evaluation	27. Have the appropriate Tracking Tools been included with information for all relevant indicators, as applicable?		
	28. Does the proposal include a budgeted M&E Plan that monitors and measures results with indicators and targets?		
Agency Responses	29. Has the Agency responded adequately to comments from:		
	• STAP?	NA	
	• Convention Secretariat?	NA	
	• Council comments?		
	• Other GEF Agencies?	NA	
Secretariat Recommendation			



Recommendation at PIF Stage	<b>recommended?</b>	UNDP has adjusted the PIF and answered the questions raised in 15 and 25 to our satisfaction. We clear the PIF.  March 15, 2012  Not at this time. We need changes to the PIF that address questions 15 (mitigation of risks of net loss of wetlands) and 25 (cofinancing) prior to approval.	
	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?		
	<b>33. Is CEO endorsement/approval being recommended?</b>		
Review Date (s)	First review*	March 17, 2011	
	Additional review (as necessary)	April 05, 2012	
	Additional review (as necessary)		
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	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?	NA
	2. Is itemized budget justified?	
Secretariat	<b>3. Is PPG approval being</b>	

	4. Other comments	
Review Date (s)	First review*	
	Additional review (as necessary)	

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