



REQUEST FOR CEO ENDORSEMENT

PROJECT TYPE: **FULL SIZED PROJECT**

TYPE OF TRUST FUND: **GEF TRUST FUND**

PART I: PROJECT INFORMATION

Project Title: Mainstreaming Incentives for Biodiversity Conservation in the Climate Resilient Green Economy Strategy			
Country(ies):	Ethiopia	GEF Project ID: ¹	5440
GEF Agency(ies):	UNDP	GEF Agency Project ID:	4644
Other Executing Partner(s):	Ministry of Environment and Forest	Submission Date:	July 31, 2015
		Resubmission Date:	
GEF Focal Area (s):	Biodiversity	Project Duration(Months)	48
Name of Parent Program (if applicable):	N/A	Agency Fee (\$):	315,063
➤ For SFM/REDD+ <input type="checkbox"/>			
➤ For SGP <input type="checkbox"/>			

A. FOCAL AREA STRATEGY FRAMEWORK²

Focal Objectives	Area	Expected FA Outcomes	Expected FA Outputs	Trust Fund	Grant Amount (\$)	Cofinancing (\$)
BD-2		Outcome 2.2: Measures to conserve and sustainably use biodiversity incorporated in policy and regulatory frameworks	Output 2.2. National and sub-national land-use plans (number) that incorporate biodiversity and ecosystem services valuation.	GEF TF	3,316,454	16,000,000
Total project costs					3,316,454	16,000,000

B. PROJECT FRAMEWORK

Project Objective: **The Biodiversity of Ethiopia is better protected from current and future threats by ensuring development and investment decisions do not impact negatively on biodiversity**

Project Component	Grant Type	Expected Outcomes	Expected Outputs	Trust Fund	Grant Amount (\$)	Confirmed Cofinancing (\$)
1: Mainstreaming incentives for biodiversity conservation into the CRGE at national level	TA	The enabling framework for mainstreaming incentives for biodiversity conservation into the CRGE is strengthened	1.1: Biodiversity values and management costs mainstreamed into national accounts through a public expenditure review – ensuring no financing for investments that result in negative impacts on biodiversity 1.2: Decision support tools to ensure infrastructure placement and other investments do not negatively impact on biodiversity are in place and under implementation	GEF TF	1,018,534	4,491,645

			1.3: Strengthened cooperation and interaction between institutions involved in managing biodiversity loss and climate change			
2: Payments for Ecosystem services (including biodiversity conservation) piloted at selected sites.	TA	At least 20,000 hectares of the highly threatened afro-montane ecoregion are under PES resulting in improved stewardship by community land managers and reduced pressure on biodiversity. <i>The project target areas are:</i> <i>(i). Choke Mountain, East Gojjam Zone (Amhara Region) - 12,005 ha</i> <i>(ii) Arjo-Digo Forest (Oromiya Region) - 5,437 ha</i> <i>(iii). Kulfo Forest, Arba-Minch (SNNP Region) - 1,058 ha</i> <i>(iv). Hadew Kebele, Jijiga Zone (Somali Region) - 1,500 ha</i> <i>Total – 20,000 ha</i> <i>(all located in the Eastern Afro-montane Biodiversity hotspot)</i>	2.1 Program participants/Sellers capacitated to provide the ecosystem services [reducing pressure on Biodiversity] 2.2: Institutional capacity of national and regional governments (regions / zones /woredas) and universities is in place to coordinate PES programmes 2.3: Increased government investment in pro-conservation PES in a range of threatened ecosystems by end of project 2.4: Increased awareness and understanding of the vital role of biodiversity and wider ecosystem services protection among decision / policy makers and the general public 2.5: Lessons learned from project shared across project sites, more widely in Ethiopia and in the region	GEF TF	2,139,993	10,746,450
Subtotal					3,158,527	15,238,095
Project management Cost (PMC) ³				GEF TF	157,927	761,905
Total project costs					3,316,454	16,000,000

C. SOURCES OF CONFIRMED COFINANCING FOR THE PROJECT BY SOURCE AND BY NAME (\$)

Please include letters confirming cofinancing for the project with this form

³ PMC should be charged proportionately to focal areas based on focal area project grant amount in Table D below.

Sources of Co-financing	Name of Co-financier (source)	Type of Cofinancing	Cofinancing Amount (\$)
National Government	Federal Republic of Ethiopia	Cash	1,600,000
National Government	Federal Republic of Ethiopia	In-kind	14,200,000
GEF Agency	UNDP	Cash	200,000
Total Co-financing			16,000,000

D. TRUST FUND RESOURCES REQUESTED BY AGENCY, FOCAL AREA AND COUNTRY¹

GEF Agency	Type of Trust Fund	Focal Area	Country Name/ Global	(in \$)		
				Grant Amount (a)	Agency Fee (b) ²	Total c=a+b
UNDP	GEF TF	BD	Ethiopia	3,316,454	315,063	3,631,517
Total Grant Resources				3,316,454	315,063	3,631,517

1

E. CONSULTANTS WORKING FOR TECHNICAL ASSISTANCE COMPONENTS:

Component	Grant Amount (\$)	Cofinancing (\$)	Project (\$)	Total
International Consultants	329,600		329,600	
National/Local Consultants	443,000		443,000	

F. DOES THE PROJECT INCLUDE A “NON-GRANT” INSTRUMENT?

No

PART II: PROJECT JUSTIFICATION

A. DESCRIBE ANY CHANGES IN ALIGNMENT WITH THE PROJECT DESIGN OF THE ORIGINAL PIF⁴

A.1 National strategies and plans or reports and assessments under relevant conventions, if applicable, i.e. NAPAS, 1 national communications, TNAs, NCSA, NIPs, PRSPs, NPFE, Biennial Update Reports, etc.

Detailed consultations, also reviews of the CRGE and other planning policies and procedures during the PPG revealed that there is no need for this project to revise any policies, which are held to be sufficient, but rather to ensure that decision makers have up-to-date and adequate information and decision support tools on which to base planning decisions, to avoid encroaching on the many areas of valuable biodiversity and ecosystem services which exist beyond the boundaries of protected areas.

The project, therefore, is not focussed on changing or revising the CRGE strategy – but rather providing support tools that would ensure that its implementation does not impact negatively on Biodiversity

A.2. GEF focal area and/or fund(s) strategies, eligibility criteria and priorities.

N/A

A.3 The GEF Agency’s comparative advantage:

UNDP’s New Strategic Plan confirms the organization’s commitment to combining Sustainable Development with Human Development –Activities in the 2014-2017 period are to “place particular emphasis on people living in poverty (defined by both relative and absolute measures and those groups that are experiencing the greatest inequalities and exclusion in terms of access to opportunities and achievement of outcomes, as captured in human development indices, especially women, female-headed households and youth. These are the groups that this project will target.

UNDP has recently grown capacity to support planning at sub-national levels to help connect national priorities with action on the ground, including: engaging citizens, especially women and youth, on sustainability issues; developing and/or harmonize local regulations and laws/by-laws on environmental management; identify options for addressing issues such as safeguards to reduce environmental impacts, benefit sharing from biodiversity and incentives to conserve and sustainably utilize biodiversity. This is in line with Outcome 1 of this project.

UNDP’s 2014-2017 plan includes scalable initiatives on sustainable productive capacities such as for effective maintenance and protection of natural capital, including ecosystem services. Work is to focus on conservation and sustainable use of natural resources

and biodiversity, for instance, through management and rehabilitation of ecosystem services, from the sub-national to the national level, including community conserved areas. This is in line with Outcome 2 of this project.

This project is also in line with UNDP's Regional Programme 2015-2018 that specifically prioritises environmental services, already helping African countries to manage natural resources and attract additional carbon financing by training government representatives and negotiators.

A.4. The baseline project and the problem that it seeks to address:

In order to achieve the ambitious goals set forth by the Growth and Transformation Plan (GTP) and the Climate Resilient Green Economy (CRGE) Strategy of transforming Ethiopia to the status of middle-income country by 2025, the annual growth rate must be sustained at over 10%. This is placing huge pressure on natural resources. There is thus an urgent unmet need to ensure that the current high level of growth and planned investments do not continue to impact negatively on biodiversity.

PERs for the Health, Education, Agriculture, Forestry and Infrastructure sectors have been carried out in Ethiopia. However, there has been a Biodiversity Expenditure review which has never been carried out, therefore, importance of biodiversity and ecosystem services to the country is not appropriately acknowledged, and consequently, there continues to be inadequate investment on biodiversity and ecosystem services from the national and regional budgets.

Planning authorities often lack the information or capacity to obtain the information to appropriately review land use applications for development investments. The EIA system currently in place does not adequately cater for mitigation or avoiding no net loss to biodiversity. Therefore, land users continue to encroach into areas of high biodiversity importance due to a range of pressures including population growth, food and fuel needs.

The CRGE has a bold vision to achieve middle-income status by 2025 whilst building a climate-resilient green economy to realise potentials from investing in Ethiopia's natural assets. However, there is limited or no deliberate focus on social equity and poverty reduction considerations. There is need to ensure that implementation maximises the 'winners' and minimises possible 'losers' by ensuring communities are compensated for their role in biodiversity protection and benefits are equitably shared.

A.5 Incremental /Additional cost reasoning: describe the incremental activities requested for GEF financing and the associated global environmental benefits to be delivered by the project:

The Project Objective has remained as it was in the PIF which is "to ensure that the biodiversity of Ethiopia is better protected from current and future threats by ensuring development and investment decisions do not impact negatively on biodiversity".

This will be achieved through the following two main outcomes-which are consistent with what was in the PIF:

- **Outcome 1: The enabling framework for mainstreaming incentives for biodiversity conservation into the CRGE is strengthened**
- **Outcome 2: Payments for Ecosystem services (including biodiversity conservation) piloted at selected sites.**

Outputs planned under Outcome 1 remain the same as stated in the PIF. The outputs will ensure the benefits of biodiversity conservation and the costs of biodiversity degradation are reflected in the national accounts which provide the essential data on which most economic policy decisions are based.

The PEER has been renamed as *The Biodiversity Expenditure Review (BDER)* at the request of Government. The rationale for this is that PEER's would focus on the wider environment – while this project is specifically focussed on Biodiversity. The BDER will examine CRGE facility allocations within and among sectors, and/or at national and sub national levels of government, and assess the efficiency and effectiveness of those allocations in the context of biodiversity management and conservation of threatened species. The BDER will also examine whether CRGE spending priorities are effectively matched to biodiversity priorities, identify areas of inconsistency, and identify reforms needed to improve the effectiveness, efficiency and sustainability. The expected outcome of the BDER will inter alia lead to the redistribution of spending towards biodiversity priorities, and towards longer-term goals rather than short-term ones that could result in biodiversity loss and undermine long term economic growth. This will ensure that investments that could result in the degradation of biodiversity are discouraged. The review will look closely at the linkages between the CRGE and national biodiversity policy; and the resource allocation and expenditure processes as they relate to programmes and policies that support biodiversity management. This will result in the values and costs of natural resource depletion to be better reflected in the national accounts, which provide the essential data, based on which most economic policy decisions are made.

Biodiversity conservation will be enhanced by better accountability of potential negative impacts on biodiversity in planning processes) through the use of decision support tools (such as up-to-date GIS mapping of critical biodiversity areas and biodiversity scorecards) to enable planners (especially at regional levels) to determine a) no go areas (b) areas where developments may be

allowed but with certain minimum conditions, also training of key staff in all relevant sectors at all levels on how to effectively use the maps and scorecards for better land use planning and investments, protecting nationally and globally important biodiversity from degradation or destruction in Ethiopia’s rapid drive for development.

Under outcome 2, the wording of the outputs has been somewhat revised to capture the overall recognized need to build awareness and capacitate program participants before the project is able to design the metrics. Output 2.3, 2.4 and 2.5 are also focussed on the need to build capacity and also further upscale PES. However, all planned activities are still designed to deliver what was promised in the PIF. Furthermore, the project strategy explains in detail exactly how this will be done. The table below illustrates this.

TABLE SHOWING COMPARISON OF OUTPUTS IN THE PIF AND CEO ENDORSEMENT REQUEST

AT PIF Expected Outputs	AT CEO Endorsement Expected outputs	EXPLANATION FOR THE DIFFERENCE/CHANGES
<p><u>Metrics for determining the payments designed</u></p> <p>1. Ecosystem services in the selected sites are defined, measured and assessed; amount of payment is determined</p>	<p>Output 2.1 Program participants/Sellers identified and capacitated to provide the ecosystem services reducing pressure on Biodiversity</p> <p>Planned Activities</p> <ul style="list-style-type: none"> • Metrics for determining the payments designed: Ecosystem services in the selected sites are defined, measured and assessed; amount of payment is determined. Detailed field work at each pilot site to establish baselines, define boundaries PES metrics etc.; • Facilitate each local community group to formulate and implement its own site management plans by clearly defining thresholds, methods, roles and responsibilities for community monitoring, regulation and resource protection), also to modify any necessary by-laws to guide and govern the actions of its members 	<p>The wording of the output has been somewhat revised to capture the overall recognized need to build awareness and capacitate program participants before the project is able to design the metrics.. However, please note that <u>the planned activities still constitute what was promised at the PIF.</u></p> <p>Since the project had planned to do all the analytical work (<i>such as defining, measuring and assessing ecosystem services in the selected sites</i>) in a participatory manner involving the local Government staff, there is need to take time to build awareness and capacity before all the analytical work that had been envisaged can start.</p> <p>The project has therefore adopted a phased approach with the analytical work now planned during implementation and will entail a strong focus on building capacity to implement PES. The same steps as previously outlined in the PIF will still be taken. (<i>See page 22 in the footnote explaining how the environmental service index will be done</i>)</p> <p>Please also note that <u>the Government of Ethiopia is the buyer</u> of the ecosystem services and therefore most of the work is focused on organizing and capacitating sellers or providers of the ecosystem services, and</p>

AT PIF Expected Outputs	AT CEO Endorsement Expected outputs	EXPLANATION FOR THE DIFFERENCE/CHANGES
		determining the metrics for the payment
<p>2. Prospective sellers to supply ecosystem services identified; and their capacity to modify land use practices is enhanced through technical assistance / extension on biodiversity friendly land use practices.</p> <p>3. Institutions in place to manage the PES scheme – such as negotiation, contracting, transaction, verification,</p>	<p>Output 2.1 Planned Activities</p> <ul style="list-style-type: none"> • Hire a PES Intermediary/Honest Broker to support communities (sellers) to negotiate PES contracts with the buyers (Government) that specify conditions and amounts of payments (value of service; mode of payment; delivery of service) and clearly address issues of conditionality, liability and exit options for both contract partners; • Secure Memorandums of Understanding (MoUs) between communities and project (or broker) confirming that communities have access to all of the information related to the project and have been adequately consulted before the project activities begin on the ground; • Output 2.2: Institutional capacity of national and regional governments (regions / zones /woredas) and universities is in place to coordinate PES programmes - such as negotiation, contracting, transaction, verification <p>Planned Activities</p> <ul style="list-style-type: none"> • Train MEF, local institutions and other key staff in negotiation, contracting, transaction, monitoring and verification to effectively manage the PES schemes • Technical and financial capacity building trainings for CBOs (leaders and members) inter alia on PES; 	<p>This output and planned activities are in line with the PIF outputs. They are designed to ensure that sellers are identified and trained to carry out PES. See Project strategy -Page 22-25</p> <p>NB: Since the Government of Ethiopia already committed to buying the ES, this step does not include identification of buyers. However, it is expected that once the scheme is successful, more buyers will be sought</p>
<p>4. PES agreements are brokered between sellers and Government specifying conditions for payments (Value of service; mode of payment; delivery of service) agreed upon by Government and sellers and operationalized through contracts</p>	<p>Output 2.1: Planned Activities</p> <ul style="list-style-type: none"> • PES agreements brokered between sellers and Government specifying conditions of payment: - • Discuss and agree with each local community the fair, transparent and equitable distribution of the benefits that result from the PES • Establish administrative systems (one per pilot site) for handling and operationalising the payments at the pre-determined frequency using the binding contracts 	<p>These planned activities are in line with the PIF output. This is explained in detail under project strategy. See -Page 21-22 of prodoc</p>
<p>5. Monitoring and verification system measures the impact of intervention (PES) on land use changes (actual delivery of ecosystem services), biodiversity and livelihoods in the target sites using standards and indicators derived from baseline information.</p>	<p>Output 2.1-Planned activities</p> <ul style="list-style-type: none"> • Monitoring and verification system to measure the impact of intervention (PES) on land use changes (actual delivery of ecosystem services), biodiversity and livelihoods in the target sites using standards and indicators derived from baseline analysis: - • Support each community group to develop and implement a participatory monitoring and evaluation system to track the PES scheme and ensure it is achieving the desired outcomes; 	<p>The monitoring process is explained in detail under Output 2.2. See Page 24 of Prodoc</p>

AT PIF Expected Outputs	AT CEO Endorsement Expected outputs	EXPLANATION FOR THE DIFFERENCE/CHANGES
	<p>Output 2.1: Planned Activities</p> <ul style="list-style-type: none"> • Support the establishment, development and legal registration of CBOs / cooperatives and capacity building for key members, where they are not present / active in pilot areas; • Use existing and / develop materials to raise awareness and educate land users (CBO / cooperative members) regional / zone / woreda government officers / local decision makers / leaders in selected sites about PES • Strengthen the capacity of kebeles and woredas to implement their mandate on utilization based biodiversity conservation; <p>Output 2.3: Increased government investment in pro-conservation PES in a range of threatened ecosystems by end of project</p> <p>Output 2.4: Increased awareness and understanding of the vital role of biodiversity and wider ecosystem services protection among decision / policy makers and the general public</p> <p>Output 2.5: Lessons learned from project PES pilot programme shared between pilot sites, more widely in Ethiopia and in the region.</p>	<p>These additional outputs and activities not covered in detail in the PIF have been added due to, once again, the recognized need to invest in strengthening the capacity of program participants</p>

NB: During the project preparation phase , it was clear from the stakeholder consultations that despite Government’s keen interest in PES, there is very low awareness and understanding of the PES concept at the community/woreda level. There is need to strengthen awareness and capacity both at the national and regional levels. Therefore, most of the baseline analysis work that had been planned during project preparation-such as determining metrics of payment and species has been incorporated into the implementation phase. This will ensure full participation of key stakeholders in the planning and design of the PES scheme. This approach is also key for sustainability since Government is the main buyer and intends to attract other buyers during and after the project. The stakeholder and institutional analysis carried out during the PPG phase shows that there are many institutions including universities that can be trained to monitor and oversee implementation. There are also various groups of land users (members of CBOs / cooperatives) that are already organised and willing to become program participants. Activities under output 2.1 and 2.2 will focus on this (*See more details in the prodoc on Pages 21-23*) .

It should be noted that this approach is not entirely new. There are many examples in developing countries like Ethiopia where **PES has been implemented in the context of weak institutions**. For example, in a forest landscape in Cambodia⁵, where land and resource rights are poorly defined, governance is poor, species populations are low and threats are high, the programs were designed to vary in the extent to which payments are made directly to individuals or to villages and the degree of involvement of local management institutions. The programs were evaluated against three criteria: the institutional arrangements, distribution of costs and benefits, and the conservation results observed. The most direct individual contracts had the simplest institutional arrangements, the lowest administrative costs, disbursed significant payments to individual villagers making a substantial contribution to local livelihoods, and rapidly protected globally significant species. However, this program also failed to build local management organisations or understanding of conservation goals. By contrast the programs that were managed by local organisations were slower to become established but crucially **were widely understood and supported by local people, and were more institutionally effective**. We believe that this approach suits the Ethiopian situation **and the PES programs will therefore be more sustainable if it can be designed to act to empower local institutions and reinforce intrinsic motivations**.

⁵ Tom Clements, b, , , Ashish Johna, Karen Nielsena, Dara Ana, c, Seta Tana, d, E.J. Milner-Gullande (2010) Payments for biodiversity conservation in the context of weak institutions: Comparison of three programs from Cambodia

Global Environmental Benefits: The project will ensure the highly threatened habitats in the afro-montane ecoregion are protected from further encroachment and degradation from agriculture. While scoping for project sites during the PPG phase, it was determined that the sites will go beyond the afro-montane hotspot and also cover other parts of the ecoregion including the Upper Montane Forest, Woodlands, Bushlands and Grasslands, and the upper catchments of globally important lakes and rivers (including Lake Chamo and the Blue Nile), upon which the livelihoods of many millions of people depend. (See more details about the ecoregion on Page 20 of the prodoc)

Table 1: Global Environmental Benefits to be delivered by the Project

Without project intervention	With project intervention	Biodiversity Benefits
<u>Habitat conversion and Habitat degradation:</u> Conversion of forests, woodland and shrub land into agricultural and pasture land; over grazing of rangeland, over-cultivation of cropland, water logging and deforestation; resulting in loss of biodiversity and associated ecosystem services, water courses drying up; reduced current and future yields from agricultural land with strong implications for future food security.	<u>Incentives/payments for conservation of biodiversity in agricultural landscapes:</u> PES pilot mechanisms established in the selected sites, generating uptake of biodiversity friendly land use options that enhance conservation of globally significant species; Increased food security: more, better yields. At least 250,000 hectares of the highly threatened afro-montane forests are under improved stewardship by community land managers, reducing pressure on biodiversity, indicated by no net loss of habitat in BD sensitive areas (from clearance for agriculture)	Reduction of threats from land use changes to endemic species in critical biodiversity areas Conservation status of threatened habitats is improved. These species include: <i>Highly threatened: Abyssinian longclaw, Swayne’s Hartebeest, Ethiopian Wolf, and sub-species of Menillek’s Bushbuck</i> <i>Near threatened: Wattled Crane, Lesser Kestres, Fallid Harrier, Lesser Flamingo and Fiedmann’s Lark</i> <i>Endemic plant species such as Acanthus sennii, Echinops ellenbeckii, Erythrina brucei, Euryops pinifolius, Kniphofia foliosa, Lobelia and Aloe.</i>
<u>Biodiversity not adequately covered by CRGE:</u> with the risk of CRGE investments being based on the omission of environmental costs, including the value of natural resource depletion, some activities encouraged to the detriment of the environment and natural resource base, and undermining of long term economic growth	Recognition of conservation and sustainable use of biodiversity as a major contributor to the CRGE’s goal of increasing GDP, and also delivers a coherent response to biodiversity loss, and climate change with better understanding of the role, responsibilities, and interaction of institutions involved in managing the response to biodiversity loss and climate change Requisite staff capacitated with decision support tools and well positioned to use the results from NRA, BPER and other studies regularly in their decision-making.	<i>Other important species found include Coffea Arabica, Prunus Africana, Podocarpus falcatus, Terminalia brownie,</i> Land use changes under PES, result in increased forest cover, reduced habitat loss and habitat degradation by 35% (Baseline to be confirmed)

Table 2. Global Environmental Benefits at the Project Pilot sites

Site Name	Site Location (zone, region)	Global Environmental Benefits
Choke Mountain	East Gojjam Zone, Amhara Region	<ul style="list-style-type: none"> Moist moorland and Erica spp. Forest - part of one of the Eastern Afro-montane ‘Biodiversity Hot Spots’ harbouring more endemic mammals, birds and amphibians than any other region in Africa Choke is the water tower of the region, serving as a catchment of the upper Blue Nile Basin, thus the landscape, including vegetation cover, has a substantial impact on the downstream Blue Nile (including the quantity, quality and timing of water reaching the river system) Restoration of degraded land and reduced rates of land degradation Nutrient cycling

		<ul style="list-style-type: none"> • Carbon sequestration • Climate regulation
Furdissa in Arjo-Digo Forest	East Wollega Zone, Oromiya Region	<ul style="list-style-type: none"> • Moist evergreen Afromontane forest - part of one of the Eastern Afromontane ‘Biodiversity Hot Spots’ • Catchment area for tributaries of the Blue Nile • Important vegetation protecting the quality, quantity and regulating flows into the tributaries of the Blue Nile • Restoration of degraded land and reduced rates of land degradation. • Nutrient cycling • Carbon sequestration • Climate regulation
Kulfo Forest	Gamo Gofa Zone, SNNP Region	<ul style="list-style-type: none"> • Part of one of the Eastern Afromontane ‘Biodiversity Hot Spots’ • Includes the important Lake Chamo and about 40 rivers • A transboundary watershed, as tributaries to the Omo Basin drain into Lake Turkana (Kenya) • Range of high biodiversity forests – important for flora and fauna • Important vegetation protecting the quality, quantity and regulating the flows into springs, rivers and rift valley lakes • Restoration of degraded land and reduced rates of land degradation. • Nutrient cycling • Carbon sequestration • Climate regulation
Hadew	Jijiga Zone, Somali Region	<ul style="list-style-type: none"> • Mixed rangeland ecosystem, part of one of the Eastern Afromontane Biodiversity Hot Spots bordering the Horn of Africa Biodiversity Hot Spot, including range of locally essential medicinal plants – predicted to include species of future scientific and commercial importance • Restoration of degraded land and reduced rates of land degradation. • Nutrient cycling • Carbon sequestration • Climate regulation

Link between the proposed activities to conserve threatened species, and the CRGE and the PES schemes:- Given the ambitious targets set forth by the CRGE, it is clear GDP and domestic savings alone will not be enough to achieve what is needed. Ethiopia’s green growth plans will inevitably rely on attracting international climate finance and other foreign investment. PES is one of the vehicles available to Government for attracting such finance through for example REDD. Ethiopia has already developed and submitted an REDD Readiness Plan and is benefiting from the World Bank’s Forest Carbon Partnership Facility. About US \$3.6 million was received and is under implementation by Ministry of Agriculture. There is also an additional USD 10 million for Bio Carbon expected from government of Norway and DFID

In terms of conserving threatened species, the criteria for selecting the sites for the PES pilots was that they must be located where there is the highest threat to biodiversity and close to sites of global biodiversity importance such as the Eastern Africa Afro Montane Hotspot which is the case in this project. Therefore the land use changes planned under the PES component are expected to result in conservation of threatened species through avoided deforestation and biodiversity friendly land use practices.

The project will also contribute to Ethiopia attaining the Aichi targets, specifically:

Target 2: By 2020, at the latest, biodiversity values have been integrated into national and local development and poverty reduction strategies and planning processes and are being incorporated into national accounting, as appropriate, and reporting systems;

Target 5: By 2020, the rate of loss of all natural habitats, including forests, is at least halved and where feasible brought close to zero, and degradation and fragmentation is significantly reduced;

Target 7: By 2020 areas under agriculture, aquaculture and forestry are managed sustainably, ensuring conservation of biodiversity.

The Government of Ethiopia has participated in the national, subregional and expert consultations on the development of the CEPF niche and investment strategy for the Eastern Afromontane hotspot for 2012-2017. This project contributes to the following CEPF strategic priorities

- a) Mainstream biodiversity into wider development policies, plans and projects to deliver the co-benefits of biodiversity conservation, improved local livelihoods and economic development in priority corridors
- b) Improve the protection and management of the KBA network throughout the hotspot
- c) Initiate and support sustainable financing and related actions for the conservation of priority KBAs and corridors

Incremental reasoning: - The business-as-usual scenario is that the CRGE would carry on being implemented, with its vision is to achieve middle-income status by 2025 whilst building a climate-resilient green economy. However, it’s overriding focus is on GHG emissions reduction implies that the importance of biodiversity and ecosystem services to the country is not appropriately acknowledged, and consequently there is inadequate investment on biodiversity and ecosystem services from the national and regional budgets. Land users will continue to encroach into areas of high biodiversity to secure their livelihoods, due to a range of pressures including population growth and poverty – and will lack awareness and education into the long-term and potentially irreversible harm they are inflicting on the landscape of Ethiopia for the short, medium and long-term. The environment of Ethiopia will continue to degrade due to poor management of wild biodiversity and loss of ecosystem services outside national parks, with particularly increasing deforestation leading to degradation of water quality in rivers, siltation of dams, and increased frequency of floods and periods of low river flows. The flora and fauna of the country will continue to be damaged.

The **project alternative** will put in place safeguards to ensure biodiversity is protected while complementing the ambitious goals set forth by the CRGE of transforming Ethiopia to the status of middle-income country by 2030. The project will change the trajectory of development through ensuring biodiversity is mainstreamed at the national and landscape level. At the national level, the project will put in place decision support tools and build the capacity of relevant staff to ensure land use and infrastructure placement decisions do not impact negatively on biodiversity. At the landscape level, the project will pilot payments/incentives for biodiversity conservation as a mechanism for compensating landholders for avoided land conversion. The payments will trigger a shift from contra-conservation to conservation-compatible land uses and provide the additional incentive needed to engender the desired changes in land use. The incentives will be a sustainable complement to the CRGE implementation strategy of reducing GHGs while also ensuring other environmental benefits

The Biodiversity Expenditure Review (BDER), the very first for this country, will examine CRGE facility allocations within and among sectors, and/or at national and sub national levels of government, and assess the efficiency and effectiveness of those allocations in the context of biodiversity management and conservation of threatened species. The BDER will also examine whether CRGE spending priorities are effectively matched to biodiversity priorities, identify areas of inconsistency, and identify reforms needed to improve the effectiveness, efficiency and sustainability. The expected outcome of the BDER will be, among others, the redistribution of spending towards biodiversity priorities, and towards longer-term goals rather than short-term ones that could result in biodiversity loss and undermine long term economic growth. This will ensure that investments that could result in the degradation of biodiversity are discouraged. Information on the pilot PESs will be widely disseminated to ensure that post-project the model can be scaled-up and replicated to benefit much wider areas of Ethiopia

Information on the pilot PESs will be widely disseminated to ensure that post-project the model can be scaled-up to benefit much wider areas of Ethiopia.

A.6 Risks, including climate change, potential social and environmental risks that might prevent the project objectives from being achieved, and measures that address these risks:

Risk	Risk Category*	Level of Impact*	Risk Mitigation Strategy
Impact of the provision of improved decision support tools and training to Government staff limited due to regular changes in staff	Organizational	M	<p>Training will be provided to several staff in each region, to help ensure some continuity of staff, even after one or two staff leave.</p> <p>The win-win-win benefits of protecting biodiversity and wider ecosystem services will be a priority in awareness raising and training at all levels to engender political will to support this work.</p> <p>The project will also support universities (in the pilot regions, the</p>

			University of Addis Ababa and others) to institutionalize this training, which will ensure an on-going supply or appropriately trained graduates to fill these posts in future.
Buyer for the PES not forthcoming	Political + Financial	L	<p>The Government of Ethiopia recommitted during the PPG to buying the ecosystem services generated by the project activities. The project also will work to attract additional buyers by the end of the project.</p> <p>Payments will come from National Government (MEF – at national and regional levels) and the CRGE Funding Facility budgets. From the federal government budget allocation, regional governments are required to allocate 2% of their budget for environmental activities. Some of this funding is to be used to pay for PES.</p>
Lack of acceptance of the concept of PES - development of such an innovative system is non-trivial, as it involves a major change in understandings	Organizational	M	Through awareness raising, education and visits to countries such as Uganda and Kenya where PES is operational, the project will provide evidence of the win-win-win benefits of PES. The Humbo Project site in Ethiopia – where payments for carbon sequestration are being tested will also serve as a useful demonstration
<p>PES design found not sufficient for implementation:</p> <ol style="list-style-type: none"> 1) Non-compliance with contractual conditions; 2) Poor administrative selection (i.e., contracts are offered to areas or individuals who are not in the best position to supply environmental services cost-effectively); 3) Spatial demand spillovers (i.e. “leakage”) - protecting a resource in one location pushes pressure onto resources elsewhere; 4) Adverse self-selection, where people would have supplied the contracted PES or activity even in the absence of a payment. 	Organizational	M	<p>The pilot will be designed and implemented based on evidence from on-going systems which already work in Ethiopia and across the region.</p> <p>Furthermore, there will be adequate monitoring and there is room to adaptively manage the risks during implementation as this is a pilot.</p> <p>The project will ensure all lands receiving payments meet certain basic criteria in terms of biodiversity conservation. (not business as usual farming). These will be included in the agreed site management plans and communities will only be paid the PES when the M&E shows that these indicator species continue to be present</p> <p>As a mitigation strategy, the project will adopt a phased approach where an initial fixed payment is made, and then based on the more detailed information, a payment for services is designed, and a robust monitoring framework is put in place.</p> <p>In cases where this is not met, the commensurate payment will not be received.</p>
Lack of effective governance of funds	Financial	L	Transparency, accountability, effective revenue sharing and reward schemes will be put in place in order to ensure that funds are managed properly.
Land tenure and property rights issues	Financial	L	Pilot sites are common lands (held by a community or group of users, including community forest associations – which have use rights) and PES will be developed between Government and the local CBO / cooperative via an independent broker, with appropriate legal advice – and using example of Humbo as a model PES scheme (also see details on land tenure and property rights in Annex 12 of ProDoc).
Risks associated with direct payments for conservation	Financial	M	Direct payments are sometimes seen as undesirable because they require an ongoing financial commitment to maintain the link between the investment and the conservation objectives. The PES envisaged in this project will be paid by from Government budgets (both national and regional), which will ensure sustainability and continuity.
CRGE, land use planning and EIA systems in Ethiopia are	Organizational	L	Project will adopt a bottom-up approach, in which local institutions do not replace national and international development actors, but they

top-down			serve as an essential complement that ensures a bottom-up component emerges from participating communities. Building sustainable communities requires a proactive, localized, and highly participatory approach that depends upon the unique role and capabilities of local government and the engagement of a wide range of stakeholders.
Lack of capacity of local CBOs – but considerable community autonomy and participatory management within the community will be required for the success of the PES.	Organizational	M	Technical and financial capacity will be built within communities as part of project – with support of woreda, zone and regional technical officers to support vulnerable communities.
Social issues – project exacerbates social inequalities	Other	M	Project activities will be inclusive and will involve wide participation of community members
Over the project period, Ethiopia is likely to witness continuing increases in weather variability, frequency of extreme events and climatic changes that may have deleterious impacts on ecosystem services and biodiversity over which land users have no control	Environmental	M	Ongoing assessments will measure and take into account changing climate conditions, and project activities such as community land management planning and training in land management will be adapted based on these assessments.

*Risk Categories: Financial, Operational, Organizational, Political, Regulatory, Strategic, Other (UNDP/GEF Risk Management Strategy - Resource Kit)

**Level of Impact – H (High Risk), M (Moderate), L (Low)

A.7. Coordination with other relevant GEF financed initiatives

The project will establish close working relationships with, learn lessons from and share experiences with the teams working on the following on-going synergistic GEF projects.

- Sustainable Development of the Protected Area System (UNDP) (SDPASE) - The goal of the project (now in phase II) is to improve the conservation and management of Ethiopia's Protected Areas in two ways: by strengthening national and regional management capacity and co-ordination; and through implementing a protected areas system plan and preparation and implementation of management plans for selected priority individual PAs. The project has been providing core strategic support to strengthen the protected area system of Ethiopia (defined as being the system of protected areas that have biodiversity, ecosystem and ecological process conservation as their major objective). The project is moving protected area management effectiveness from the low to effectively managed end of the spectrum. Despite the compelling financial arguments to focus on wildlife (taken in this context to mean, as elsewhere in sub-Saharan Africa, as large mammals) because of their pull on tourists, the state of wildlife populations in Ethiopia meant that the wildlife spectacles of East Africa do not exist at present. However, the value of the protected areas does not lie in its tourism value alone. On the contrary, the value of the ecological processes – and primarily watershed protection – is far greater than the revenue that tourism could provide. The BD mainstreaming project will learn from the experiences of the project and extend the scope beyond protected areas to the wider production landscapes of Ethiopia, to support community groups who have user rights to communal areas of high value (biodiversity and other ecosystem services), to develop plans and manage them sustainably with support from PES. The project will also learn from the lessons of the SDPASE as it is working to raise awareness and educate local communities on the win-win-win benefits of biodiversity conservation.
- Sustainable Land Management Project 2 (IBRD) – This project is promoting up-take of sustainable land and water management practices across the production landscape - contributing to the GoE's CRGE strategy by reducing GHG emissions from land use change, and increasing carbon stocks in biomass and organic soil. The Government and other stakeholders, including extension workers, community groups, and NGOs are to be provided with additional skills and training to promote climate smart agriculture and integrated land management practices that internalize climate induced risks and the conservation of biodiversity and soil. The BD mainstreaming project will learn from this project, particularly as it has similar aims to support boosting cropping outside the PES pilot sites to support reduced pressure on the pilot areas. The BD mainstreaming project will also learn from lessons of the SLM project, which is working to raise awareness and educate local communities on the win-win-win benefits of SLM.

- SIP: Community-Based Integrated Natural Resources Management in Lake Tana Watershed (IFAD) - Small-scale farmers in the highlands of the Lake Tana Watershed (LTW) face severe constraints related to intensive cultivation, overgrazing and deforestation, soil erosion and soil fertility decline, water scarcity, livestock feed, and fuel wood crisis. These factors are interacting with one another and bring a downward spiral of declining crop and livestock productivity, food insecurity, high population growth rate and environmental degradation. This has resulted in the ecological imbalance often leading to recurrent droughts and famine, which affects millions of people. The Lake Tana project is working to increase household incomes through sustainable land management practices in the LTW. Simultaneously, improving ecosystem functioning, which is beneficial for biodiversity conservation and protects against negative effects of increasing weather variability, frequency of extreme events and climate change. The project's immediate objectives are leading to global environmental benefits as a result of reduced land degradation, restoring the ecological integrity of both the Lake Tana Basin and the Borkena-Robi Wereda. Outcome 2 of the BD mainstreaming project has much in common with this project, with the added incentive for land users of PES.
- Mainstreaming Agro-biodiversity Conservation into the Farming Systems of Ethiopia (UNDP) - The overall goal of this project is to improved in situ conservation of agrobiodiversity resources (including crop wild relatives) secures biodiversity values, ensures food security and sustains human well being. To achieve this, the conservation values of Ethiopia's rich agrobiodiversity endowment have to be considered in agricultural sector planning and development, so that farm productivity and food security are improved while simultaneously securing the survival of important agrobiodiversity. The Objective of the project is therefore: "to provide farming communities with incentives (policies, capacity, knowledge and markets) to mainstream conservation of agrobiodiversity resources, including crop wild relatives, into their farming systems. The BD mainstreaming project will learn from this project as it aims to support in situ conservation of wild biodiversity resources (including crop wild relatives) and securing biodiversity values in the pilot PES areas. The BD mainstreaming project, also has similar aims to the agro-biodiversity project as the mainstreaming project will also encourage land users to boosting cropping outside the PES pilot sites to support reduced pressure on the pilot areas, including through growing a wider range of crops (species, varieties and land races), increasing yields, resilience to the impacts of increasing weather variability and climate change – and thereby conserving the values of Ethiopia's rich agrobiodiversity endowment
- Capacity Building for Access and Benefit Sharing and Conservation and Sustainable Use of Medicinal Plants (UNEP) – This project is supporting in-situ and ex-situ conservation and sustainable use of medicinal plants in selected conservation and production sites. The proposed BD mainstreaming project shares many common aspects, thus will take lessons from the experiences of the following outputs (although this project is wider in its biological focus):
 - ✓ Management plan for in situ conservation of medicinal plants biodiversity.
 - ✓ GIS based spatial population density map of endemic and threatened medicinal plant species.
 - ✓ Levels of "from the wild" collection, on farm propagation and local market demand documented.
 - ✓ Awareness raised at local, national and international level of the importance of medicinal plants friendly products in promoting conservation and communities' welfare in Ethiopia.
 - ✓ Reduced or avoided deforestation & forest degradation, and improved forest restoration through use of the prospect of PES for promoting.
- Promoting Autonomous Adaptation at the community level in Ethiopia (UNDP) - The project seeks to influence the way government budgets are planned and applied in the target areas, particularly those supporting agriculture and natural resources management, water resources management, planning and those initiatives supported centrally through budgetary support (i.e. the productive safety net programme and the sustainable land management programme (SLMP)). It also intends to interact with complementary projects to support the delivery of the grant's objectives. By supporting capacity development for integrated approaches to planning and implementation, the project will improve the effectiveness of activities that have adaptation value in the target areas. The proposed GEF BD project must ensure it considers aspects of climate resilience within the BD and wider ESs protection – to avoid maladaptation

B. ADDITIONAL INFORMATION NOT ADDRESSED AT PIF STAGE:

B.1 Describe how the stakeholders will be engaged in project implementation.

Ministry of Environment and Forest (MEF) will be the national executing agency for this project and will provide a national project manager to ensure quality and timely results monitoring and reporting of the project. The project will work closely with MEF staff to implement all the outputs and the project will also undertake considerable capacity building efforts with MEF staff based on the

gaps identified in the institutional assessment.

Local community members and groups (“land users”): The key stakeholders are the local communities, who by virtue of living closer and in harmony with the biodiversity play an important role as custodians. The local communities of Arjo-Digo (Furdisa) Forest (Oromiya), the Choke Mountains (Amhara), Kulfo Catchment (SNNP) and Hadew (Somali) are the key resource managers, users and potential sellers of ecosystem services (including men and women, of all ages) of the pilot programme. In each site there will be PES programme participants (cooperatives or other CBOs) tasked to implement changes in land use practices from contra-conservation agricultural practices to conservation compatible land uses. They will also be direct beneficiaries of PES scheme as they will be compensated for implementing the changes in land use.

Local universities in each pilot area: Wollega University (Oromiya), Debre-Markos University (Amhara), Arba Minch University (SNNP), and Jigjiga University (Somali) are already working with the local communities on environmental management. During the project they will co-chair site steering committees and act as key resource persons – providing technical expertise, supporting field surveys and training for technical staff. They will also play a major role in the monitoring of the PES outcomes. An MOU will be signed between the project and the Universities.

NGOs and other international conservation agencies: Local NGOs will be involved in mobilising new community groups (e.g. CBOs) and strengthening of existing CBOs. Other national and international conservation agencies will provide technical support to the project, supply training materials, facilitate technical training. For example, World Vision is currently providing similar services to the Humbo project.

Other NGOs identified during the PPG as possible partners include SOS Sahel, World Vision Ethiopia, GTZ/GIZ, The Clinton Climate Initiative (CCI), ICRAF, USAID, Forum for Environment (FfE), SIDA, Ethiopia’s Coffee Forest Forum (ECFF), OXFAM USA, OXFAM UK, and the Katoomba Group.

Key Government staff at Federal, regional, zonal and woreda level: This includes technical and professional staff in inter alia forestry, agriculture, ecosystems, natural resources and environment. All these groups share responsibilities for conservation of biodiversity, value addition, and sustainable use. Zonal and district/woreda Agricultural Offices, Environment Protection and Land Use Offices will closely participate in the implementation of the project.

Local pilot-site project committees (PSSCs) will be established at each pilot site to oversee implementation of the PES scheme in close collaboration with inter alia kebele Agricultural Development Agent Office, kebele Watershed Committees, kebele Environmental Clubs, kebele CBOs, kebele Youth Cooperatives. Details of the responsibilities and duties of each will be worked out by these PSSCs in collaboration with the National PMU Zone offices

Regional States and Bureaus, zones, districts/woredas and localities/kebeles will play vital role in the implementation of the project, including effectively incorporating biodiversity conservation into the zonal and district plans and budgets .

Private sector: The private sector has been identified as a potential buyer. During implementation, outreach mechanisms to the private sector will be developed and implemented

BoA and BoEPLU of Oromia, Amhara, SNNP, and Somali Regional States: The provincial bureaus will carry out monitoring and evaluation of land use changes, poverty reduction and other impacts deriving from the changes. These are also target institutions for focused training to enable them to manage the PES. Details about these bureaus are presented in Section 1.10 (Pilot Areas) under BoA & BoEPLU.

B.2 Describe the socioeconomic benefits to be delivered by the project at the national and local levels, including consideration of gender dimensions, and how these will support the achievement of global environment benefits

Ethiopia’s economy and the wellbeing of its people are highly dependent on sustainable use of biodiversity. Wild biodiversity provides foods upon many people depend, particularly in rural areas, also forage and fodder for livestock, fuel wood and construction materials. It is reported that over 80% of the rural community and a significant proportion of the urban dwellers in Ethiopia depend on herbal medicines for their primary health care delivery system. Land outside protected areas also supports other essential ecosystem services (inter alia carbon sequestration; water for consumption; water quality; flood mitigation; ground water replenishment; erosion control; microclimate stabilization) which people across Ethiopia depend. Through catalysing the redistribution of Government spending towards biodiversity priorities, the project will reduce the threats on these resources and thus secure food, fuel, medicines etc. for future generations.

In order to secure livelihoods particularly for vulnerable and marginalized members of these communities, safeguards will be put in place to ensure equitable and sustainable sharing of benefits from the PES. Also, In line with UNDP policies and the Government of Ethiopia's commitments to gender mainstreaming, attention will be placed on gender equity. Recognizing that men and women typically have very different roles and interests in natural resource management, as well as different levels of power, influence, and control, the project implementers will work to ensure the full participation of women in consultations and decision making. When deemed necessary, separate meetings / training sessions will be held for women at times and in places where they feel free to meet and contribute to discussions. When the community sustainable land management plans are being developed and levels of sustainable harvesting of NTFPs determined, the project will ensure these do not in any way disadvantage the livelihoods and welfare of women. Plans and agreements for the management and distribution of the PES payments will only be made via the appointed broker to ensure equality of access to the funds, at all stages avoiding perpetuating or accentuating gender inequity.

For practical reasons, the project will have to communicate and negotiate project design and planning through a community institution that can speak on behalf of the wider community – the CBO or cooperative. Particular attention should be paid to gender and representation of potentially less vocal groups throughout the process

B.3. Explain how cost-effectiveness is reflected in the project design:

Ethiopia's Biodiversity is valued at over US\$ 1 billion a year. This includes, among others, wetlands, wildlife, and medicinal plants on which generations of people depended to treat and ward off physical and mental diseases. This project will cost less than 20 million \$ (of which 3.63 million \$ is GEF) which is highly cost effective given the value of biodiversity and ecosystem services that could be lost without this intervention.. Piloting the PES scheme will make the case for additional investments from Government and international buyers from additional buyers of ecosystem services, including from a range of private sector companies (water, HEP, agriculture, horticulture, forestry) and from global carbon markets (e.g. REDD +).

C. DESCRIBE THE BUDGETED M & E PLAN:

Project start:

A Project Inception Workshop will be held within the first 2 months of project start with those with assigned roles in the project organization structure, UNDP country office and where appropriate/feasible regional technical policy and programme advisors as well as other stakeholders. The Inception Workshop is crucial to building ownership for the project results and to plan the first year annual work plan.

The Inception Workshop should address a number of key issues including:

- Assist all partners to fully understand and take ownership of the project. Detail the roles, support services and complementary responsibilities of UNDP CO and RCU staff vis à vis the project team. Discuss the roles, functions, and responsibilities within the project's decision-making structures, including reporting and communication lines, and conflict resolution mechanisms. The Terms of Reference for project staff will be discussed again as needed.
- Based on the project results framework and the relevant GEF Tracking Tool if appropriate, finalize the first annual work plan. Review and agree on the indicators, targets and their means of verification, and recheck assumptions and risks.
- Provide a detailed overview of reporting, monitoring and evaluation (M&E) requirements. The Monitoring and Evaluation work plan and budget should be agreed and scheduled.
- Discuss financial reporting procedures and obligations, and arrangements for annual audit.
- Plan and schedule Project Steering Committee meetings. Roles and responsibilities of all project organisation structures should be clarified and meetings planned.

A Project Inception Report will be prepared immediately following the Inception Workshop. It will include a detailed First Year Work Plan divided in quarterly time-frames detailing the activities and progress indicators that will guide implementation during the first year of the project. This Work Plan will include the dates of specific field visits, support missions from the UNDP-CO or the Regional Coordinating Unit (RCU) or consultants, as well as time-frames for meetings of the project's decision making structures. The Report will also include the detailed project budget for the first full year of implementation, prepared on the basis of the Annual Work Plan, and including any monitoring and evaluation requirements to effectively measure project performance during the targeted 12 months' time-frame. The Inception Report will include a more detailed narrative on the institutional roles, responsibilities, coordinating actions and feedback mechanisms of project related partners. In addition, a section will be included on progress to date on project establishment and start-up activities and an update of any changed external conditions that may affect project implementation. When finalized, the report will be circulated to project counterparts who will be given a period of one

calendar month in which to respond with comments or queries. Prior to this circulation of the IR, the UNDP Country Office and UNDP-GEF's Regional Technical Adviser will review the document.

Quarterly:

- Progress made shall be monitored in the UNDP Enhanced Results Based Management Platform.
- Based on the initial risk analysis submitted, the risk log shall be regularly updated in ATLAS. Risks become critical when the impact and probability are high. Note that for UNDP GEF projects, all financial risks associated with financial instruments such as revolving funds, microfinance schemes, or capitalization of ESCOs are automatically classified as critical on the basis of their innovative nature (high impact and uncertainty due to no previous experience justifies classification as critical).
- Based on the information recorded in Atlas, a Project Progress Reports (PPR) can be generated in the Executive Snapshot.
- Other ATLAS logs can be used to monitor issues, lessons learned etc... The use of these functions is a key indicator in the UNDP Executive Balanced Scorecard.

UNDP ATLAS Monitoring Reports: A Combined Delivery Report (CDR) summarizing all project expenditures, is mandatory and should be issued quarterly. The PM should send it to the PSC for review and the Implementing Partner should certify it. The following logs should be prepared: (i) The Issues Log is used to capture and track the status of all project issues throughout the implementation of the project. It will be the joint responsibility of the NPC and the Site Project Officers (with ultimate responsibility to the PM) to track, capture and assign issues, and to ensure that all project issues are appropriately addressed; (ii) the Risk Log is maintained throughout the project to capture potential risks to the project and associated measures to manage risks. It will be the joint responsibility of the Policy Specialist and the Site Support Specialist (with ultimate responsibility to the Policy Specialist) to maintain and update the Risk Log, using Atlas; and (iii) the Lessons Learned Log is maintained throughout the project to capture insights and lessons based on the positive and negative outcomes of the project. It is the responsibility of the Policy Specialist to maintain and update the Lessons Learned Log.

Annually:

- Annual Project Review/Project Implementation Reports (APR/PIR): This key report is prepared to monitor progress made since project start and in particular for the previous reporting period (30 June to 1 July). The APR/PIR combines both UNDP and GEF reporting requirements.

The APR/PIR includes, but is not limited to, reporting on the following:

- ✓ Progress made toward project objective and project outcomes - each with indicators, baseline data and end-of-project targets (cumulative)
- ✓ Project outputs delivered per project outcome (annual).
- ✓ Lesson learned/good practice.
- ✓ AWP and other expenditure reports
- ✓ Risk and adaptive management
- ✓ ATLAS QPR
- ✓ Portfolio level indicators (i.e. GEF focal area tracking tools) are used by most focal areas on an annual basis as well.

Periodic Monitoring through site visits:

UNDP CO and the UNDP RCU will conduct visits to project sites based on the agreed schedule in the project's Inception Report/Annual Work Plan to assess first hand project progress. Other members of the Project Steering Committee may also join these visits. A Field Visit Report/BTOR will be prepared by the CO and UNDP RCU and will be circulated no less than one month after the visit to the project team and Project Steering Committee members.

Mid-term of project cycle:

The project will undergo an independent Mid-Term Evaluation at the mid-point of project implementation (insert date). The Mid-Term Evaluation will determine progress being made toward the achievement of outcomes and will identify course correction if needed. It will focus on the effectiveness, efficiency and timeliness of project implementation; will highlight issues requiring decisions and actions; and will present initial lessons learned about project design, implementation and management. Findings of this review will be incorporated as recommendations for enhanced implementation during the final half of the project's term. The organization, terms of reference and timing of the mid-term evaluation will be decided after consultation between the parties to the

project document. The Terms of Reference for this Mid-term evaluation will be prepared by the UNDP CO based on guidance from the Regional Coordinating Unit and UNDP-GEF. The management response and the evaluation will be uploaded to UNDP corporate systems, in particular the UNDP Evaluation Office Evaluation Resource Center (ERC).

The GEF Biodiversity Focal Area Tracking Tool (METT) will also be completed during the mid-term evaluation cycle.

End of Project:

An independent Final Evaluation will take place three months prior to the final Project Steering Committee meeting and will be undertaken in accordance with UNDP and GEF guidance. The final evaluation will focus on the delivery of the project's results as initially planned (and as corrected after the mid-term evaluation, if any such correction took place). The final evaluation will look at impact and sustainability of results, including the contribution to capacity development and the achievement of global environmental benefits/goals. The Terms of Reference for this evaluation will be prepared by the UNDP CO based on guidance from the Regional Coordinating Unit and UNDP-GEF.

The Terminal Evaluation should also provide recommendations for follow-up activities and requires a management response which should be uploaded to PIMS and to the UNDP Evaluation Office Evaluation Resource Center (ERC).

The GEF Biodiversity Focal Area Mainstreaming Tracking Tool will also be completed during the final evaluation.

During the last three months, the project team will prepare the Project Terminal Report. This comprehensive report will summarize the results achieved (objectives, outcomes, outputs), lessons learned, problems met and areas where results may not have been achieved. It will also lay out recommendations for any further steps that may need to be taken to ensure sustainability and replicability of the project's results.

Project Terminal Report: During the last three months of the project the project team under the NPC will prepare the Project Terminal Report. This comprehensive report will summarize all activities, achievements and outputs of the Project, lessons learnt, objectives met, or not achieved structures and systems implemented, etc. and will be the definitive statement of the Project's activities during its lifetime. It will also lay out recommendations for any further steps that may need to be taken to ensure the long term sustainability and the wide replicability of the Project's outcomes.

PART III: APPROVAL/ENDORSEMENT BY GEF OPERATIONAL FOCAL POINT(S) AND GEF AGENCY(IES)

- A. RECORD OF ENDORSEMENT OF GEF OPERATIONAL FOCAL POINT(S) ON BEHALF OF THE GOVERNMENT(S):** (Please attach the [Operational Focal Point endorsement letter\(s\)](#) with this form. For SGP, use this [OFP endorsement letter](#)).

NAME	POSITION	MINISTRY	DATE (MM/dd/yyyy)
Tewelde Berhan G/Egziabher (Dr.)	Director General	THE FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA, ENVIRONMENTAL PROTECTION AUTHORITY	APRIL, 3, 2013

- B. GEF AGENCY(IES) CERTIFICATION**

This request has been prepared in accordance with GEF/LDCF/SCCF/NPIF policies and procedures and meets the GEF/LDCF/SCCF/NPIF criteria for CEO endorsement/approval of project.

Agency Coordinator, Agency name	Signature	Date (MM/dd/yyyy)	Project Contact Person	Telephone	Email Address
Adriana Dinu, UNDP-GEF Executive Coordinator.		July 31, 2015	Alice Ruhweza, Regional Technical Advisor, EBD		alice.ruhweza@undp.org

ANNEX A: PROJECT RESULTS FRAMEWORK (either copy and paste here the framework from the Agency document, or provide reference to the page in the project document where the framework could be found).

This project will contribute to achieving the following Country Programme Outcome as defined in CPAP or CPD: Support the establishment of a financing facility to enhance access to new and additional financial flows					
Country Programme Outcome Indicators: By 2015, the governance systems, use of technologies and practices and financing mechanisms that promote a low carbon climate resilient economy and society have improved at all levels. Outcome indicator: No. institutions that have mainstreamed climate change adaptation and mitigation; % of incremental finance mobilized; national CC financial mechanism established. Related Strategic Plan focus areas: Env. and Sust. Dev.					
Primary applicable Key Environment and Sustainable Development Key Result Area (same as that on the cover page, circle one): 1. <u>Mainstreaming environment and energy</u> OR					
2. Catalyzing environmental finance OR 3. Promote climate change adaptation OR 4. Expanding access to environmental and energy services for the poor					
Applicable GEF Strategic Objective and Program: Biodiversity Focal Area Objective 2: Mainstream Biodiversity Conservation and Sustainable Use into Production Landscapes, Seascapes and Sectors					
Applicable GEF Expected Outcomes: Outcome 2.2: Measures to conserve and sustainably use biodiversity incorporated in policy and regulatory frameworks.					
Applicable GEF Outcome Indicators: Indicator 2.2: Policies and regulations governing sectoral activities that integrate biodiversity conservation as recorded by the GEF tracking tool as a score.					
	Indicator	Baseline	Targets End of Project	Source of verification	Risks and Assumptions
Project Objective⁶	(i) A comprehensive GRCE that recognize conservation and sustainable use of BD as a major contributor to its goal of increasing GDP; and delivers a coherent response to BD loss, and CC. [the baseline and	The importance of biodiversity conservation not adequately appreciated across sectors – or the budget process in Ethiopia	The importance of biodiversity conservation is better recognised at all levels in Ethiopia – including in the federal budget process, investment in the environment is increased and decision makers in the planning system are better able to make decisions to protect biodiversity and ecosystem services.	Project M & E MOFED reports MEF reports	Assumption - national stakeholders remain supportive and willing to fund PES Risk – economic development objectives overtake commitments to biodiversity and protection of ecosystem services

⁶ Objective (Atlas output) monitored quarterly ERBM and annually in APR/PIR
Ethiopia: Mainstreaming Incentives for Biodiversity Conservation in the CRGE

	<p>target in current PRF does somehow tackle this but as the title of the project is “mainstreaming incentives for BD conservation in the GRCE strategy” I suggest that the objective indicator is focused on the GRCE]; (ii) At least 20,000 ha of the highly threatened afro-montane forests [wording needs to change due to forests not targeted but rather ecoregion] are under improved stewardship by community land managers, <u>as a result of a PES scheme piloted</u>, indicated by no not loss of habitat in BD sensitive areas (from clearance for agriculture).</p>		<p>Pilot PES operational in four sites.</p> <p>At least 20,000 ha of the highly threatened afro-montane ecoregion are under improved stewardship by community land managers, as a result of the PES scheme piloted, indicated by no loss of habitat in BD sensitive areas (from clearance for agriculture, deforestation for fuel / building wood or grazing).</p>		
--	--	--	--	--	--

<p>Outcome 1⁷: The enabling framework for mainstreaming incentives for biodiversity conservation into the CRGE at national level strengthened</p>	<p>Improved recognition of conservation and sustainable use of biodiversity as a major contributor to the CGRE strategy of increasing GDP; and delivers a coherent response to biodiversity loss, and climate change.</p> <p>Requisite staff capacitated and well positioned to use decision support tools and the results from BPER, and other relevant studies regularly in their decision-making</p> <p>Better cooperation and interaction of institutions involved in managing the response to biodiversity loss and climate change</p>	<p>GoE budget not coded for environment</p> <p>No BDER</p> <p>Importance of biodiversity conservation is in planning and EIA systems but staff have limited capacity to implement systems</p>	<p>Biodiversity Expenditure review completed</p> <p>GoE budget coded for biodiversity expenditure</p> <p>Decision makers more aware of the importance of Biodiversity to national and local economies and willing to redirect greater financial support to the Biodiversity sector</p> <p>6 regional level large scale digital maps of critical biodiversity areas developed;</p> <p>Biodiversity score cards in place to determine a) no go areas (b) areas where developments may be allowed but with certain minimum conditions - target 6 (by end PY 2)</p> <p>Spatial data, decision support tools and training provided to staff in all regions to better equip them to implement systems to support protection of biodiversity and ecosystem services in sustainable development</p> <p>Key staff trained in all relevant sectors at all levels on how to use the maps and scorecards for better land use planning and investments</p>	<p>Project M & E</p> <p>MOFED reports</p> <p>MEF reports</p>	<p>Assumption - national stakeholders remain supportive</p>
---	---	---	---	--	---

⁷ All outcomes monitored annually in the APR/PIR. It is highly recommended not to have more than 4 outcomes.

			-- target 24 (by end PY2), 16 more (by end PY3), 24 more (by end PY4)		
Outcome 2: Payments for biodiversity conservation and wider ecosystem services is piloted at selected sites	<p>Enhanced conservation security for the following threatened species</p> <p><i>Abyssinian longclaw, Swayne's Hartebeest, Ethiopian Wolf, and sub-species of Menillek's Bushbuck</i></p> <p><i>Other globally threatened/near threatened species like Wattled Crane, Lesser Kestres, Fallid Harrier, Lesser Flamingo and Fiedmann's Lark</i></p>	No land under PES in selected pilot sites	<p>At least 20,000 ha under PES agreements in pilot sites.</p> <p>At least 25% of land users in pilot areas benefiting from PES</p> <p>50 % of land users increasingly aware of importance of BD and ESs</p> <p>At least 25% of land users using SLM technologies to enhance production in non-PES pilot areas</p> <p>Key local staff of MEF and other local institutions (including universities) trained in negotiation, contracting,</p>	Project M & E MEF and EPA Bureau reports	Assumption - national stakeholders remain supportive and willing to fund PES

	<p><i>Endemic plant species such as Acanthus sennii, Echinops ellenbeckii, Erythrina brucei, Euryops pinifolius, Kniphofia foliosa, Lobelia and Aloe.</i></p> <p><i>Coffea Arabica, Prunus Africana, Podocarpus falcatus, Terminalia brownie,</i></p> <p>Land use changes under PES, result in increased forest cover, reduced habitat loss and habitat degradation by 35%</p> <p>Institutional capacity of national and provincial governments (<i>woredas</i>) is emplaced to coordinate PES programmes, allowing for the systematic scale up of PES across the Afromontane forests (covering at least 20,000 hectares)</p> <p>Increased government investment in pro-</p>		<p>transaction, monitoring and verification to effectively manage the PES schemes ⁸</p> <p>[60 overall (10 per pilot area and 20 additional for scaling-up)</p> <p><i>Metrics for determining the payments designed:</i> Ecosystem services in the selected sites are defined, measured and assessed; amount of payment is determined</p> <p>Prospective sellers to supply ecosystem services identified; and their capacity to modify land use practices is enhanced through technical assistance / extension on biodiversity friendly land use practices</p> <p>PES agreements are brokered between sellers and Government specifying conditions for payments (Value of service; mode of payment; delivery of service) agreed upon by Government and sellers and operationalised through contracts</p> <p>Institutions in place to manage the PES scheme – such as negotiation, contractng, transaction, verification,</p> <p>Monitoring and verification system</p>		
--	--	--	---	--	--

⁸ More specific targets in the logical framework

	conservation PES in the afro-montane forests by EOP		measures the impact of intervention (PES) on land use changes (actual delivery of ecosystem services), biodiversity and livelihoods in the target sites using standards and indicators derived from baseline information.		
--	---	--	---	--	--

ANNEX B: RESPONSES TO PROJECT REVIEWS (from GEF Secretariat and GEF Agencies, and Responses to Council at work program inclusion and the Convention Secretariat and STAP at PIF).

Comments	PPG Team Response
Comment from GEF	
<p>Please elaborate on the coordination with CEPF’s investment in Afro-montane forests”</p>	<p>The Government of Ethiopia has participated national, sub regional and expert consultation development of the CEPF niche and investment strategy for the Eastern Afromontane hotspot 2017. This project contributes to the following strategic priorities</p> <p>a) Mainstream biodiversity into wider development policies, plans and projects to deliver the conservation of biodiversity conservation, improved local livelihoods and economic development in protected corridors</p> <p>b) Improve the protection and management of KBA network throughout the hotspot</p> <p>c) Initiate and support sustainable financing related actions for the conservation of protected areas and corridors</p>
STAP Scientific and Technical screening of the PIF - Date of screening: October 08, 2013	
<p>Comment: The proposal, overall, demonstrates general coherence among the multiple levels of the project's structure and it is evident that considerable thought, background research and consultation have occurred. This review has identified certain points that require further clarification, detail or attention moving forward.</p>	<p>Agreed</p>
<p>Comment: The problem definition is straight forward in that a whole range of factors have been defined as leading to the currently alarming situation confronting biodiversity and ecosystem services in the country (high population growth, persistent rural poverty, loss of forest cover, arable soils, pastures). Clearly, these cannot be entirely addressed through this project. In that regard, the project objective, as stated, is likely a little too ambitious and could be focused better on what can actually be attained through the project (better protected / helping ensure / have less impact).</p>	<p>Agreed and the objective has been revised in light of this advice</p>
<p>Comment: Concerning Component 1, Outcome 1, in the table on the first page, it is presumed that the presented list of species that will benefit through better conservation of habitats are the indicators that will be used, in the targeted demonstration area and throughout the country. This should be made more clear.</p>	<p>During the project preparation phase, we reached the conclusion that although some of the list of species presented in the PIF will benefit over time, the benefits of Component 1 are felt across the country. As the PES piloted in Component 2 is scaled up, the project should not use the range of flagship indicators, most of which are not found in the pilot PES areas [<i>i.e. Plain zebra (Equus quagga), African wild dog (Lycaon pictus), Nyala (Tragelaphus buxtoni), Cheetah (Acinonyx jubatus) and Lion (Panthera leo)</i>].</p> <p>The project should instead be judged on the basis of areas of threatened, high biodiversity value which provide a wide range of ecosystem services. During implementation, the baseline study</p>

	pilot PES sites in Component 2, globally important species (threatened or endemic) will be identified in each site and baselines identified, with the target being to maintain stable populations.
<p>Comment: Concerning the PEER in the text on page 8 it states that the expected outcome of the PEER is (for example) redistribution of spending towards biodiversity priorities, and towards longer-term goals rather than short-term ones that could result in biodiversity loss and undermine long term economic growth. This outcome is not reflected in the table.</p>	<p>The outcome is now included in Output 1.1</p> <p>Note: PEER was subsequently re-named BDER by Govt of Ethiopia.</p>
<p>Comment: It should be noted that with regard to PES, the question of land tenure and its impact on such a system is not clearly addressed. This will require further attention.</p>	<p>The PES pilot sites are common lands (held by communities / groups of users, including community forest associations – each of which has use rights) and PESs will be developed between Government and the local CBO / cooperative via an independent broker, with appropriate legal advice (as this varies between the regions of Ethiopia) – and using example of Humbo as a model PES scheme (also see details on land tenure and property rights in Annex 12 of ProDoc).</p>
<p>Comment: Regarding the development of a system of metrics for determining payments, it is proposed that an environmental service index based on biodiversity values and land uses will be developed and employed to determine levels of payment to farmers. This appears to be too static and simplistic as presented. There is, for example, no mention of ecosystem functions or processes, or to concrete ecosystem services that will be delivered in the PES scheme, other than preservation of important animal and plant species. And how does one factor in environmental variability over time and changes due to e.g. climate change? Will payments have to be adjusted if species numbers decrease? As rightly noted in the proposal, this is an area that will require considerable further elaboration.</p>	<p>During the PPG, it was widely discussed and agreed that the payments during the pilot will be based on protection of vulnerable ecosystems and all ecosystem services, not only on the presence / absence or measures of the populations of the flagship species quoted in the PIF, which are not likely to be impacted within the project term, indeed most are not present in the pilot areas..</p> <p>The pilot PES project is to work in four regions and in differing ecosystems, rather than the single one described in the PIF – following the insistence of the federal regions. The PES design has therefore been nuanced for local conditions – and should be seen as a pilot, open to revision during the project period (and beyond).</p> <p>The consensus across senior Govt officials was that for the pilot of the programme, the Government must pay the same rate per hectare for land protected in all the pilot sites (to avoid difficulties if different rates were paid per hectare in the different regions of the federal state), although noting that the level would be subject to change post project as the buyers of the bundled or separate ecosystem services are likely to directly reflect actual services generated (e.g. as the BD values and the actual amounts of carbon sequestered will differ between the forest ecosystems and rangelands).</p> <p>The stakeholders in the validation workshop at the end of the PPG did not consider it would be equitable to decrease payments to sellers due to the impacts of climate change during the pilot, which is beyond the control of land users in Ethiopia.</p> <p>Full discussion of the design of the proposed PES is in Annex 13 of the ProDoc (also a separate PES Programme Design document was prepared during the PPG for use during implementation – as very low levels of awareness of PES were encountered during</p>

	consultations at all levels during the PPG).
Comment: It is also noteworthy that The Economics of Ecosystems and Biodiversity (TEEB) study and its lessons is not mentioned or drawn upon at all. It would be worthwhile to consult the documents from this study.	TEEB was extensively used during the PPG and referenced in the ProDoc, including particularly use in Annex 11 and the PES Design Document.
Comment: The definition of risks is adequate at this stage, although it is noted that for the risk related to land tenure and property rights no mitigation is proposed. This is something that certainly needs further attention.	Addressed in Section 2.2 of the ProDoc
Comment: The definition of stakeholders and their respective roles is fine, although as is the case with many projects, the actual meaningfulness of engagement with local communities needs to be addressed to greatest extent possible, particularly with regard to Component 2 in this case.	Addressed in Section 1.10, also 2.1 and 2.7
Comment: The sustainability of the project's results is treated rather lightly and more thought should be given to this, considering the risks.	<p>Social sustainability: The farming (crop and livestock keeping) communities in the project pilot sites have been shown during the PIF and PPG to already have a sense of social cohesion. There are social organizational structures and some have existing governance systems, including cooperatives and community based organisation (CBOs) with existing natural resources management systems for community lands, particularly in the forests and adjacent farmlands. The capacity and strength of these community based management and governance systems will be enhanced and sustained through capacity building for members under the project – where they do not existing, the project will catalyse their establishment.</p> <p>Incentives and disincentives that favour the mainstreaming of biodiversity will be developed through participatory, equitable systems and will be modified based on participatory adaptive management reviews. Communities will formulate local management plans and by-laws or other regulations to guide and govern the actions of its members towards greater biodiversity / ecosystem services conservation, hence inter alia climate resilience – reinforcing social cohesion.</p> <p>Economic sustainability: The PES system will be developed to recompense land users for the loss of income resulting from their not exploiting the target sites. The Government of Ethiopia (through the CRGE) has agreed to fund these payments during the project and by implication into the long term. During implementation of the project and based on the success anticipated by the project, the project will take steps to assist FDRE to identify additional buyers of the PES to further enhance future funding of the CRGE Facility for continuing funding of the PES in the pilot areas post-project and for scaling-up (e.g. water companies; other private sector high water users (agriculture, horticulture, forestry); REDD+; other carbon markets).</p> <p>An enhanced appreciation of the economic benefits of conserving the country's wild biodiversity and resulting protection of vital ecosystem services, through the project's awareness raising and education</p>

	<p>activities, will contribute significantly to sustainability of the project activities and knowledge of the win-win-win benefits will ensure FDRE view PES as contributing to enhancing livelihoods and poverty reduction.</p> <p>Environmental and agricultural sustainability: The project aims to halt loss of high biodiversity Afromontane forests in the three nominated PES sites and encourage reduced grazing of surrounding recently deforested land which will result in assisted natural regeneration of some 5,000 ha - expanding the areas recognized as biodiversity hotspots. In all the communities, awareness raising and education on the win-win-win benefits accruing from biodiversity and ecosystem services and the economic benefits of the PES will sustain these resources. Education will also include biodiversity friendly agricultural practices to enhance ecosystem services, production and the resilience of cropping systems in areas outside the Afromontane forests, using participatory / learning by doing approaches and study visits, to reduce the leakage effects.</p> <p>The project will also protect a small threatened part of the Horn of Africa biodiversity hotspot in Somali region, where indigenous vegetation in the area is not found in contiguous form covering a large area, but rather it is seen as fragmented patches of bush land, shrub land and trees in agricultural sites and on the hillsides. These areas will be more challenging to protect from livestock foraging – but extensive community engagement will be used to raise awareness of the importance of these areas, not least as they include medicinal plants (including Aloe, Pelkia calmelames, Helitropium tenderia and Comberetum mola) on which local people depend for their health).</p> <p>Also see Section 2.7 of the ProDoc.</p>
<p>Comment: The key will be influencing the CRGE at an early stage through the demonstration of PES in practice. But the challenge will lie in that the measurable benefits will be hopefully observable years after the project.</p>	<p>Agreed – project awareness raising and communications to all groups in society in Ethiopia are proposed – Outputs 2.4 and 2.5</p>
<p>Council Comment (Germany): The proposed project aims at strengthening the enabling framework for mainstreaming incentives for biodiversity conservation into the CRGE at national level and to pilot / test payments for conservation in selected sites. Expected outcomes are 1) enhanced conservation security for selected threatened species, and 2) improved management of 20,000 ha of mountain forests, land use changes under PES schemes, and enhanced institutional capacity.</p> <ul style="list-style-type: none"> ▫ Activities and outputs do not sufficiently target relevant indicator species (Plain zebra (<i>Equus grevyi</i> Equidae)-high risk, African wild dog (<i>Lycaon pictus</i>)-high risk, Mountain Nyala (<i>Tragelaphus buxtoni</i>)- high risk, Cheetah (<i>Acinonyx jubatus</i>)- Vulnerable, Lion (<i>Panthera leo</i>) – Vulnerable, East African cedar (<i>Juniperus procera</i>)- critically endangered, Arabica Coffee (<i>Coffea Arabica</i>) - high risk.). These species are to a large extent present and managed in the parks of the regional wildlife authorities and the federal authority EWCA, and not in the target areas of the PIF, with the exception of Juniper and Coffee. Elsewhere the PIF 	<p>As already explained above, During the project preparation phase, we reached a conclusion that although some of the list of species presented in the PIF will benefit over time as the benefits of Component 1 are felt across the country and the PES piloted in Component 2 is scaled-up post-project, the project should not use the range of such flagship indicators, most of which are not present in the pilot PES areas [<i>i.e. Plain zebra (Equus grevyi Equidae), African wild dog (Lycaon pictus), Mountain Nyala (Tragelaphus buxtoni), Cheetah (Acinonyx jubatus) and Lion (Panthera leo)</i>].</p> <p>The project should instead be judged on the protection of areas of threatened, high biodiversity value habitats which provide a wide range of ecosystem services.</p>

makes a point not to work in PAs. EWCA and regional wildlife organisations are at this stage not among the large number of implementing institutions. Germany therefore suggests that the indicator species are reviewed and considered thoroughly during the planning phase. EWCA and the relevant regional authorities shall be consulted closely.

▫ Under the outputs “biodiversity scoring” is foreseen. This has been done already under the GEF-SDPASE project in 2012; see Gap Analysis on the SDPASE website: http://www.ewca.gov.et/en/_sdpase . Germany suggests close cooperation with SDPASE during the preparation phase. There is a number of newer documents to be taken into account.

▫ For the proposed outcomes for component 2: while the outcome would represent an important step towards better conservation in the country, Germany questions the matching of the target sites and the proposed implementing institutions. The PIF says that the South Western Forests are targeted, but there are implementing institutions (regional EPAs and universities) that are not necessarily present in the South-West. They range from Harar to Somali regional EPAs to universities in Dilla and Arba Minch. Germany suggests that the target sites and implementers be revisited during PPG.

▫ The number and diversity of implementers seems to be a considerable administrative challenge and put a high burden on the implementing and coordination capacity of EPA (now Ministry of Environment and Forest). Germany suggests that the number, appropriateness and strengths and weaknesses of possible implementers will be analysed and a reduction in the number of implementing partners be considered.

▫ With regard to some elements of the PIF information is already outdated and an update during PPG phase is considered necessary. Examples include: the “Bale Forest Enterprise” and Oromia State Forests Enterprise Supervising Agency” mentioned in the PIF; these have merged into the Oromia Forest Enterprise” in 2009 and subsequently in the “Oromia Forest and Wildlife Enterprise”.

During implementation, the baseline studies in the pilot PES sites in Component 2, globally important species (threatened or endemic) will be identified in each site and baselines identified, with the target being to maintain stable populations.

Biodiversity scoring done by the SDPASE Gap Analysis was reviewed and indeed there will be close cooperation with SDPASE during implementation of this project

The institutional analysis carried out during project preparation has indeed revealed other more appropriate institutions at the local level and site level that will be better placed to be involved in implementation. This is covered in the PRODOC under stakeholder analysis

ANNEX C: STATUS OF IMPLEMENTATION OF PROJECT PREPARATION ACTIVITIES AND THE USE OF FUNDS⁹

A. DESCRIBE FINDINGS THAT MIGHT AFFECT THE PROJECT DESIGN OR ANY CONCERNS ON PROJECT IMPLEMENTATION, IF ANY:

B. PROVIDE DETAILED FUNDING AMOUNT OF THE PPG ACTIVITIES FINANCING STATUS IN THE TABLE BELOW:

PPG Grant Approved at PIF:			
Project Preparation Activities Implemented	GEF/LDCF/SCCF/NPIF Amount (\$)		
	Budgeted Amount	Amount Spent To date	Amount Committed
Project preparation grant to finalize the UNDP-GEF project document	89,938.00	89,938.00	
Total			0

⁹ If at CEO Endorsement, the PPG activities have not been completed and there is a balance of unspent fund, Agencies can continue undertake the activities up to one year of project start. No later than one year from start of project implementation, Agencies should report this table to the GEF Secretariat on the completion of PPG activities and the amount spent for the activities.

ANNEX D: CALENDAR OF EXPECTED REFLOWS (if non-grant instrument is used)

Provide a calendar of expected reflows to the GEF/LDCF/SCCF/NPIF Trust Fund or to your Agency (and/or revolving fund that will be set up)