



**PROJECT DEVELOPMENT FACILITY
REQUEST FOR PDF BLOCK B APPROVAL**

AGENCY'S PROJECT ID: 3179
GEFSEC PROJECT ID: 2589
COUNTRY: Global
PROJECT TITLE: : INSTITUTIONALIZING PAYMENTS FOR ECOSYSTEM SERVICES
GEF AGENCY: UNDP
OTHER EXECUTING AGENCY(IES): UNOPS
DURATION: 8 months
GEF FOCAL AREA: Biodiversity
GEF OPERATIONAL PROGRAM: 2- Freshwater, Coastal, Marine; 3-Forest; 4-Mountains
GEF STRATEGIC PRIORITY: BD-2 Mainstreaming Biodiversity in Production Landscapes and Sectors
ESTIMATED STARTING DATE: April 2005
ESTIMATED WP ENTRY DATE: JANUARY 2006
PIPELINE ENTRY DATE: 17 MARCH 2005

FINANCING PLAN (US\$)	
GEF ALLOCATION	
Project (<i>estimated</i>)	5,000,000
Project Co-financing (<i>estimated</i>)	24,000,000
PDF A*	25,000
PDF B**	432,000
PDF C	
<i>SUB-TOTAL GEF PDF</i>	457,000
PDF Co-Financing	
GEF Agency	
National Contribution	
Others – See Annex 4	
Various Direct	355,000
Various In-kind	500,000
<i>Sub-Total PDF Co-financing:</i>	855,000
<i>Total PDF Project Financing:</i>	1,3124,000
* Indicate approval date of PDF A 13 Oct 2004	
** If supplemental, indicate amount and date of originally approved PDF	

RECORD OF ENDORSEMENT ON BEHALF OF THE GOVERNMENT:

(Enter Name, Position, Ministry)

Date: (Month, day, year)

Not required for Global projects

This proposal has been prepared in accordance with GEF policies and procedures and meets the standards of the GEF Project Review Criteria for PDF B approval.
 for June 2005 Workprogramme (cm). Submitted on 21 April 2005 (vg).

Ove Bjerregaard
 Officer-in-Charge
 Date: 28 April 2005

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Full Project Summary:

Around the world, widespread interest is emerging in markets and payment schemes that reward actors who conserve or restore the ecosystem services (PES) provided by terrestrial, freshwater, and marine ecosystems, while providing a viable and sustainable source of livelihood for rural communities. There are currently many markets for ecosystem services and ongoing initiatives, including public payments to private landowners, private deals, and trading systems within a regulatory cap or floor for ecosystem impacts. But in most developing countries, major **barriers** have hindered payment schemes from developing to a scale that is significant for global biodiversity and ecosystem stewardship, including lack of market information, lack of legal frameworks and institutional arrangements, lack of proven business models for potential market actors, and limited involvement of low-income communities.

The *overall objective* of this project is to establish institutional capacity for expanding systems of payments for ecosystem services to a scale sufficient to have a meaningful impact on global conservation of biodiversity and ecosystem services and on achieving the Millennium Development Goals. *Specific project objectives* are:

1) To catalyze market activity and reduce risks and transaction costs for buyers and sellers, by making timely information about biodiversity and other ecosystem service markets globally available; 2) To enable leaders from diverse sectors in developing countries to understand, design, participate in and manage PES systems; 3) To provide technical assistance to strategically placed institutions in selected countries and regions to plan, design, and implement PES; 4) To encourage investment in biodiversity and ecosystem services by potential buyers and sellers, by demonstrating diverse, financially viable and user-appropriate models for business and community enterprises; 5) To enable the full participation of low-income landowners and resource users in the development and operation of ecosystem service markets.

The principal outcomes and activities to be implemented will be:

1) ***Ecosystem Marketplace.*** The Katoomba Group's *Ecosystem Marketplace* Bulletin and Website will be operational, on a sustainable basis, as a highly accessible, user-responsive conduit of timely information about sub-regional, national and international payments and markets for conservation of biodiversity and ecosystem services in developing countries. Key activities will be to expand coverage, add design features for diverse types of users; establish regional information nodes; and evaluate patterns of market development.

2) ***Capable National Leaders.*** A cadre of leaders from diverse sectors in selected developing countries will be trained and have access to resource materials, tools and networks enabling them to design, participate in and manage PES systems. Activities will include developing and implementing capacity-building workshops and to develop resource materials and toolkits.

3) ***Enhanced Institutional Capacity to Design and Manage PES in Selected Countries and Regions.*** A number of national and regional institutions will have enhanced PES capacity to design and manage PES markets and payment schemes. The Katoomba Group network will provide technical assistance to national and regional institutions that are developing payment systems for ecosystem services.

4) ***Business Models Developed.*** Diverse business models will be developed and evaluated for private and community enterprises to engage in ecosystem service markets and payment schemes, which are financially viable and effective in conservation of biodiversity and ecosystem services as well as livelihoods. Activities will support and evaluate diverse models through several learning networks. Based on lessons learned, the project will develop support tools for businesses and communities to select, adapt and implement models suitable to their situation. Guidelines will also be prepared for policymakers and investors to understand how best to support and work with these diverse models.

5) ***Market Access for Low-Income Communities.*** Low-income communities and organizations supporting them will be trained and have access to resources and tools to acquire information, participate in new ecosystem services markets and engage in forums where rules and policies are being developed. Activities will be to design and implement training workshops, and to develop training and resource materials tailored to community needs.

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Attachment:

Concept Paper as approved by GEF Secretariat in March 2005.

Acronyms

GEF	Global Environment Facility
PES	Payments for Ecosystem Services
PSC	Project Steering Committee
TOR	Terms of Reference
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme

Part I - see approved Project Concept.
 Part II – Project Development Preparation

1 DESCRIPTION OF PROPOSED PDF-B ACTIVITIES BY COMPONENT

Forest Trends has been working for the past six years on Payments and Markets for Ecosystem Services (PES, primarily seeking to assess their potentials and the current scope of activities, raise awareness of opportunities and link up and support innovators around the world through the Katoomba Group. In October 2004, Forest Trends and The Katoomba Group launched the Ecosystem Marketplace, a novel global information and news source for PES. The organization has also linked up with collaborators to begin exploring and supporting specific new types of business models for PES that could become globally significant for conservation of biodiversity and other ecosystem services. These activities have sparked a high level of demand for capacity-building services for PES policy and development that Forest Trends has not been equipped to provide, although it is unusually well-positioned through its Katoomba Group network to mobilize the necessary resources and expertise. All existing activities are in a designated planning phase during 2005. This pdf-B grant will be used by Forest Trends to determine how these new activities should evolve, be scaled up and strategically integrated to achieve key goals and objectives ‘on the ground’ at a scale globally meaningful for protection of ecosystem services and livelihoods depend on them. The additional contribution of GEF-supported activities is outlined in **Annex 1**, to be more fully developed during the pdf-B.

The pdf B will be executed in four major parts. The first is overall pdf-B planning and coordination, and preparation of the Project Brief (Components 1 and 12); the second is planning for activities related to the *Ecosystem Marketplace* (Components 2-7); the third is planning for capacity-building activities (Components 8-10); the fourth is planning for the Learning Networks for PES Business Models (Component 11).

Component 1: Coordinate Project Components and Planning

- 1.1 Organize and convene the PDF-B Project Advisory Committee (PAC). During April 2005, membership in the PAC will be finalized. Terms of Reference and membership in the PAC may be found in **Annex 2**. The first meeting of the PAC will take place in May 2005. A special planning meeting for the Marketplace-related activities is scheduled for June. One or two subsequent meetings of the PAC will be scheduled, and regular progress reports will be provided to them.
- 1.2. Organize PDF-B project and allocate responsibilities to prepare analyses and the Project Brief.
- 1.3 Specify goals, targets and indicators for large project objectives and outcomes, developing first draft at the pdf-B PAC meeting, and refining through the planning period.

Organization: Forest Trends is responsible for coordinating this component.

Component 2: Develop Strategies to Make the Marketplace more Effective for Diverse Users

- 2.1 For key user groups for the Marketplace, develop a baseline on current use, benefits and barriers, and identify design elements that would make the Marketplace for useful and more user-friendly.
- 2.2 Determine how the Marketplace can be accessible to local communities and other stakeholders for local PES development. Specific community group representatives will be identified and consulted in a systematic process to understand both user needs and barriers to use, using the Katoomba Group and other networks. Translation and linguistic issues will be identified and addressed. This activity will be integrated into 2.1 and 2.2 defined activities as well.

- 2.3 Identify key design elements required to develop the “community face” for the marketplace. The Ecosystem Marketplace website database and custom application software was designed to allow multiple 'faces' for specific audiences. The 'homepage' that a user selects will be able to emphasize business, regulatory, or community priorities. This activity, in conjunction with 5.1 activities, will address technical and content issues related to developing the information service to address the specific needs of community users.
- 2.4 Develop a plan for monitoring use of the Marketplace by diverse user groups and geographic locations. A critical element of understanding the value of the information service is being able to track patterns of use. In conjunction with 2.1, 2.2 and 5.1 activities, a methodology for tracking use by category and geography will be developed with the site technical development team.
- 2.5 Develop a strategy for soliciting feedback from diverse stakeholders on the utility of the Marketplace. The Marketplace staff will review feedback mechanisms being used by diverse publications and websites.

Organization: The Ecosystem Marketplace staff is responsible for implementing this component.

Component 3: Consult with Stakeholders to Develop Priority Biodiversity and Other Content for the Marketplace

- 3.1 Evaluate existing coverage and identify the information gaps for the *Ecosystem Marketplace*, with particular emphasis on the biodiversity elements (types of biodiversity resources, types of payments, regional priorities), and how biodiversity objectives can be bundled into other types of PES. In order to be cost-effective, a number of activities designed to obtain stakeholder input will be conducted in conjunction with planned international conferences; others through phone interviews, focus groups and written surveys. Activities will include:
- Consult with key stakeholders to identify strategic information gaps in biodiversity markets at the global level (including Convention on Biological Diversity Secretariat, Conservation International, DIVERSITAS, Ecoagriculture Partners, UNDP, UNEP);
 - Consultation at PES workshops planned in Brazil (with IUCN Forest Landscape Restoration Project), Germany (with CIFOR and the Katoomba Group) and South Africa (with the Ford Foundation PES learning network)
 - Consultation with potential purchasers of environmental services to identify their information (and other) needs to interest them to purchase such services (including Global Environment Fund in South Africa, Newmont Mining, UNFCCC);
 - Identification and consultation with farmer and forest user organizations and federations, and rural development and field conservation organizations, engaged in ecosystem service markets, on information needs for engagement in transactions (including ACICAFOC in Central America, Sierra Gorda-Mexico; Landcare-Philippines; International Federation of Agricultural Producers; India Forest User Associations; CARE International, WWF-International, EcoTrust-Uganda).
 - Consultation with select national and local government representatives on information needs to convince them to be interested in supporting market development for environmental services through institutional development and policy reform (including the Mexican watershed payment projects, NEMA in Uganda, and key Chinese ministries, Govt. of Amazonas in Brazil, and U.S. Forest Service).
- 3.2 Undertake analysis of current and likely trajectory of market demand for ecosystem services, focusing on private corporate and consumer demand, but also including government and parastatal agencies at different levels, and conservation organizations. Demand for ecosystem service related offsets and direct purchases will be analyzed for existing markets as well as for newly emerging markets in biodiversity conservation, nutrient trading markets, flood control, coastal protection, fire control, agri-environmental payments and marine protected areas.
- 3.3 Based upon the selection of priority services/markets to be supported by the Marketplace, carry out further research on the baseline of existing information and expand the analysis of key barriers to market development and specifically the role of information among those.

Organization: The Marketplace staff will be responsible for the gaps analysis, with strong input from Ecoagriculture Partners and its network of collaborators. Forest Trends will undertake analysis of ecosystem service buyers, with strong input from The Katoomba Group.

Component 4. Develop Strategy for Extending the MarketWatch Service of the Marketplace to other Markets that Conserve Biodiversity

4.1 Identify voluntary biodiversity markets and appropriate metrics for tracking in the MarketWatch. Existing market tracking on the site includes US Conservation Banking, Australian biodiversity payment schemes, and a range of voluntary programs. This activity will identify specific methods by which payments are being made for the whole range of values related to conservation and restoration of biodiversity.

4.2 Assess current status of community participation in PES, and identify how evolving PES interact with community concerns and issues. Consider how community participation in markets can best be tracked and develop a strategy for extending MarketWatch coverage of community-relevant markets and tracking of community participation.

Organization: The Ecosystem Marketplace staff will be responsible for this component.

Component 5. Develop Strategy for Biodiversity and Other Market Data Collection for the Marketplace

5.1 Assess existing sources of biodiversity and other market research and information for regional transactions on ecosystem services, and identify additional sources available or that need to be developed. The Ecosystem Marketplace will depend on user feedback, original research, and regional 'nodes' of information such as Universities and environmental NGO's in key regions. This activity will identify potential information sources and to complete arrangements for information exchange in the form of partnership agreements and regular information sourcing.

5.2 Develop a plan for tracking the overall development of ecosystem service markets. Ecosystem markets and PES programs are developing at different rates and from different stages in many regions of the world. In order for our service to be effective, it will be critical to have a clear action plan for tracking these developments and adding information to the service as they do. Developing this plan is the key activity under this item.

5.3 Determine how the Marketplace can regularly collect data about new market developments and lessons, to keep up to date and facilitate coordination with other ecosystem service initiatives. In conjunction with activities performed under 6, the content team will develop information-sharing relationships with other ecosystem service initiatives in order to keep the Ecosystem Marketplace informed and up to date on developments covered by these initiatives.

Organization: The Ecosystem Marketplace will be responsible for this component, with strong input from the Katoomba Group Advisory Committee and Project Steering Committee.

Component 6. Develop Collaborative Arrangements for Marketplace with Key Partners

6.1 Identify organizations that are developing innovative approaches for rural information and knowledge centers, such as CIPASLA and CIAT in Latin America, and the M.S. Swaminathan Research Foundation in India, and develop a plan to evaluate these approaches and their relevance to the *Ecosystem Marketplace*.

6.2 Identify regional partner organizations that will participate in the research and development of the Marketplace, and evaluate the potential value of establishing regional "nodes".

6.3 Hold meetings with potential partners to validate proposed plans and develop modalities and collaborative arrangements.

6.4 Develop a plan, timetable and identified partners for translating the Marketplace. Activities related to translation needs are also addressed by other components; findings from these items will be integrated into a specific plan to translate essential information into multiple languages to expand the reach of the initiative.

Organization: The Ecosystem Marketplace staff will be responsible for this component. The Katoomba Group Advisory Committee and the project Steering Committee will play a major role in identifying candidate organizations for collaboration.

Component 7. Identify Options for Institutionalizing the Marketplace

7.1 As the *Ecosystem Marketplace* develops as an information service, a key criteria for success will be the ability to self-finance ongoing operations without external support. This activity will leverage support of Katoomba group members to identify alternative options for sustainable financing of the Ecosystem Marketplace.

7.2 The Marketplace team, with input from the Marketplace Advisory Committee of the Katoomba Group, and selected business consultants, will develop an action plan for evaluating sustainable financing options and developing a clear business plan.

Organization: The Ecosystem Marketplace staff will lead this activity, with strong input from The Katoomba Group.

Component 8: Conduct Needs Assessment for Capacity-Building

8.1 Identify key resource persons and organizations working on pro-poor PES, through contacts provided by the Steering Committee for Africa Conference (meeting in April and September 2005), IFAD, PSC for this project, the Ford Foundation PES Learning Network, the International Institute for Environment and Development PES projects, UNDP country offices, the Regional UNDP/GEF Coordinator, and others.

8.2. Inventory and assess PES projects and national policy frameworks, in five countries in Africa (Kenya, Uganda, Malawi, Tanzania, South Africa), with focus on pro-poor activities and opportunities, through collaborating organizations. Outputs will be discussed by the country working groups, and presented for discussion at an international conference on PES in Uganda in September.

8.3 Consult with existing PES projects to identify priority capacity-building needs, including projects supported by UNDP, UNEP, GEF, and IFAD, as well as those linked to Katoomba Group members in Latin America, Africa and Asia. This will be done through focus groups organized at planned meetings, as well as phone interviews, and by the national participants in PES review activities.

8.4 Develop criteria and priorities for implementing capacity-building workshops, including identification of training expertise needed, and identify organizations through whom capacity-building for PES could be institutionalized.

8.5 Identify priority content for tutorials and planning/design tools for policymakers on key elements of pro-poor, pro-environment PES program and policy design, and identify priority topics for policy research and analysis to identify and realize markets with realistic potential.

8.6 Identify priority topics for strategic analyses on institutional arrangements for pro-poor PES, and outline strategies and identify analysts, through consultation with the Steering Committees and stakeholder consultations.

8.7 Determine appropriate and effective mechanisms for providing training and technical assistance through the Marketplace to develop PES.

8.8 Convene national and regional leaders in Africa to identify strategic priorities for the development of PES and related capacity-building needs.

Organization: This component will be managed by the Ecosystem Services team at Forest Trends, in collaboration with Ecoagriculture Partners, IFAD, FAO and the Africa PES Steering Committee.

Component 9: Identify Existing Materials and Resources for Capacity-Building

9.1 Conduct baseline study of materials available for communities on PES planning and management, Materials will be identified through our networks, by searching existing materials on the Marketplace, and requesting input through the Marketplace Bulletin.

9.2 Identify institutional sources of expertise and capacity-building for community-based PES planning and management.

Organization: This component will be managed by the Ecosystem Services team at Forest Trends, in collaboration with IFAD, FAO and the Africa PES Steering Committee.

Component 10. Develop the Plan for Capacity Building Activities

10.1 Define terms of reference for strategy analyses to be undertaken on priority issues and questions related to the policy and institutional framework required to ensure effective (pro-poor, pro-environment) development of PES in developing countries.

10.2 With collaborating partners, outline content, format and resource materials needed for training workshops in eastern and southern Africa, Central America, and China (tentative) for rural community organizations to use and apply information from Marketplace and participate in market rule development.

10.3 In planning meetings with collaborating institutional partners, develop criteria and plan for implementing cross-sectoral capacity-building activities for policymakers in selected countries in Central America, Africa and/or China, and outline steps to to scale up and institutionalize capacity-building for PES in those regions.

10.4 Develop a strategy and plan for providing and institutionalizing technical support to strategically-placed institutions involved in PES in Africa, Central America and China.

Organization: This component will be managed by Forest Trends, with strong input from Ecoagriculture Partners.

Component 11. Develop Learning Networks for PES Business Models

While business models for enterprises or communities to sell ecosystem services have evolved in diverse forms around the world, development has been by trial and error. Key lessons learned about financing, organization, marketing, management, etc. are not widely available, in particular for enterprises that seek to ‘bundle’ biodiversity with other ecosystem services like carbon emission offsets, agricultural watershed protection, and sustainable forestry production. Lack of demonstrably viable and effective business models has slowed PES development in new areas such as biodiversity offset projects. Planning for this component will focus development of ‘learning networks’ on business design and management for four key types of enterprises, and also explore how to encourage sharing of lessons learned more broadly among UNDP/GEF-supported PES projects and beyond.

11.1 Identify and develop a project pipeline for expanding the portfolio of the Business Development Facility (BDF). The BDF, developed in 2004, now includes four pilot projects with medium and small forest enterprises in Mozambique, South Africa, and the Brazilian Amazon that we are helping to develop additional revenue streams from ecosystem services. The BDF is planning on expanding the number of projects and the regions we are working in, particularly in Southeast Asia. During the pdf-B period, the Business Development Facility will work on the following activities:

- Develop the project pipeline. Working in collaboration with various institutions, including the Smartwood Network, the Bio-Carbon Fund, and the network of the Tropical Forest Trust, participants will be selected based on their replicability, scalability, and demonstration of new business models in critical forest areas.
- Develop and test a plan for collecting lessons learned from the active projects. The success and failures of the forest investments and funds will be reviewed so that these findings can be made available to the forestry and sustainable development community.
- Develop a network of advisors that will help analyze and evaluate investment criteria and obstacles for tropical and emerging markets.
- Develop a long-term strategy to institutionalize business support services to integrate PES into sustainable forestry enterprises worldwide.

11.2 Identify and organize members, identify priorities and develop workplans for Learning Network on PES business models for Biodiversity Offsets. The Biodiversity Offset Project, initiated in November 2004, now includes participants in four pilot projects in the mining, oil and gas, tourism, and construction industries in Uganda, Mexico, Qatar, Brazil, and Australia, as well as a network of expert advisors in biodiversity planning and conservation banking. The program is extending its advisory network to include a broad group of conservation and scientific organizations, to support individual pilots with the strategic planning and implementation of their offsets. During the pdf-B period, the program will move into the project planning phase and will work on the following activities:

- Collect and evaluate key methodologies to establish biodiversity offsets that are being used worldwide, and make these available to program participants to apply in sites;
- Select initial indicators for biodiversity (baseline and subsequent to determine “no net loss” at site level) and the program (success of program and pilots).
- Create a learning network between program participants in the form of regular program meetings, an internal website, and listserv, to exchange information on pilot work plans and design;
- Develop a detailed workplan for project implementation and dissemination of lessons learned.
- Develop a long-term strategy to promote and provide technical and business support to high-quality biodiversity offset projects where appropriate worldwide.

11.3 Identify and organize members, identify priorities and develop work plans for a learning network on climate action projects with benefits for biodiversity and livelihoods. The Katoomba Group and Forest Trends have been collaborating since 2003 with the Forest Climate Alliance, a loose network of institutions and projects promoting carbon projects with strong co-benefits for biodiversity conservation and rural livelihoods. During the pdf-B period, the Alliance will plan future collaborative activities, including:

- Hold a series of consultative meetings with partners at the Carbon Expo in Bonn, Germany in May; at a meeting on PES in Cologne, Germany in June; with the CINCS network of community-based projects in July or August; and a meeting on PES in Africa in Uganda in September;
- Identify and evaluate resource materials and technical experts for the design and management of carbon projects with high biodiversity and livelihood co-benefits, and with network collaborators identify gaps and priorities;
- Analyze opportunities for integrating international strategies for climate change mitigation with other environmental conventions (CCD, CBD) and the Millennium Development Goals;
- Develop a joint plan to provide strategic support to carbon projects in the learning network, and over the longer-term to institutionalize access to knowledge, training and information exchange;
- Develop a plan with African partners in the Alliance to support national policymakers developing strategies to tap carbon market for land use, land use change and forestry, to be crafted at the September PES meeting. Initial countries are Kenya, Uganda, South Africa and Tanzania, with additional countries from west and central Africa likely to be included as the project develops.

11.4 Draw on extensive existing informal linkages of Forest Trends, The Katoomba Group and Ecoagriculture Partners with organizations operating or planning Agri-Environmental payments for ecosystem services around the world, to assess existing mechanisms for exchange of knowledge and lessons learned, evaluate the

resources available about effective business models, and develop a strategy for globally scaling up the use and effectiveness of agri-environmental payments to support biodiversity conservation and other ecosystem services.

11.5 The number of PES field projects in developing countries being organized with international support (from UNDP, UNEP, IFAD, GEF) has proliferated. Moreover, numerous other projects supported by these agencies could potentially integrate PES components for increased or more sustainable financing. However being lessons learned about PES (both internal and external) are poorly communicated among projects. During the pdf-B period, Forest Trends will work with the agencies to inventory these projects, document existing communications strategies and activities, and work them to explore modalities for learning exchanges that could be institutionalized over the long-term.

11.5 Coastal marine ecosystems are among the most threatened globally. Although PES approaches are not well developed, there appear to be good opportunities to identify beneficiaries of coastal ecosystem services would be willing to pay for these services, in particular for protection of commercial fisheries, reef protection by tourism operators, and for protection from flooding through maintenance of mangroves and sand dunes by coastal cities and infrastructure operators (for which insurance companies increasingly providing incentives by reducing premiums). During the pdf-B period, a consultant expert in coastal ecosystems will work with Forest Trends to identify existing PES for these resources and identify strategies for learning exchanges among them.

Organization: Strategic planning for these learning networks will be implemented by established Steering Committees for the Biodiversity Offsets and Business Development Facility; by Forest Trends and The Katoomba Group for the Forest Climate Alliance and the UN project learning exchanges; and by Ecoagriculture Partners with Forest Trends and the Katoomba Group for agri-environmental payments.

Component 12: Finalise Full Project Design and Project Development

12.1 Hold a 1to 2-day workshop with the Steering Committee to report on progress, synthesize outputs of components, and brainstorm for the initial logframe development.

12.2 Define the complete project management plan for the implementation of the Full Project, including strategy and process for coordination among components, and a monitoring and evaluation plan.

12.3 Obtain endorsement letters from participating countries GEF Operational Focal Point.

12.4 Prepare a draft of GEF Full Project Brief (in UNDP Project Document format) and GEF Executive Summary.

12.5 Consult with The Katoomba Group, with UNDP-GEF and to review PDF-B outputs and proposed Project Brief.

12.6 Finalize Project Brief and GEF Executive Summary and submit to GEF. Respond to comments received.

Organization. Forest Trends will coordinate activities of Component 14. All team members will contribute, as well as the Katoomba Group and Advisor Committee.

2 OUTPUTS OF THE PDF B

The pdf B will be executed in four major parts. The first is overall pdf-B planning and coordination, and preparation of the Project Brief (Components 1 and 12); the second is planning for activities related to the *Ecosystem Marketplace* (Components 2-7); the third is planning for capacity-building activities (Components 8-10); the fourth is planning for the Learning Networks for PES Business Models (Component 11).

The main Outputs of the PDF B will be:

1. An analysis of the potential buyers of ecosystem services
2. A strategy for strengthening biodiversity coverage in the Ecosystem Marketplace.
3. A strategy and plan for addressing special needs of diverse user groups into the Marketplace format and content;
4. A plan for expanding the MarketWatch to address additional market activities, with attention to community participation.
5. A strategy for collecting information on PES activities around the world, and established institutional arrangements for collaboration.
6. Identified options for institutionalization and sustainable financing of the Ecosystem Marketplace, and a plan for evaluating them.
7. An assessment of the capacity-building needs of diverse ecosystem service market actors.
8. A carefully designed series of strategic activities aimed at capacity-building for selected policy, business and community groups.
9. A plan for the Learning Networks on business models for PES, and networks established with clear work plans;
10. Full financial package, including incremental cost analysis, identification of governmental, donor and other sources of funding, and, if appropriate, outline proposal to other donors;
11. GEF Brief (in UNDP project document format);
12. GEF Executive Summary;
13. Commitment to implementation by concerned governments, private sector, local government, local NGOs and other stakeholders.

3 NATIONAL LEVEL SUPPORT

This proposal is for a global project, and Forest Trends and the Katoomba Group focused planning activities during the PDF-A at the global scale. Nonetheless, discussions were initiated with national-level actors in Africa, Latin America and Asia to enable us to respond to identified local and national needs. Major activities and outcomes from the PDF-B will be needs assessment and strategic guidance from national actors, from diverse sectors. Learning networks being developed will include projects in many countries, but the project does not anticipate concentration of activities in any particular country.

4 JUSTIFICATION FOR PDF-B GRANT

Through the PDF A, an initial stakeholder analysis, problem analysis and general identification of required elements for building a firm institutional foundation for pro-poor payments for ecosystem services were determined. However, prior to starting the Full Project, it is necessary to refine priorities for development of the Ecosystem Marketplace and the capacity-building program. This will include establishing the institutional arrangements for global information collection, analysis and translation for the Marketplace, for capacity-building activities, and for the Learning Networks on diverse models for PES implementation. These activities will enable us to develop a highly focused and highly cost-effective program of work for the 2006-2009 period. This PDF-B grant will provide that support.

5 ITEMS TO BE FINANCED

GEF makes a contribution to all activities in all Components. The full input budget for the pdf-B may be found in **Annex 3**. The GEF will make a contribution to all activities in all components.

Financing Plan

It is anticipated that the full size project will request a GEF grant of approximately \$5 million.

Co-Financing

Co-financing comes from a variety of sources, as described in **Annex 4**. Direct contributions come from a variety of sources, as described below:

Co-financing Sources				
Name of Co-Financier	Classification (Govt, IGO, NGO, etc)	Type	Amount (US\$)	Status
DFID	Government	Direct	55,000	Confirmed
SURDNA	Foundation	Direct	40,000	Confirmed
Packard Foundation	Foundation	Direct	40,000	Confirmed
Citigroup	Corporate	Direct	50,000	Confirmed
USFS	Government	Direct	25,000	Confirmed
Profor	IGO	Direct	55,000	Confirmed
IFC	IGO	Direct	50,000	Confirmed
IFAD	IGO	Direct	40,000	Discussed
Partner organizations	NGO, Govt, Corporate	In-kind	55,000	Discussed
Ecotrust Uganda	NGO	In-kind	50,000	Confirmed
Sponsor organizations	NGO	In-kind	25,000	Discussed
African Steering Committee	NGO, Govt	In-kind	20,000	Discussed
Learning network participants	NGO, Govt, Corporate	In-kind	350,000	Confirmed
Sub-total Co-financing			855,000	

- The British Aid Agency (DFID) will contribute to components 2 through 8, supporting strategic planning activities for both structural and thematic issues of the Ecosystem Marketplace and scoping exercises with partner institutions. The estimated direct contribution to pdfB activities is \$55,000.
- The SURDNA Foundation, a private philanthropic foundation, will contribute to components 2 through 7, the structural and thematic planning of the Marketplace, and the learning networks (primarily the Business Development Facility) described as component 13. The estimated direct contribution to pdfB activities is \$40,000.
- The David and Lucile Packard Foundation, a private philanthropic foundation, will contribute to components 4, and 6 through 8. The estimated direct contribution to pdfB activities is \$40,000.
- The Citigroup Foundation, a corporate foundation, will support some of the technical planning of the Marketplace, through components 3 and 5 through 6, the community face of the Marketplace and associated capacity building activities through components 10 through 13, and the learning networks described in component 13. The estimated direct contribution is \$50,000.
- The USDA Forest Service (USFS) will support components 2 through 12. The estimated direct contribution is \$25,000.
- PROFOR, the multi-donor partnership of the World Bank, will contribute to components 2 through 13. The estimated direct contribution is \$55,000.
- The International Finance Corporation's (IFC) Environmental Opportunity Facility, will primarily support the development of learning networks for PES business models, as described as component 13. The estimated direct contribution is \$50,000.

- The International Fund for Agriculture and Development (IFAD) will contribute to activities involving the community face of the Ecosystem Marketplace, capacity building activities, and learning networks, described as components 3 and 9 through 13. The estimated direct contribution is \$40,000.

In-kind contributions come from a variety of sources, as described below:

- Partner organizations, such as the USDA Forest Service, Kehati- The Indonesian Biodiversity Center, Fundacao Boticario, and Sierra Gorda (among others) will offer staff time to work with the core Forest Trends team on the Marketplace. Activities include compiling materials, identifying additional markets, research, and translation. This contribution is estimated at \$55,000.
- Ecotrust-Uganda will offer staff time and facilities to help plan and host the Uganda PES workshop in September, 2005 to identify the status and potential of PES in East and Southern Africa. This contribution is estimated at \$50,000.
- Sponsor organizations, such as the World Conservation Society, will provide sponsorship for African participants of the September scoping meeting in Uganda. This contribution is estimated at \$25,000.
- The African Steering Committee of the September meeting will contribute staff time and expertise to conduct country inventories of the status of PES and enabling national legislative frameworks in six East and Southern African countries. The Steering Committee includes the National Environment Management Authority- Uganda, Ecotrust-Uganda, LEAD- Malawi, Environmentek- South Africa, and the World Agroforestry Center (ICRAF). This contribution is estimate at \$30,000.
- Participants in the BBOP and BDF learning networks, including private sector companies, nongovernmental, and government organizations, will contribute the staff time and expertise needed to design and implement the projects, and will contribute participants to regular program meetings and retreats. This contribution is estimated at \$350,000.

6 Expected Date of Preparation Completion

The PDF B Project activities are to commence in April 2005 and be completed by September 2005. The Full GEF Brief would be submitted to the November 2005 GEF Council meeting.

7 PRIVATE SECTOR INVOLVEMENT

A major attraction of developing ecosystem service payment and market systems is the potential to dramatically expand financing available for ecosystem stewardship, beyond the public and non-profit conservation sectors. The PDF-B will strategically evaluate the current and potential private buyers of ecosystem services, and reach out to potential private sector buyers, as well as business and technical service providers for PES and financiers, to secure their engagement in and contribution to the PDF-B and the subsequent large program. Private sector members will be sought for the Project Steering Committee, the Steering Committees and collaborating organizations in the Learning Networks, and in capacity-building initiatives. The Katoomba Group which is co-sponsoring this project, already has strong private sector representation among its members who will facilitate this process.

8 IMPLEMENTATION ARRANGEMENTS

The UNDP/GEF project will be executed by UNOPS with Forest Trends as the Implementing Agent. The Katoomba Group and Ecoagriculture Partners will be cooperating agents coordinated by Forest Trends.

A Project Steering Committee will oversee project implementation and take all major decisions. The PSC membership and duties are described in **Annex 2**.

Forest Trends Ecosystem Services Program projects typically work in small teams, in close collaboration with Advisor Groups and partner organizations, with quarterly coordination meetings of the Program. To undertake the pdf-B planning project, Forest Trends has formed a Project Management and Coordination Team, composed of the heads of all of the sub-projects involved, which will meet regularly not only to address coordination issues, but to undertake strategic integration of long-term planning to achieve overall project goals and objectives. Specific planning activities will be implemented by the sub-project teams, with their key collaborators (indicated in brackets below), and results shared with the whole Coordination Team. Composition of the Teams may be found in **Annex 5**. Terms of reference for all personnel anticipated are outlined in **Annex 6**.

A broad participation in the project, including local and national NGOs, community-based organizations, local institutes, private sector representatives will be assured largely through the number of participatory planning workshops and consultation.

The Project timeline is given in **Annex 7**.

Part IV – Response to Reviews

A – Convention Secretariat

B – Other I.A.s and Relevant EA.s

Annex 1: Contribution of GEF Support

Initiative	Ongoing/Planned Activities (w/o GEF)	Expected Developments with GEF support	Final Impacts
Katoomba Group's <i>Ecosystem Marketplace</i>	Operating web-based information service and Bulletin on PES, relying on easily accessible materials on better-developed markets and payment systems; accessible mainly to more financially sophisticated users; dependent mainly on public and civil society funding; Marketwatch tracking financial data for 14 distinct markets	<ul style="list-style-type: none"> · Strengthen coverage & tracking of developing markets for biodiversity services · Develop design and content to be useful & accessible to community users · Worldwide network of news & info sources * MarketWatch broadened to cover a wider scope of environmental and ecosystem markets * Robust clearinghouse of legislative and regulatory precedents for policymakers to access and replicate 	<ul style="list-style-type: none"> · PES and market activities are accelerated by access to key information · Diverse new types of payment and market activities, for biodiversity-conservation, are catalyzed · Marketplace is widely used as a tool by diverse actors, including low-income communities
Capacity-Building for PES Policy and Project Development	Exploratory activities to develop resource materials for pro-poor, pro-environment ecosystem service projects; training activities for selected partners	<ul style="list-style-type: none"> · Formulation of a strategic capacity-building program at policy and project scales · PES Toolkits and resources will be developed for diverse audiences * Institutional scoping and barrier analysis will be conducted to identify capacity building priorities on an institutional level 	<ul style="list-style-type: none"> · Enable leaders and institutions from diverse sectors in developing countries to understand, design, participate in and management PES · To enable full participation of low-income landowners & resource users in PES * To develop the institutional framework necessary for market mechanisms to flourish
Business Model Development for PES	<ul style="list-style-type: none"> · Business Development Facility: Small set of enterprise support activities initiated, as independent activities · Forest Climate Alliance: Informal network of institutions and projects formed, mainly for information exchange and joint COP activities 	<ul style="list-style-type: none"> · Diverse and strategically selected enterprises in the BDF pipeline · Development of strategy for FCA to support FC projects/policies and engage rural development and community representatives · Support pilot project design and 	<ul style="list-style-type: none"> · Investment in ecosystem services encouraged by demonstrating successful models; · PES design & performance benefit from lessons learned from global

	<ul style="list-style-type: none"> · Biodiversity Offset Project: Steering Committee formed and initial field projects identified · Agri-Environmental Payments: Exploratory identification of AEP projects and potential partners 	<ul style="list-style-type: none"> implementation · Development of plan for supporting network of innovative AEP projects · Effective strategy for monitoring and globally sharing lessons learned from all networks 	<p>experience and ‘best practices’ for diverse types of business models</p>
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Annex 2. Project Steering Committee and Katoomba Group

Project Steering Committee

Initial membership of the Project Steering Committee (PSC) consists of:

- Forest Trends
- Ecoagriculture Partners
- UNDP/GEF

Representatives of major co-financers to the Full Project (e.g., IFAD) may be invited to join the PSC. A private sector representative of potential buyers of ecosystem services will be selected by the group after the first meeting, as well as a developing country national agency partner.

Duties of the PSC include:

- Validate all technical findings and recommendations for Full Project activities;
- Review and comment upon quarterly workplans and progress reports;
- Review and approve major project outputs, such as the GEF Project Brief;
- Facilitate coordination with other internationally funded projects, including GEF projects. This includes facilitating access to information, and facilitating the cooperation amongst project activities and inputs;
- Ensure project efforts to collaborate with community-based organizations are feasible and well conceived;
- Identify and secure support and supporters to the project
- Facilitate coordination with other projects and programmes;
- Facilitate consultation with, and participation of, a broad range of stakeholders;
- Help mobilize government and third-party cost-sharing.
- Regularly review the mandate and membership of the PSC, with a view to involving non-governmental stakeholders;

At the first meeting of the PSC, the PSC members will review this TOR and the PSC membership, and adopt changes as appropriate.

Every 2 months, starting in May 2005, Forest Trends will compile and distribute to the PSC a progress report describing project progress for all components.

The PSC shall meet at least three times during the PDF B stage. These meetings will coincide with (i) initial planning (ii) completion of component analysis, and (iii) launching of final activities to prepare GEF Brief. Forest Trends will organise the meetings and act as Secretary.

Katoomba Group

A voluntary Advisory Working Group will be established to be complementary to the PSC and support the project development on specific technical issues. This group will meet on an ad hoc basis, convened to brainstorm and help plan for specific technical issues raised by the PSC or identified by the NPTL.

The AWG will compose of technical experts from the institutions represented in the PSC and from the following institutions. Other institutions and private sector organizations will be invited to join this group during project development.

Annex 3. PDF-B INPUT BUDGET												
Component	1	2	3	4	5	6	7	8	9	10	11	12
USD	10,000	55,000	25,000	20,000	25,000	15,000	25,000	50,000	10,000	15,000	100,000	50,000
010 Staff Time	5,000	0	0	0	0	2,000	15,000	5,000	4,000	3,000	14,000	38,000
011 Program Director	1,200					2,000	10,000				6,000	8,000
012 Program Manager	2,800							3,000	2,500	2,000	3,000	20,000
013 Program Associate	1,000							2,000	1,500	1,000	5,000	5,000
014 Office Manager												5,000
015 Controller							5,000					
020 Consultant Time	1,700	35,000	18,000	17,000	23,000	0	2,000	18,000	4,500	7,000	46,000	6,000
021 Senior Analyst											7,000	
022 Editor-in-Chief			3,000									
023 Managing Editor	1,000	15,000		10,000	9,500		1,000					
024 Community Editor		10,000			9,500		1,000					
025 Cons-Proj.Design		10,000										
026 Cons-Demand												6,000
027 Cons.-Cap-Bldg			12,000									
028 BD Asst Editor	700							18,000	4,500	7,000		
029 Manager BDF			3,000	7,000	4,000						10,000	
030 Cons-BDF											8,000	
031 Cons-FCA											5,000	
032 Cons-Agri-Env											6,000	
033 Cons-Coastal											10,000	
030 Staff/Consultant Travel	1,800	2,000	5,000	0	0	6,000	2,000	0	0	3,000	15,000	0
040 Workshops	0	10,000	0	0	0	5,000	3,000	20,000	0	0	15,000	2,000
041 Africa PES								20,000				
043 BBOP (11.2)											10,000	
045 GEF (11.4)											5,000	
046 EM Planning		10,000										2,000
047 Component 6						5,000						
048 Component 7							3,000					
050 Operational Costs (supplies, IT support, communications, printing etc) (18% Total)	1,500	8,000	2,000	3,000	2,000	2,000	3,000	7,000	1,500	2,000	10,000	4,000
Subtotal			\$ 400,000									
061 UNOPS			\$ 32,000									
TOTAL			\$ 432,000									

Annex 4. Co-Financing Budget to PDF-B (all in US\$)

a. In-Kind Contributions Total \$510,000

Item and Description	Partner organizations (Kehati, USFS, O'Boticario, Duke University, IUCN)	Ecotrust -Uganda	Sponsor organizations	African Committee Steering	Learning Network participants in the BBOP (Newmont Mining, Conservation International, Africa Awakenings) and the BDF (Precious Woods, Global Environment Fund)
Component 1. Coordinate project components and planning					
Component 2. Develop strategies to make the Marketplace more effective for diverse users					
Component 3. Consult with stakeholders to develop priority content for the Marketplace					
Component 4. Develop strategy to extend the Marketwatch component of the Marketplace	15,000				
Component 5. Develop strategy for market data collection for the Marketplace	20,000				
Component 6. Develop collaborative arrangements for the Marketplace with key partners					
Component 7. Identify options for institutionalizing the Marketplace	10,000				
Component 8. Conduct needs assessment for capacity building for pro-poor PES	10,000			10,000	
Component 9. Identify existing resources and materials for capacity building of pro-poor PES		10,000		10,000	
Component 10. Develop the plan for capacity building activities		40,000	25,000		

Annex 4b. Co-Financing (US\$)										
Item and description	Total Budget	GEF	DFID	SURDNA	Packard	Citigroup	US Forest Service	PROFOR	IFC	IFAD
Component 1. Coordinate project planning	10,000	10,000								
Component 2. Develop strategies to make the Marketplace more effective for users	125,000	55,000	5,000	10,000	5,000			10,000		
Component 3. Consult with stakeholders to develop priority content for the Marketplace	115,000	25,000	5,000	2,000		2,000		5,000		
Component 4. Develop the MarketWatch for selected PES with high community participation	145,000	20,000	10,000	3,000	10,000	3,000	5,000	2,000		
Component 5. Develop strategy for market data collection for Marketplace	75,000	25,000	2,000	3,000	5,000		5,000	3,000		
Component 6. Develop collaborative arrangements for Marketplace	120,000	15,000	30,000		20,000		5,000			
Component 7. Identify options to institutionalize the Marketplace	45,000	25,000					5,000	2,000		
Component 8. Conduct needs assessment from key user groups for pro-poor PES capacity building	115,000	50,000				5,000	5,000	3,000		

Component 9. Identify existing materials and resources for pro-poor PES capacity- building	100,000	10,000	1,000	2,000		10,000		3,000		
Component 10. Plan strategically for capacity building of selected institutions	80,000	15,000				5,000		2,000		40,000
Component 11. Develop learning networks for PES business models	415,000	100,000		20,000		25,000		25,000	50,000	
Component 12. Develop the large-scale grant proposal	40,000	50,000								
Total	965,000	400,000	55,000	40,000	40,000	50,000	25,000	55,000	50,000	40,000
UNOPS execution		32,000								
UNDP/GEF grand total		432,000								

Annex 5. PDF-B Project Organization

- **Project Management and Coordination Team** (Forest Trends)
 - Program Director (President, Forest Trends) - Overall
 - Program Manager, Ecosystem Services Program - UNDP/GEF Project Leader
 - Senior Analyst, Leader of the Biodiversity Offset Project
 - Editor-in-Chief, the *Ecosystem Marketplace*
 - Manager, Business Development Facility
 - Program Associate, Ecosystem Services
 - Supported by Project Design consultant

- **Sub-Project Teams**
 - Ecosystem Marketplace Planning Team (content, structure, organization)
 - Editor-in-Chief, Ecosystem Marketplace - Leader
 - Managing Editor, Biodiversity Analyst, Community Editor
 - Consultants for demand analysis, site design
 - [Katoomba Group]

 - Ecosystem Marketplace Institutionalization Team
 - President, Forest Trends – Leader
 - Controller
 - [Katoomba Group]

 - Capacity-Building Planning Team
 - Director Ecosystem Services Program – Leader
 - Capacity-Building Consultant
 - Program Associate
 - Ecoagriculture Partners
 - [Africa Advisory Committee, Katoomba Group]

 - Business Development Facility Planning Team
 - Manager of the BDF – Leader
 - President of FT
 - BDF Consultant
 - [Advisory Group of the Business Development Facility]

 - Biodiversity Offsets Project Planning Team
 - Senior Analyst – Leader
 - ES Program Associate
 - [Steering Committee of the Biodiversity Offset Project]

 - Forest Climate Alliance Planning Team
 - Director Ecosystem Services Program – Leader
 - Consultant
 - Program Associate
 - [Forest Climate Alliance –informal network]

 - Agri-Environmental Payments Planning Team
 - Director, Ecosystem Services program – Leader
 - Ecoagriculture Partners

- Marine and Coastal Planning Team
 - Director, Ecosystem Services program – Leader
 - Consultant

Annex 6. Terms of Reference for Project Personnel

These TOR are to be updated, revised, and completed at the project planning workshop (Activity 1.1) and in function of the findings during the project.

I. Program Manager, Ecosystem Services Program—Project Manager (Component 1, Component 10, Activity 11.5, Component 12)

The project manager will be responsible for coordinating the project and will serve as the focal point for communication with the UNDP-GEF office. This individual is an agricultural and natural resource economist, who specializes in the economics and policy of land and forest management in tropical developing countries, and will participate in many project activities, which fall outside of project administration.

Key tasks:

- Communicate with the project Steering Committee and organize planning meetings
- Lead definition of Targets and Indicators for project objectives and outcomes
- Coordinate planning activities, allocate responsibilities among personnel, and ensure full integration of components in proposed full project
- Prepare GEF full project brief (in UNDP project document format) and Executive Summary
- Define the project management plan
- Communicate with and obtain feedback from GEF Operational Focal Points and UNDP/GEF Regional Coordinators in participating countries
- Obtain endorsement letters from participating countries
- Communicate with UNDP-GEF offices in participating countries
- Communicate with Katoomba Group to receive feedback on project brief
- Collaborate with other personnel to identify and select institutions for capacity-building activities, plan training workshops, and develop strategies for providing technical assistance to developing country institutions

Input: An estimated 9 weeks

II. Editor-in-Chief, Ecosystem Marketplace (Activity 2.1, Activities 2.4-2.6, Activity 4.1, Component 5)

The Editor-in-Chief manages the content, design, and day-to-day administration of the Ecosystem Marketplace website and will lead the strategic planning related to this initiative.

Key tasks:

- Lead strategic planning on the design of the Ecosystem Marketplace and determine target survey groups on making it more user-friendly
- Develop the plan for monitoring the use of the Marketplace by diverse users in diverse geographic locations
- Develop a strategy for soliciting feedback from diverse stakeholders on the utility of the Marketplace
- Develop user surveys to get regular feedback on site use patterns and value
- Based upon the selection of priority services/markets to be supported by the Marketplace, carry out research on the baseline and expand the barrier analysis for market development and the role of information within that
- Identify more specifically where information gaps constitute principal barriers to market development
- Identify major sources of market research and information for regional transactions on ecosystem services
- Determine how the Marketplace can regularly collect data about new market situations and lessons, to keep up to date and facilitate coordination with other ecosystem service initiatives

Input: 17.5 weeks

III. **Program Director (President, Forest Trends)** (Component 1, Component 6, Component 7, Activity 11.1, Component 12)

The president of Forest Trends is responsible for overseeing the development of the project and will be most intimately involved with developing partnerships with institutions in selected countries, planning for the institutionalization of the Ecosystem Marketplace, and coordinating on of the learning networks.

Key tasks:

- Participate in the project Steering Committee
- Prepare full project brief and related documents
- Identify and communicate with partner institutions that will participate in the research and development of the Ecosystem Marketplace and convene meetings
- Identify organizations with innovative approaches for rural information and knowledge centers and determine a strategy for approaching those
- Determine a plan and timetable for translating the Marketplace and communicate with willing institutions
- Identify alternative options for sustainable financing of the Ecosystem Marketplace
- Develop a business plan for the Ecosystem Marketplace
- Identify and develop a project pipeline for expanding the portfolio of the Business Development Facility (BDF)
- Secure letters of co-financing intent to accompany request to GEFS for full size project brief

Seek co-financing for the project (and secure letters of co-financing intent to accompany submission of project brief to GEFSEC.).

Input: An estimated 6 weeks

IV. **Managing Editor, Ecosystem Marketplace** (Component 5)

The Managing Editor of the Ecosystem Marketplace will help identify priority content for news stories on the Ecosystem Marketplace website and as appear the bulletin update and will collaborate on strategic planning for identification and collection of data.

Key tasks:

- Develop a plan for tracking the overall development of ecosystem service markets
- Identify priority content for the news features on the Ecosystem Marketplace
- Based upon the selection of priority services/markets to be supported by the Marketplace, carry out research on the baseline and expand the barrier analysis for market development and the role of information within that
- Identify more specifically where information gaps constitute principal barriers to market development
- Identify major sources of market research and information for regional transactions on ecosystem services
- Determine how the Marketplace can regularly collect data about new market situations and lessons, to keep up to date and facilitate coordination with other ecosystem service initiatives

Input: An estimated 10 weeks

V. **Community Asst. Editor, Ecosystem Marketplace** (Activities 2.2-2.3, Activity 4.2)

A consultant will be hired to design and manage the community element of the Ecosystem Marketplace, including the population of the community-focused resources and the accessibility of the site itself.

Key tasks:

- Determine how the Marketplace can be accessible to local communities and other stakeholders for local PES development.
- Identify translation or logistic issues relevant to making the Marketplace useful to community groups
- Design the homepage of the Marketplace to serve community priorities
- Provide an analysis of how ecosystem service markets interact with community issues and concerns

Input: An estimated 10 weeks

VI. Senior Analyst, Ecosystem Services Program (Biodiversity Offset Program and Demand Survey; Activity 3.2, Activity 8 and 10, Activity 11.2)

A Senior Analyst in the Ecosystem Services Program at Forest Trends will lead the Biodiversity Offset learning network and the analysis of market demand.

Key tasks:

- Write the Terms of Reference for the market demand analysis and oversee work
- Identify and organize members of the Biodiversity Offset initiative
- Develop a detailed workplan for project implementation and dissemination of lessons learned for the biodiversity offset initiative
- Select initial indicators for biodiversity (baseline and subsequent to determine “no net loss” at site level) and the program (success of program and pilots)
- Develop a strategy for global dissemination of lessons learned and a strategy for scaling up impacts of biodiversity offsets
- Consult with collaborators in China on capacity-building needs assessment

Input: An estimated 4 weeks

VII. Program Associate, Ecosystem Services Program (Components 8, Component 10, Activities 11.2-11.3, Component 12)

The Ecosystem Services Program Associate will support the coordination and development of the planning documents, collaborate on strategic planning for the capacity building initiatives, especially those efforts in Africa, and manage the Biodiversity Offset Learning network.

Key tasks:

- Identify key resource persons and organizations working on pro-poor PES
- Consult with existing PES projects to identify priority capacity-building needs
- Identify priority content for tutorials and planning/design tools for policymakers on key elements of pro-poor, pro-environment PES program and policy design.
- Organize conference to convene national and regional leaders in Africa to identify strategic priorities for the development of PES and related capacity-building needs
- Plan training workshops for communities to use and apply information from Marketplace and participate in market rule development
- Develop criteria and plan for implementing capacity-building workshops
- Manage learning network for Biodiversity Offset initiative (including listserv, internal website, and regular program meetings)
- Communicate with pilot participants of Biodiversity Offset initiative
- Establish expert advisory network for Biodiversity Offset Initiative
- Organize project Steering Committee meetings

- Assist in preparation of GEF Full Project Brief (in UNDP Project Document format), and Executive Summary

Input: An estimated 20 weeks

VIII. **Consultant for Demand Assessment** (Activity 3.2)

This consultant will be hired to undertake the analysis on user demand of ecosystem services.

Key tasks:

- Undertake analysis of current and likely trajectory of market demand for ecosystem services, including government and parastatal agencies at different levels, private companies, consumers, and conservation organizations, and implications for Marketplace priorities

Input: An estimated 12 weeks

IX. **Consultant for Capacity-Building** (Components 8-10, Activity 11.5)

This consultant will be hired to lead the activities surrounding institutional capacity building and will do the groundwork for much of the work in East and Southern Africa.

Key tasks:

- Inventory and assess PES projects and national policy frameworks from pro-poor perspective, in selected countries in Africa, through collaborating organizations in 5 countries
- Consult with existing PES projects (including UNDP, UNEP, GEF, IFAD) to identify priority needs and existing modalities for capacity-building and knowledge-sharing
- Develop criteria and priorities for implementing capacity-building workshops, including identification of training expertise needed
- Identify priority content for tutorials and planning/design tools for policymakers on key elements of pro-poor, pro-environment PES program and policy design
- Identify priority topics for strategic policy analyses on institutional arrangements for pro-poor PES, and outline strategies and identify analysts, through consultation with the Steering Committees and stakeholder consultations
- Determine appropriate and effective mechanisms for providing training and technical assistance through the Marketplace to develop PES
- Conduct baseline study of materials available for communities on PES planning and management
- Identify sources of expertise on community-based PES planning and management, through consultancy and post relevant materials from this survey on the *Ecosystem Marketplace*
- Develop capacity-building criteria and plan for implementing capacity-building workshop
- Develop a strategy and plan for providing technical support to strategically-placed institutions in developing countries

Input: An estimated 18 weeks

X. **Biodiversity Assistant Editor of Marketplace** (Activity 3.3, Component 5)

This consultant will work under the supervision of the Editor-in-Chief of the Ecosystem Marketplace to support the development of the Marketplace.

Key tasks:

- Carry out research on baseline materials available for communities on PES planning and management

- Assist in barrier analysis
- Identify sources of market research and regional transactions

Input: An estimated 6 weeks

XI. **Project Design Consultant** (Component 12)

A consultant, with expertise in project design, will be hired to help prepare the final project documents.

Key tasks:

- Advise on the development of the project logframe, final budget, project brief (in prodoc format) and GEF Executive Summary
 - Respond to comments from STAP reviewer in advance of full project brief/document submission for GEF funding
 - Respond to all comments received incl. World Bank, CBD, GEFSEC, GEF Council members and reflect as appropriate in revised project brief (in prodoc format)

Input: An estimated 14 days

XII. **Manager of the Business Development Facility (BDF)** (Activity 11.1)

This consultant will manage the BDF portfolio and steer the direction of project development.

Key tasks:

- Develop the project pipeline to include a diversity of enterprises and geographic regions
- Begin to collect lessons learned from the active projects, including those on enterprise development, revenue streams, and financial sustainability
- Develop, monitor, and manage the project portfolio
- Develop a network of advisors that will help analyze and evaluate investment criteria and obstacles for tropical and emerging markets
- Develop a plan to draw and share lessons about business models from the participating enterprises (and similar businesses being supported by the GEF) and disseminate them globally in ways that will catalyze business development and support enterprise effectiveness
- Develop a strategy for global dissemination of lessons learned and a strategy for scaling up impacts

Input: An estimated 5 weeks

XIII. **Consultant for BDF portfolio development** (Activity 11.1)

This consultant will assist in development of the BDF portfolio.

Key tasks:

- Assist in developing a portfolio of prospective companies and projects for the BDF.

Input: An estimated 6 weeks

XIV. **Consultant for Forest Climate Alliance** (Activity 11.3)

This consultant will consult on opportunities and priorities for action with Alliance partners and other climate action projects with benefits for biodiversity and livelihoods.

Key tasks:

- Identify and evaluate resource materials and technical experts for the design and management of carbon projects with high biodiversity and livelihood co-benefits, and with network collaborators identify gaps and priorities
- Analyze opportunities for integrating international strategies for climate change mitigation with other environmental conventions (CCD, CBD) and the Millennium Development Goals
- Develop a joint plan to provide strategic support to carbon projects in the learning network;
- Develop a plan with Alliance partners to provide strategic support to carbon projects in the learning network with particular emphasis in Africa
- Develop a strategy for global dissemination of lessons learned and a strategy for scaling up impacts of forest carbon projects

Input: An estimated 4 weeks

XV. **Office Manager** (Component 12)

The Forest Trends Office Manager will support the development of the final project documents.

Key tasks:

- Develop project budgets
- Develop consultant contracts
- Review project proposals
- Prepare Memoranda of Understanding with partner institutions

Input: An estimated 2.5 weeks

XVI. **Controller** (Component 7)

The Forest Trends Controller will support the Forest Trends President to develop scenarios for the financial sustainability of the Marketplace.

Key tasks:

- Develop financial and business scenarios for the Ecosystem Marketplace to achieve financial sustainability

Input: An estimated 2 weeks

XVII. **Consultant for Agri-Environmental Project Planning** (Activities 10, 11.4)

Ecoagriculture Partners will support Forest Trends in planning capacity-building program and the agri-environmental project learning network.

Key tasks:

- Integrate analysis of institutional capacity-building needs for PES into Ecoagriculture Partners' planning meetings and consultations for capacity-building and training for ecoagriculture
- Using Katoomba Group, Ecoagriculture Partners and UNDP/GEF networks, identify and characterize existing agri-environmental payment projects, including those where payments are made by governments, civil society organizations or private companies;
- Undertake a knowledge and capacity-building needs assessment among existing projects
- Work with Ecoagriculture Partners and Forest Trends to develop a strategic plan and initial workplan for existing and potential agri-environmental payment projects to have sustainable and low-cost access to information about lessons learned, possibly including the establish of a more formal learning network

Input: An estimated 6 weeks

XVIII. Consultant for Coastal Marine PES Planning (Activity 11.6)

Key tasks:

- Using Katoomba Group, Ecoagriculture Partners and UNDP/UNEP/GEF networks, identify and characterize existing payment projects for coastal marine ecosystems, including those where payments are made by governments, civil society organizations or private companies;
- Undertake a knowledge and capacity-building needs assessment among existing projects
- Work with Forest Trends to develop a strategic plan and initial workplan for existing and potential coastal marine ecosystem payment projects to have sustainable and low-cost access to information about lessons learned, possibly including the establishment or support of a more formal learning network

Input: An estimated 4 weeks

Annex 7: Workplan/Timeline

