



REQUEST FOR CEO ENDORSEMENT

PROJECT TYPE: Full-sized Project

TYPE OF TRUST FUND: GEF Trust Fund

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PART I: PROJECT INFORMATION

Project Title: A circular economy approach to agro-biodiversity conservation in the Souss-Massa Drâa Region of Morocco			
Country(ies):	Kingdom of Morocco	GEF Project ID:	3989
GEF Agency(ies):	UNDP (select) (select)	GEF Agency Project ID:	5079
Other Executing Partner(s):	Ministry of Agriculture and Maritime Fisheries	Submission Date:	01 November 2013
		Re-submission Date:	16 January 2014
GEF Focal Area (s):	Biodiversity	Project Duration(Months)	60
Name of Parent Program (if applicable):	MENARID	Project Agency Fee (\$):	264,727
<ul style="list-style-type: none"> ➤ For SFM/REDD+ <input type="checkbox"/> ➤ For SGP <input type="checkbox"/> ➤ For PPP <input type="checkbox"/> 			

A. FOCAL AREA STRATEGY FRAMEWORK

Focal Area Objectives	Expected FA Outcomes	Expected FA Outputs	Trust Fund	Grant Amount (\$)	Cofinancing (\$)
BD-2: Mainstream Biodiversity Conservation and Sustainable Use into Production Landscapes, Seascapes and Sectors	Outcome 2.1: Increase in sustainably managed landscapes and seascapes that integrate biodiversity conservation. <i>Indicator 2.1: Landscapes and seascapes certified by internationally or nationally recognized environmental standards that incorporate biodiversity considerations (e.g. FSC, MSC) measured in hectares and recorded by GEF tracking tool.</i>	Output 2.1. Policies and regulatory frameworks (1) for production sectors.	GEF TF	508,756	1,050,500
		Output 2.2. National and sub-national land-use plans (1) that incorporate biodiversity and ecosystem services valuation.	GEF TF	1,090,554	3,630,165
	Outcome 2.2: Measures to conserve and sustainably use biodiversity incorporated in policy and regulatory frameworks. <i>Indicator 2.2: Polices and regulations governing sectoral activities that integrate biodiversity conservation as recorded by the GEF tracking tool as a score.</i>	Output 2.3. Certified production landscapes and seascapes (9,715 hectares).	GEF TF	807,301	2,137,517
Sub-total				2,406,611	6,818,182
Project management cost				240,661	681,818
Total project costs				2,647,272	7,500,000

B. PROJECT FRAMEWORK

Project Objective: The project aims at conserving agro-biodiversity and promoting local products (“produits du terroir”), through payments for ecosystem services in the Souss-Massa Drâa Region. Identified products of local and global importance are Argan (*Argania spinosa*) and honey

Project Component	Grant Type	Expected Outcomes	Expected Outputs	Trust Fund	Grant Amount (\$)	Confirmed Cofinancing (\$)
1. Improved enabling environment for the establishment and promotion of PES schemes in the SMD region and mainstreaming the approach at national level.	TA	<p>1. Intra- and inter-ministerial policy dialogue and coordination promoted and established/strengthened.</p> <p>2. Legal context and relevant policies reviewed and strengthened to advance PES schemes, especially where linked to “produits du terroir”.</p>	<p>Review of the institutional and regulatory framework and recommendations to facilitate the implementation of PES schemes.</p> <p>Inter-ministerial working group and national dialogue on PES.</p> <p>General regulatory framework for PES in the Argan Biosphere Reserve (ABR) submitted for adoption by key stakeholders.</p> <p>Dedicated structure for the management and funding of PES in the Argan Biosphere Reserve (ABR).</p>	GEF TF	217,942	450,000
2. Strengthened capacities to implement and mainstream payment for ecosystem services and the sustainable use of related agro-biodiversity.	TA & Inv	<p>1. MoUs signed with national technical training entities to develop and implement a capacity building strategy.</p> <p>2. Farmers and resource users trained on PES and organic, biodiversity-friendly and climate change-resilient production and marketing of key “produits du terroir”.</p> <p>3. Improved capacity for extension services.</p>	<p>Technicians and decision-makers trained in the design and implementation of PES schemes.</p> <p>Suppliers of ecosystem services (ES) trained in the domain of PES, particularly in relation to the Argan and honey value chains.</p> <p>Capitalisation and dissemination of lessons on PES at local, regional and national levels.</p>	GEF TF	290,814	600,500
3. Organic and biodiversity-friendly businesses strengthened through the improved labelling and marketing of agro-biodiversity products from the Argan ecosystem.	Inv	<p>1. Suitable certification schemes are identified and engaged.</p> <p>2. Economically viable conservation-friendly business services are promoted and created.</p>	<p>New eco-label for the ABR certifying that value chains for local agro-biodiversity products are biodiversity-friendly and sustainable in terms of underlying ecosystem services.</p>	GEF TF	807,301	2,137,517

		<p>3. Organic production of selected products is promoted and initiated.</p> <p>4. Selected “produits du terroir” are labelled and adequately marketed.</p>	<p>Protected Geographic Indications (PGI) label for the honey value chain and organised professional organisation (PO) for the management of the label.</p> <p>Strategic marketing plans for certified Argan oil and honey value chains developed and their implementation supported.</p> <p>Dedicated space for ABR-certified products within the SMD regional logistical platform for marketing of local agricultural products.</p>			
4. Pilot PES schemes enhance the conservation of agro-biodiversity in the Argan ecosystem.	Inv	<p>1. Pilot PES schemes focused on agro-biodiversity are established and key ecosystem services and biodiversity, including Argan forests, are sustainably managed and more effectively protected.</p> <p>2. Local livelihoods are raised and diversified in environmentally-vulnerable areas with a specific focus on women and youth.</p>	<p>Pilot PES model developed and adapted to different practices and techniques of ES suppliers in the ABR.</p> <p>Economic valuation of ES associated with the conservation of the Argan ecosystem within different agro-ecological zones of the ABR.</p> <p>Negotiation, formalisation and implementation of PES schemes in project pilot sites.</p> <p>Monitoring and auditing of pilot PES schemes through a dedicated intermediate structure.</p>	GEF TF	1,090,554	3,630,165
Subtotal					2,406,611	6,818,182
Project management Cost (PMC)¹					240,661	681,818
Total project costs					2,647,272	7,500,000

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

Sources of Co-financing	Name of Co-financier (source)	Type of Cofinancing	Cofinancing Amount (\$)
Government (ADA)	Agency for the Development of Agriculture	Cash	1,618,944
Government (ANDZOA)	National Agency for the Development of the Oases and Argan Zones	Cash	5,681,056

¹ PMC should be charged proportionately to focal areas based on focal area project grant amount in Table D below.

UNDP	United Nations Development Program	Cash	200,000
Total Co-financing			7,500,000

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	Biodiversity	Kingdom of Morocco	2,647,272	264,727	2,911,999
Total Grant Resources				2,647,272	264,727	2,911,999

¹ In case of a single focal area, single country, single GEF Agency project, and single trust fund project, no need to provide information for this table. PMC amount from Table B should be included proportionately to the focal area amount in this table.

² Indicate fees related to this project.

F. CONSULTANTS WORKING FOR TECHNICAL ASSISTANCE COMPONENTS:

Component	Grant Amount (\$)	Cofinancing (\$)	Project Total (\$)
International Consultants	168,000	0	168,000
National/Local Consultants	625,600	0	625,600

G. DOES THE PROJECT INCLUDE A “NON-GRANT” INSTRUMENT? No

(If non-grant instruments are used, provide in Annex D an indicative calendar of expected reflows to your Agency and to the GEF/LDCF/SCCF/NPIF Trust Fund).

PART II: PROJECT JUSTIFICATION

A. DESCRIBE ANY CHANGES IN ALIGNMENT WITH THE PROJECT DESIGN OF THE ORIGINAL PIF²

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

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

A.3 The GEF Agency’s comparative advantage. N/A

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

The project is designed to comply with the objectives, components, outcomes, GEF budget and co-financing specified in the PIF. The total co-financing budget was increased changing wherefore the allocation of budgets changed across components 1, 3 and 4 and also regarding the project management allocations. The majority of quantitative targets set in the PIF have been maintained or increased.

As foreseen in the PIF, the selection of agro-biodiversity products targeted by the project (Argan and honey) was finalised during the PPG, in line with national priorities with the Bureau for Value Chains (Direction des Filières) of the Ministry of Agriculture and Maritime Fisheries.

The main variations since the PIF are at output level. Based on the PPG study and associated widespread consultations with all key stakeholders, the project’s proposed outputs have been reviewed and developed as follows:

² For questions A.1 –A.7 in Part II, if there are no changes since PIF and if not specifically requested in the review sheet at PIF stage, then no need to respond, please enter “NA” after the respective question.

Component 1: [Total of 5 outputs in the PIF: 3 of these have been maintained; 2 outputs have been integrated under a single output; 1 output transferred to Component 2; 1 new output].

Output 1.1: *Review of the institutional and regulatory framework and recommendations to facilitate the implementation of PES schemes.* This output included in the PIF has been maintained and slightly reworded.

Output 1.2: *Inter-ministerial working group and national dialogue on PES.* This output included in the PIF has been maintained and reworded to include the notion of national dialogue – towards the development of a general regulatory framework for PES in Morocco (see also Output 1.3).

Output 1.3: *General regulatory framework for PES in the Argan Biosphere Reserve (ABR) submitted for adoption by key stakeholders.* This output included in the PIF has been maintained but reworded to focus the development of the regulatory framework on the project intervention area: the Argan Biosphere Reserve in the SMD region. This pilot framework, including guidelines and mechanisms for establishing PES schemes, will be developed and tested in the ABR/ SMD region with a view to the future up-scaling of the instrument to the rest of Morocco.

Output 1.4: *Dedicated structure for the management and funding of PES in the Argan Biosphere Reserve (ABR).*

Under this proposed new output, a dedicated structure for the management of PES in the Argan Biosphere Reserve (ABR) will be established, to coordinate and facilitate the implementation of the PES regulatory framework collaboratively developed under outputs 1.1 to 1.3. This will be achieved by promoting the cross-sectoral linkages that are essential to developing the necessary hybrid institutions and relationships required for effective PES. The project will assure the full representation of concerned parties by fostering the involvement and active collaboration of all relevant stakeholders in the establishment of the proposed PES management structure for the ABR. The foreseen statute for the proposed PES management structure of the ABR is that of a Public Interest Group, as governed by Law 08-00 on such entities, promulgated by Dahir 1-00-204 of 1st June 2000 and its implementing Decree 2-06-108 of 4th May 2006. While ensuring the preservation of the public interest, the law grants such Public Interest Groups a significant degree of administrative and financial autonomy and a good deal of operational flexibility with regards to accounting and other obligations normally associated with the state entities. In the SMD region this institutional arrangement has already been successfully employed in the case of several multi-stakeholder projects involving the public and private sectors and civil society.

Component 2 [Total of 2 outputs in the PIF: both maintained; one output transferred from Component 1].

Output 2.1: *Technicians and decision-makers trained in the design and implementation of PES schemes.* This output included in the PIF under Component 1 as “International and national study tours on PES “, has been transferred to Component 2, which is dedicated to capacity building and training activities. The output has been reworded to reflect the proposed widening of the scope of training and capacity building activities targeting technicians and decision-makers with support from the project. These will indicatively include the following: (i) formal and field training sessions (6 sessions for 25 participants, duration 4 days); (ii) on-the-job training through the services of specialised trainers (15 participants, 2 weeks); (iii) in-service training workshops to discuss lessons and resolve problems (3 - 4 per year); (iv) study tours to other PES projects (3 study tours for 8 participants); (vi) overseas attachments (3 participants for 3 months).

Output 2.2: *Suppliers of ecosystem services (ES) trained in the domain of PES, particularly in relation to the Argan and honey value chains.* This output included in the PIF has been maintained and slightly reworded to focus on Argan and honey, the two agro-biodiversity products targeted by the project. The capacity building and training program under this output will indicatively include the following: (i) training of trainers (6 sessions for 25 participants, duration 4 days); (ii) learning by doing sessions targeting ES suppliers in the field (40 sessions, 25 participants, duration 2 days); (iii) local exchange/ study tours (10 exchange/ study tours for 8 participants, duration 3 days).

Output 2.3: *Capitalisation and dissemination of lessons on PES at local, regional and national levels.* This output included in the PIF has been maintained and reworded to emphasize that the proposed to produce and disseminate capacity-building tools related to PES targeting stakeholders at regional and at national levels. Under this output the project will support effective outreach tools and activities to deliberately influence decision makers and other key

players at national and regional levels by highlighting the significance of PES for the conservation of the country's ecosystem services.

Component 3 [Total of 4 outputs in the PIF: they have been reviewed to reflect analyses conducted during the PPG study].

Output 3.1: *New eco-label for the ABR certifying that value chains for local agro-biodiversity products are biodiversity-friendly and sustainable in terms of underlying ecosystem services.* Under this output, the project will introduce a new system of eco-certification in the ABR. By guaranteeing sustainable and responsible environmental practices, the new ABR eco-label will also play a role in the PES systems to be established with support from the project. The new eco-label, which may potentially be expanded to all local agricultural products, will complement existing certification systems for local agricultural products in the SMD. The eco-label will cover the certification of sustainability and good environmental management practices that ensure the long term provision of ecosystem services. A unified environmental certification system for the ABR will also enhance the horizontal integration among agri-food chains, a government priority currently being pursued with GEF support through the ASIMA project.

Output 3.2: *Protected Geographic Indications (PGI) label for the honey value chain and organised professional organisation (PO) for the management of the label.* Under this output, the project will address the main barriers impeding the development of the honey value chain in the ABR, largely due to low consumer confidence in the quality and authenticity of the honey available on the market. This will be achieved through the introduction of a PGI label to guarantee the quality and traceability of locally produced honey.

Output 3.3: *Strategic marketing plans for certified Argan oil and honey value chains developed and their implementation supported.* Under this output, the project will support the marketing of certified agro-biodiversity products originating in the ABR. The project will develop marketing plans by analysing the potential both from the demand and the supply side and analyse the costs and benefits of incorporating the certification systems supported. The project will further support partner consortia of cooperatives by facilitating the identification of feasible business opportunities. This will cover market identification and promotion, including fostering linkages with potential buyers in the domestic and the export markets.

Output 3.4: *Dedicated space for ABR-certified products within the SMD regional logistical platform for marketing of local agricultural products.* The marketing of certified agro-biodiversity products originating in the ABR will be further enhanced by supporting the establishment of a dedicated space for such products within the SMD regional logistical platform. The creation of specialised logistical platforms is one of the priorities in the strategy of the Ministry of Agriculture for the promotion of local agricultural products in Morocco. GEF resources will be appropriated for start-up and initial planning activities while co-funding resources will be mobilised for the establishment of a suitable showroom and the acquisition of necessary office and computer equipment, interpretation and communication tools and materials as well as the mobilization of human resources to manage the showroom.

Component 4 [Total of 5 outputs in the PIF: they have been reduced to 4 and reviewed to reflect analyses conducted during the PPG study].

Output 4.1: *Pilot PES model developed and adapted to different practices and techniques of ES suppliers in the ABR.* Under this output the project will seek to demonstrate PES as a tool to conserve the globally important Argan ecosystem in Morocco's SMD region through the development of an initial PES model which builds on the existing government-supported compensation scheme for grazing set-asides in critical forest habitat. The model will link the strict conservation measures routinely enforced in set-aside areas under the HCEFLCD compensation scheme with a wide range of other sustainable management practices over much larger zones, either surrounding or in proximity of the set-aside areas. For each individual PES scheme, these measures will collectively ensure the effective regeneration of Argan trees and the maintenance of related ES in core set-aside areas of 200-300 ha and in more extensively managed sustainable use zones covering a further 1,000-1,500 ha. By building on incentive systems already existing in Morocco, the proposed PES model developed by the project would mitigate some of the key risks usually associated with the introduction of PES schemes. The model guarantees significant financial resources for payment through already committed ES buyers while offering a functional platform for the replication of such PES schemes once operational

barriers have been overcome. GEF resources will be used mainly to cover start-up costs and will only be used to contribute to payments in a limited number of cases on condition that the end-buyer of ES has been identified and its commitment has been formally confirmed.

Output 4.2: *Economic valuation of ES associated with the conservation of the Argan ecosystem within different agro-ecological zones of the ABR.* Under this output, the project will support the economic valuation of ES, based on the pilot sites in different agro-ecological zones of the ABR. The valuations will first cover the ES targeted by the initial pilot PES scheme. Further detailed analyses will also be conducted to assist with the possible bundling of other ES as part of the potential expansion of PES schemes within the ABR.

Output 4.3: *Negotiation, formalisation and implementation of PES schemes in project pilot sites.* Under this output the project will support the operational arrangements and management activities ensuring the overall implementation of PES schemes in the project’s pilot sites. The design of the PES schemes will be validated with local stakeholders and the relevant institutions ensuring an enabling environment for their implementation. On this basis, the project will support the definition and negotiation of: (i) PES contracts including the conditions for their dissolution; (ii) the amount to be paid for ES (output 4.2); (iii) institutional and practical arrangements for collecting and distributing payments; (iv) monitoring and auditing mechanisms ensuring contract compliance and enabling payments.

Output 4.4: *Monitoring and auditing of pilot PES schemes through a dedicated intermediate structure.* Under this output, monitoring mechanisms and auditing protocols for the pilot PES schemes will be collaboratively developed by involving in their design all concerned stakeholders. The main objective will be to verify through a limited set of simple and manageable indicators the degree to which the suppliers of ES fulfil the requirements of their contracts and are therefore eligible for the agreed payments. The implementation of the monitoring and auditing program, based on regular field visits of all pilot schemes throughout the year, will be under the responsibility of the dedicated structure for the management of PES schemes in the ABR established under output 1.4.

A.5 **Incremental / Additional cost reasoning:** describe the incremental (GEF Trust Fund/NPIF) or additional (LDCF/SCCF) activities requested for GEF/LDCF/SCCF/NPIF financing and the associated **global environmental benefits** (GEF Trust Fund) or associated adaptation benefits (LDCF/SCCF) to be delivered by the project: N/A

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:

The risks identified in the PIF have been reassessed during the PPG study and the mitigation measures reviewed and updated. For five of the risks identified, the overall assessment is “Low” while the risk associated with PES/compensation mechanisms is assessed as “Medium” (see table below).

	DESCRIPTION	TYPE	IMPACT & PROBABILITY	MITIGATION MEASURES
1	Low capacity of national institutions to efficiently contribute to project objectives and drive its implementation process. The line ministry may not have the adequate tools to drive the investment. Capacity to implement demand-driven PES investment needs may be limited at the moment.	Organizational	I = Medium P = Moderately Likely <u>Risk Assessment:</u> LOW	Institutional strengthening is recognized as a priority, and so is the need to build up a sustainable system. Both enabling environment and capacity will be targeted and enhanced to ensure cost-effectiveness. Pilot PES schemes will be carefully set up so that administrative and other transaction costs are minimized. At the local level, participatory approaches and training will ensure the project is driven by local demand backed up with adequate expertise.
2	There is a risk that inter-ministerial coordination and integration fails. The SMD region may face difficulties in coordinating project activities with other institutions outside MAMF.	Political	I = Medium P = Moderately Likely <u>Risk Assessment:</u> LOW	The project will pay careful attention to institutional setup and improved coordination between all stakeholders. A clear institutional setup will be established and clear roles and responsibilities defined and monitored. An inter-ministerial working group on PES is foreseen to mitigate such risk. The working group members will be strategically drawn from diverse sectors, including conservation organizations, government ministries, community based organizations,

	DESCRIPTION	TYPE	IMPACT & PROBABILITY	MITIGATION MEASURES
				private companies, financial institutions, research institutes or universities, NGOs, etc. In addition, the project will attempt to capitalise international experience and lessons learned from major PES projects such as the UNDP-GEF Global Project "Institutionalizing Payments for Ecosystem Services".
3	According to climate projections, climate change may increase the occurrence of droughts in Morocco. Drought years may sharply reduce yields of smallholder farmers and drastically reduce their income; decreasing land productivity is likely to increase pressure on resources through horizontal expansion of agricultural activities and grazing, and through unsustainable extraction from areas of global importance such as Argan forests. This situation could be aggravated further by desertification processes.	Environmental	I = High P = Unlikely <u>Risk Assessment:</u> LOW	The project will help prevent climate risks and mitigate their consequences through the promotion of sustainable agricultural production systems and, particularly, the diversification of sources of income in the SMD while contributing to the enhancement of the horizontal integration among agri-food chains. In addition, the project has been designed to strengthen the resilience of the Argan ecosystem by focussing on the improving the regeneration of the Argan forests and hence reduce the risks associated with climate change, climate variability and desertification processes in the SMD region.
4	Compensation mechanisms based on PES schemes and aimed at generating positive externalities could be too difficult to implement and ineffective in channelling payments from beneficiaries to ecosystem service providers.	Operational	I = Critical P = Moderately Likely <u>Risk Assessment:</u> MEDIUM	Based on the design work during the PPG phase, the project will build on the forest set-aside mechanism already being implemented in Morocco. This will mitigate one of most important risks of PES as it guarantees resources for payment through already committed buyers while offering a functional platform for the replication of such PES schemes once operational barriers have been overcome. Cost-effective delivery mechanisms for PES identified during the PPG and their implementation will be subjected to specific reviews and adaptive management. Relevant studies and experiences from UNDP and other agencies and institutions in the design and delivery of PES will be taken into account. Moreover, the commitment of the Government of Morocco to the sustainable development of agriculture in the SMDR will ensure post-project sustainability, if results are promising.
5	Promoting an enabling environment for the mainstreaming of biodiversity into production landscapes may take far longer than a typical 5-year GEF project, and may result in a loss of momentum and failure to meet stakeholder expectations.	Strategic	I = Medium P = Moderately Likely <u>Risk Assessment:</u> LOW	The timeframe for promoting an enabling environment for mainstreaming has been carefully planned and realistically assessed during the PPG. Under Component 2 the project will be able to facilitate the creation of an enabling environment for the introduction of PES in Morocco. The project will invest significant technical resources in catalysing a dialogue on PES at national and regional levels. The process aims to align the approaches and pool the efforts of all key stakeholders. The project will also support the formal establishment of a dedicated structure for the implementation and monitoring of the PES scheme to be piloted in the SMD region.
6	This project has witnessed significant delays since being first proposed and GEF work programme inclusion. There is a risk that the momentum has been lost and the project faces resistance and low credibility amongst stakeholders when it is eventually launched.	Strategic	I = Medium P = Moderately Likely <u>Risk Assessment:</u> LOW	Consultations conducted during the PPG demonstrate that the interest in government – especially MAMF and regional authorities – remains high. Outreach targeting local and regional stakeholders during the PPG has created a marked interest on developing PES as an innovative conservation tool, wherefore a confident and rapid progress in project development should be able to mobilise all relevant actors.

A.7. Coordination with other relevant GEF financed initiatives

An outline of how the project will coordinate with other related projects and initiatives is presented below.

INITIATIVES / INTERVENTIONS	HOW COLLABORATION WITH THE PROJECT WILL BE ENSURED
GEF's MENARID Programme (Integrated Nature Resources Management the Middle East and North Africa Region Program)	The project falls under the wider umbrella of the GEF's MENARID Programme. This is a multi-focal program integrating land degradation, international waters, climate change adaptation, and biodiversity that "adopts an integrated approach to natural resources management in the drylands to improve the economic and social well-being of targeted communities through the restoration and maintenance of key ecosystem functions". The project will mainly target PR 1 and PR2 (corresponding also to Components 1 and 2 of the programme). By generating lessons learned it will also feed into the cross-cutting Component 4 of MENARID.
UNDP-GEF project: Developing a national framework on access to and benefit-sharing of genetic resources and traditional knowledge as a strategy to contribute to the conservation and sustainable use of biodiversity in Morocco (UNDP ID 4953, GEF ID 5605)	<p>The project aims at the establishment of a comprehensive national legal, regulatory and institutional framework for ABS, to activate the potential that Morocco's diverse genetic resources and traditional knowledge represent for generating economic benefits to the nation and key stakeholders, including local communities where appropriate, in the form of business, employment, technology transfer and capacity development.</p> <p>The marketing and sale of certified Argan oil (under the here-proposed project) is considered biotrade, and does not fall under ABS as the mechanical act of extracting the oil does not comply with the definition of "utilization of genetic resources" of the Nagoya Protocol, which is "to conduct research and development on the genetic and/or biochemical composition of genetic resources, including through the application of biotechnology". Moreover, for Argan oil providers/producers to benefit from the certification scheme should not depend on any benefit-sharing agreement under the future national ABS framework; oil producers will directly benefit through the price premium they will receive through the certification of their product. There is therefore no negative interference between the sale of Argan oil as a commodity under a certification scheme and the possible future exploitation of an Argan oil chemical component or derivative under the provisions of the Nagoya ABS Protocol. Both value-creation mechanisms (commodity certification and ABS) can be pursued in parallel. Synergies between the two projects, in terms of inter alia stakeholder engagement and Argan market analyses will be fully exploited.</p>
UNDP-GEF project: Integration of Biodiversity in the Value Chain for Medicinal and Aromatic" (UNDP ID 4050, GEF ID 3166)	The project aims at integrating biodiversity into the medicinal and aromatic plant value chain by increasing the value of wild medicinal and aromatic plants and improving their access to markets while ensuring the sustainability of production. Coordination will take place to ensure that the expected national strategy on medicinal and aromatic plants and strengthened regulatory framework on medicinal and aromatic plants is supportive of and compatible with the PES regulatory framework and related instruments developed and mainstreamed at national level under this project.
The Morocco ASIMA Project (Agriculture solidaire et intégré au Maroc).	The ASIMA project, funded by World Bank/GEF (\$ 6.44 million) with parallel financing from the government of Morocco (\$ 35.54 million), will be implemented over the period 2013-2017. The ASIMA project will explore horizontal integration among agri-food chains by providing incentives to small farmers to produce animal feed using by-products of crops typical of marginal areas (olive, cactus, Argan). This aims to reduce the pressure of grazing on marginal areas and limiting the negative environmental impact of by-products. The project will also support the vertical integration from production to commercialization of agri-food chains promoted under the GMP. Within the SMD region, the two projects will therefore be natural partners. The common aim will be to strengthen land and biodiversity conservation measures by small farmers in order to enhance their livelihood of small farmers while making optimal use of the limited natural resources available. They will thus collaborate at all levels to develop and integrate biodiversity conservation measures in existing Pillar II projects within marginal areas to complement the investment foreseen under the Green Morocco Plan.
UNIDO project: Market access facilitation for agri-food and local products (PAMPAT).	The PAMPAT project aims to improve the performance, access to markets and socio-economic conditions of the Argan and Barbary fig value chains. The project will contribute to economic growth, job creation, women empowerment and poverty reduction, particularly in disadvantaged areas. This project will actively seek to collaborate with the PAMPAT in the SMD region to optimise support for the Argan value chain, and coordinate the upstream support afforded by this project in terms of conservation and sustainable use of Argan resources and the downstream support given by PAMPAT to facilitate the access to markets for Argan products.
UNDP-GEF project: National Planning on Biological Diversity in Support of the Implementation of the Convention on Biological Diversity Strategic Plan 2011-2020" (UNDP ID 4853, GEF ID 4853).	The project aims at revising the National Biodiversity Strategy and Action Plan and will be implemented as from October 2012. Coordination will take place to ensure that the new Biodiversity strategy and action plan integrates and supports the development of PES policies and related instruments developed under this project and to be mainstreamed at regional and national levels in Morocco.
UNDP's Green Commodities Facility	The project will seek to engage and receive support from UNDP's Green Commodities Facility

INITIATIVES / INTERVENTIONS	HOW COLLABORATION WITH THE PROJECT WILL BE ENSURED
(GCF)	(GCF), whose mission is to “connect global markets with national governments and farmers to strengthen national capacity for scaling up sustainable agricultural and marine commodities production around the world”. The GCF manages a global portfolio of national-level commodity-focused programmes and platforms that remove barriers and institutionalize systemic approaches and resources for scaling up the production of sustainable commodities - addressing environmental externalities within the supply chain, strengthening financial sustainability for technical assistance, reforming policy to level the production playing field and incentivising sustainability.
UNDP-GEF’s global project on Institutionalizing Payments for Ecosystem Services	The UNDP-GEF’s global project on Institutionalizing Payments for Ecosystem Services has recently been completed. However, the project will build on lessons and PES tools developed by this landmark global project. Moreover, the project will actively seek to involve related professional international networks such as the Katoomba Group with the aim of mobilizing specialist resources to assist working groups with technical issues and incorporate into the design of new policy, high-biodiversity-impact, low-transaction cost, and pro-poor PES principles.

B. ADDITIONAL INFORMATION NOT ADDRESSED AT PIF STAGE:

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

The PPG phase included consultations with the project’s key stakeholders at the national and local levels. Field trips were carried out to the SMD region, where all project sites were visited. Local authorities and community organisations were introduced to the project proposal. Two workshops at the national level were also held and the project was thoroughly discussed. In addition, several bilateral meetings were held, mostly with donors and key stakeholders who could not attend the workshops. Generally, project design was a highly participatory process, in line with UNDP’s and GEF’s requirements, as detailed during the implementation of the PPG.

A full Stakeholder Involvement Plan remains however to be prepared upon project inception and this is already an identified activity. For the sake of information and reference, the project’s key stakeholders are listed and their roles and responsibilities summarised below:

Principal stakeholders and their roles and responsibilities

STAKEHOLDERS	ROLES AND RESPONSIBILITIES
Agency for Agricultural Development (ADA) of the Ministry of Agriculture and Maritime Fisheries (MAMF)	ADA is mandated to participate in the implementation of the Green Morocco Plan (GMP) through the formulation and implementation of action plans to support the development of high value agricultural enterprises (Pillar I) and projects supporting small farmers (Pillar II).
The High Commission for Water and Forests and the Fight against Desertification (HCEFLCD)	The High Commission is responsible for the development and implementation of government policies regarding the conservation and sustainable use of forest resources, hunting, inland fishing natural parks and reserves and the fight against desertification.
Ministry of Environment	The main functions of the ministry are to facilitate, promote and coordinate with other departments all government action to protect the environment and monitor its implementation.
National Agency for the Development of the Oases and Argan Zones (ANDZOA)	Within the oasis and Argan ecosystems, the agency is responsible, in coordination with other government authorities, for developing a comprehensive development program and ensuring its implementation monitoring and evaluation.
SMD Regional Council	Key functions include: (i) the development of an economic and social development plan for the region, (ii) the collection of taxes, fees and other charges levied on behalf of the region, (iii) promoting private investment, (iv) taking all measures to protect the environment, (v) adopting measures to streamline the management of water resources.
Water Basin Agency for the SMD	Main functions include: (i) the development of an integrated water resources plan and ensuring its implementation; (ii) issuing permits and licenses for the use of public water resources, (iii) establishing flood prevention infrastructure and fighting against floods.
Regional Observatory for the Environment and Sustainable Development (OREDD)	The Regional Observatory provides assessment and monitoring of environmental data needed for decision-making and continuous improvement of policies.
Regional Directorate of Agriculture for the SMD	Responsible for the development and enactment of regional agricultural development plans based on

STAKEHOLDERS	ROLES AND RESPONSIBILITIES
	national sectoral policies.
Social Development Agency (ADS)	Its action is dedicated to reducing poverty and promoting social development, in collaboration with other government entities operating in the same domain.
Division of Rural Affairs (DAR) for the wilayas	Responsible for rural affairs and related projects at regional level.
Network of Associations of the Argan Biosphere Reserve (RARBA)	Key functions include: (i) supporting community action for the preservation and proper management of natural resources, (ii) maintaining and enhancing cultural heritage, (iii) enabling and operationalising the Argan Biosphere Reserve (ABR), and (iv) technical and institutional support to member associations.
The Moroccan Association of Geographical Indication of Oil (AMIGHA)	As the holder of the PGI label for Argan oil the mission of the association is to coordinate and structure the work on the Argan value chain and identify with the professionals involved different strategies to promote the product and the PGI label.
Moroccan Inter-professional Federation of the Argan value chain (FIMARGANE)	Coordination and consultation between the various partners in the sector and acting as an interface between operators in the sector with government administrations and ANDZOA.
Moroccan Federation of Associations of Argan users	The Federation represents Argan user and defends their rights at local, regional and national levels
National Association of Argan Cooperatives (ANCA)	Professional organization providing technical support and promoting the partnership and mobilization of Argan cooperatives.
AgroTech Association	Association of institutions whose purpose is to support advanced agro-technology solutions in the SMD region, and assist companies in the field of research and/or the development of food biotechnology and agribusiness.
Local Development Associations (LDA)	Associations at the local level (municipalities or Douars) working to support local development.
Cooperatives and their Economic Interest Group (EIG)	Promote the production and marketing of local agro-biodiversity products and support income generation of their members.
Private companies	Companies marketing Argan oil for food and cosmetics or providing services associated with Argan products (wellness, massages, etc.).
Tourism operators	Operators active in the seaside and ecotourism sectors.
National institutions responsible for research, development and training	National institutions responsible for research, development and training in agriculture, forestry, environment and related disciplines: the National Institute for Agronomic Research (INRA); the Institute of Agronomy and Veterinary science (Hassan II); the National Forestry Institute (ENFI); the National School of Agriculture (ENA) Meknès; the University of Agadir, etc.
Regional Chamber of Agriculture for the SMD region	Represent the interests of its members (farmers) vis-à-vis public authorities, government and other stakeholders. It also has an advisory role to the administration and is asked to participate in development activities through training and information targeting farmers.
Chamber of Commerce and Industry for Agadir	Represents its members vis-à-vis public authorities, and provides government with information and advice on matters that contribute to the development of trade, industry and services.
United Nations Development Program (UNDP)	GEF Implementing Agency and member of the Project Board

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 (GEF Trust Fund/NPIF) or adaptation benefits (LDCF/SCCF):

The project incorporates the principle that the sustainable conservation of biodiversity and ecosystem services in the SMD region needs to be accompanied by the economic and social development of local populations, particularly the most vulnerable farmers in mountain and marginal zones. Project design is centred on the empowerment of local communities by promoting the conservation and management of biodiversity resources through community-based operations that generate new sources of income and help alleviate poverty. The project will deliver increased income flows to local communities via the pilot PES scheme. By introducing PES as a new conservation tool, mechanisms giving local populations a say in decisions while opening to partnerships with other government agencies and civil society will be strengthened. The establishment of an economic incentive directly linked to conservation and the achievement of global environment benefits, will reinforce the legitimacy of holders of traditional land rights in the ABR, with further positive potential returns through improved sense of ownership and greater sustainability of

conservation measures adopted. In addition, increased revenues for local communities will be generated by supporting the production and marketing of certified local agro-biodiversity products. The effectiveness of agro-biodiversity production systems will be improved, through targeted investment to promote organic production, labelling and eco certification. This will be achieved by focussing on the organic production of Argan oil and honey as well as their certification and marketing, generating increased incomes for local beneficiaries while ensuring the sustainability of related production systems. A new PGI label for local honey will be introduced and a professional organisation will be supported for the management of the certification process. In order to ensure an adequate return on these investments, the project will also support the development and implementation of strategic marketing plans for ABR-certified Argan oil and honey. The project will further assist partner consortia of cooperatives by facilitating the identification of feasible business opportunities and supporting their implementation.

Special attention will be paid to empowering women and ensuring that local traditions and cultural practices of participating populations are taken fully into account throughout the implementation phase. Available statistics on gender in the SMD region reveal some remarkable features. Employment levels for rural women in the SMD region are nearly 50% compared with 17% in urban areas and a national average of 25%. Similarly, the unemployment rate for rural women, estimated at only 0.7% in the SMD region, is by far the lowest in the country, where the recorded national average is 10.5%. As women in the local communities play a major role in the local agro-biodiversity value chains, they are included amongst the primary local beneficiaries of the project. The involvement of women will be further enhanced through support of local cooperatives, such as those for production of Argan oil, in which women are the main participants and by fostering key partnerships with businesses owned or operated by women leaders. The project will further advance gender considerations by integrating them into the design, negotiation and implementation of pilot PES schemes and the development of local agro-biodiversity value chains and the business sector. The content of communication tools produced by the project will aim to present equitable interactions across genders while promoting the goals associated with the conservation of biodiversity and of ecosystem services.

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

The project's circular economy approach based on the introduction of PES is highly cost-effective for it will have broad applicability at regional and national levels and impacts beyond the selected demonstration sites. Moreover, direct payments for conservation are generally considered to be a more effective and efficient mechanism than indirect payments and are usually more affordable. Administrative costs are minimized and the payments made may represent a substantial contribution to local livelihoods. By providing an economic incentive directly linked to conservation, the legitimacy of landowners and of holders of traditional land rights is strengthened with further positive potential returns through improved sense of ownership and greater sustainability of conservation measures adopted.

The project will also be cost effective because it will build upon an existing government supported programme for the set-aside of forest habitat in Morocco. The pilot PES scheme and the tools to be developed will provide new technical elements for decision making, opening the way for testing and mainstreaming the lessons to be learned. These can be consolidated and replicated beyond the life span of the project, thereby incorporating PES schemes into the future spectrum of conservation instruments available to Morocco.

Stakeholder participation at all project levels will contribute to the cost-effectiveness of the project. Building support from across multiple sectors, including local communities, and strengthening capacity of regional government departments and agencies will lead to cost-effective implementation of PES schemes that avoids duplication of work and ensures the sharing of timely information and resources. By contributing to the mainstreaming of environmental issues into the Green Morocco Plan (GMP), the project contributes directly towards larger national policy and regulatory goals in support of biodiversity conservation.

At a technical level, the streamlining of approaches through the establishment of a dedicated structure for the ABR that is responsible for the implementation of PES schemes will be a cost-effective investment in terms of project impact as well as for the subsequent operations of the ABR. The local coordination mechanism will ensure adequate planning and implementation of activities in line with the project objectives and local development and stakeholder

priorities, as well as complementing ongoing and planned programs and projects. By seeking the collaboration of a broad base of national organizations as well as drawing on specialist international technical resources and support, the project will have access to cost effective expertise for successful implementation.

C. DESCRIBE THE BUDGETED M & E PLAN:

Monitoring and reporting

Project monitoring and evaluation will be conducted in accordance with established UNDP and GEF procedures and will be provided by the project team and the UNDP Country Office (UNDP-CO) with support from the UNDP/GEF Regional Coordination Unit (UNDP/GEF-RCU). The Strategic Results Framework in Section II provides performance and impact indicators for project implementation along with their corresponding means of verification. The current GEF Tracking Tool for biodiversity mainstreaming projects (see Annex V) will be used as a standard instrument to monitor progress. The M&E plan includes: inception report, project implementation reviews, quarterly and annual review reports, and mid-term and final evaluations. The following sections outline the principal components of the Monitoring and Evaluation Plan and indicative cost estimates related to M&E activities. The project's Monitoring and Evaluation Plan will be presented and finalized in the Project's Inception Report following a collective fine-tuning of indicators, means of verification, and the full definition of project staff M&E responsibilities.

Key M&E activities

A Project Inception Workshop will be held within the first 2 months after signature of the Project Document 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 prepare the first year's annual work plan.

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

- a) Assist all partners to fully understand and take ownership of the project. Detail the roles, support services and complementary responsibilities of UNDP CO and UNDP/GEF-RCU staff vis-à-vis the DNP, SC and PMU. 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.
- b) 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.
- c) 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.
- d) Discuss financial reporting procedures and obligations, and arrangements for annual audit.
- e) Plan and schedule Steering Committee meetings. Roles and responsibilities of all project organisation structures should be clarified and meetings planned. The first Steering Committee Project Board meeting should be held within the first 12 months following the Inception Workshop.

The Inception Workshop report is a key reference document and must be prepared and shared with participants to formalize various agreements and plans decided during the meeting.

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 potential impact and probability of occurrence 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.

Annually:

Annual Project Review/Project Implementation Review (APR/PIR): This key report is prepared to monitor progress made since project start and in particular for the previous reporting period (01 July to 30 June). The APR/PIR combines both UNDP and GEF reporting requirements and will be submitted to the GEF after completion.

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).
- Financial delivery and resources mobilised
- Milestones, risks 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/GEF RCU will conduct regular visits to project sites to assess first hand project progress. Other members of the 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 Steering Committee members.

Mid-term Review:

The project will undergo an independent Mid-Term Review (MTR) at the mid-point of project implementation. The MTR 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; review delivery, milestones and project duration as well as the co-finance mobilised and further financing leveraged; present initial lessons learned about project design, implementation and management; and highlight issues requiring decisions and actions. Findings of this review will be incorporated as recommendations for enhanced implementation during the final half of the project's term. The organization and timing of the MTR will be decided after consultation between the parties to the project document. The Terms of Reference for this evaluation will be prepared by the UNDP CO based on guidance from and approval by the UNDP/GEF-RCU. The management response and the evaluation will be uploaded to UNDP/GEF corporate systems. The relevant GEF Focal Area Tracking Tools will also be completed during the mid-term evaluation cycle.

End of Project:

An independent Terminal Evaluation (TE) will take place three months prior to the final Steering Committee meeting and will be undertaken in accordance with UNDP and GEF guidance. The TE will focus on the delivery of the project's results as initially planned (and as corrected after the MTR, if any such correction took place). The TE 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 and approval by the UNDP/GEF-RCU.

The TE should also provide recommendations for follow-up activities and requires a management response. TE and management response will be uploaded to UNDP/GEF corporate systems.

The relevant GEF Focal Area Tracking Tools will also be completed during the TE.

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.

Learning and knowledge sharing

Results from the project will be disseminated within and beyond the project intervention zone through existing information sharing networks and forums.

The project will identify and participate, as relevant and appropriate, in scientific, policy-based and/or any other networks, which may be of benefit to project implementation through lessons learned. The project will identify, analyze, and share lessons learned that might be beneficial in the design and implementation of similar future projects.

Finally, there will be a two-way flow of information between this project and other projects of a similar focus.

Communications and visibility requirements

Full compliance is required with UNDP's Branding Guidelines (<http://intra.undp.org/branding>, <http://intra.undp.org/branding/toolkit.html>). Amongst other things, these guidelines describe when and how the UNDP logo needs to be used, as well as how the logos of donors to UNDP projects needs to be used. For the avoidance of any doubt, when logo use is required, the UNDP logo needs to be used alongside the GEF logo. The GEF logo can be accessed at: http://www.thegef.org/gef/GEF_logo. The UNDP logo can be accessed at <http://intra.undp.org/branding/download.html>.

Full compliance is also required with the GEF's Communication and Visibility Guidelines (the "GEF Guidelines")³. Amongst other things, the GEF Guidelines describe when and how the GEF logo needs to be used in project publications, vehicles, supplies and other project equipment. The GEF Guidelines also describe other GEF promotional requirements regarding press releases, press conferences, press visits, visits by Government officials, productions and other promotional items.

Where other agencies and project partners have provided support through co-financing, their branding policies and requirements should be similarly applied.

Audit clause

The Government will provide the Resident Representative with certified periodic financial statements, and with an annual audit of the financial statements relating to the status of UNDP (including GEF) funds according to the established procedures set out in the Programming and Finance manuals. The Audit will be conducted according to UNDP financial regulations, rules and audit policies by the legally recognized auditor of the Government, or by a commercial auditor engaged by the Government.

M&E work plan and budget

M&E Activities, Responsibilities, Budget and Time Frame:

³ GEF guidelines can be accessed at:
http://www.thegef.org/gef/sites/thegef.org/files/documents/C.40.08_Branding_the_GEF%20final_0.pdf and
http://www.thegef.org/gef/sites/thegef.org/files/documents/document/GEFBrand_Guidelines_EXT~.pdf.

Type of M&E activity	Responsible Parties	Budget US\$ <i>Excluding project team staff time</i>	Time frame
Inception Workshop and Report	<ul style="list-style-type: none"> ▪ Project Manager ▪ UNDP CO, UNDP/GEF RCU 	Indicative cost: \$ 10,000	Within first two months of project start up
Measurement of Means of Verification of project results.	<ul style="list-style-type: none"> ▪ Project Manager and UNDP/GEF RTA/ will oversee the hiring of specific studies and institutions, and delegate responsibilities to relevant team members. 	To be finalized in Inception Phase and Workshop.	Start, mid and end of project (during evaluation cycle) and annually when required.
Measurement of Means of Verification for Project Progress on <i>output and implementation</i>	<ul style="list-style-type: none"> ▪ Oversight by Project Manager ▪ Project team 	To be determined as part of the Annual Work Plan's preparation.	Annually prior to ARR/PIR and to the definition of annual work plans
APR/PIR	<ul style="list-style-type: none"> ▪ Project manager and team ▪ UNDP CO ▪ UNDP/GEF RCU ▪ UNDP EEG 	None	Annually
Periodic status/ progress reports	<ul style="list-style-type: none"> ▪ Project manager and team 	None	Quarterly
Mid-term Evaluation	<ul style="list-style-type: none"> ▪ Project manager and team ▪ UNDP CO ▪ UNDP/GEF RCU ▪ External Consultants (i.e. evaluation team) 	Indicative cost: \$ 40,000	At the mid-point of project implementation.
Final Evaluation	<ul style="list-style-type: none"> ▪ Project manager and team, ▪ UNDP CO ▪ UNDP/GEF RCU ▪ External Consultants (i.e. evaluation team) 	Indicative cost: \$ 40,000	At least three months before the end of project implementation
Project Terminal Report	<ul style="list-style-type: none"> ▪ Project manager and team ▪ UNDP CO ▪ local consultant 	\$ 0	At least three months before the end of the project
Audit	<ul style="list-style-type: none"> ▪ UNDP CO ▪ Project manager and team 	Indicative cost: \$ 3,000/year = \$ 15,000 total	Yearly
Visits to field sites	<ul style="list-style-type: none"> ▪ UNDP CO ▪ UNDP/GEF RCU ▪ Government representatives 	For GEF supported projects, UNDP visits are paid from IA fees and operational budget	Yearly
TOTAL indicative COST <i>Excluding project team staff time and UNDP staff and travel expenses</i>		\$ 105,000	

*Note: Costs included in this table are part and parcel of the UNDP Total Budget and Workplan (TBW) in the PRODOC, and not additional to it. Costs will be shared between UNDP and GEF according to the TBW.

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

A. RECORD OF ENDORSEMENT OF GEF OPERATIONAL FOCAL POINT ON BEHALF OF THE GOVERNMENT:

(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)
Mohamed Benyahya	Directeur de Partenariat, de la Communication, et de la Coopération (GOFP)	Ministère de l'Énergie, des Mines, de l'eau et de l'environnement	06 March 2012

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 (Month, day, year)	Project Contact Person	Telephone	Email Address
Adriana Dinu, UNDP/ GEF Executive Coordinator and Director a.i		January 16, 2014	Yves de Soye, Regional Technical Advisor and Financing Specialist, Ecosystems & Biodiversity	+421 911 360 250	yves.desoye@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).

The results Framework can be found at page 59 of the Project Document.

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

Comments	Response	Reference in the project document
Comments from the GEF Council		
<p><u>Germany</u>: The project fits well with overall policy on climate change adaptation and resources management. In case the project is to work in the Draâ valley, good cooperation should be established with the research programs IMPETUS and BIOTA as well as with the PRONALCD carried out with GTZ support.</p>	<p>Based on field work during the PPG study and consultations with all key stakeholders, the project intervention area has been restricted to the Argan Biosphere Reserve (ABR). The site, covering an area of 2,560,000 ha, is <u>not</u> located in the Draâ valley. Nevertheless, the project will actively seek to cooperate with all relevant projects and institutions in the SMD region, in order to ensure the effective upscaling of project results and that PES policies and related instruments are mainstreamed at regional and national levels in Morocco.</p>	<p>See Section 1, Part I: Introduction To Project Site Interventions § 58-60</p>
<p><u>Germany</u>: The project is attached to the Ministry of Environment, but a strong relationship should as well be established with the High Commissioner on Forests and Desertification control.</p>	<p>The project is not attached to the Ministry of Environment, but rather to the Ministry of Agriculture and Maritime Fisheries (MAMF). The High Commission for Water, Forests and Desertification Control (HCEFLCD) was consulted in depth – both at central and regional levels – and involved in all steps of the project preparation phase. Indeed, the PES model developed by the project will be based on the existing HCEFLCD supported compensation scheme for grazing set-asides in critical forest habitat. The project will build on this scheme by linking the strict conservation measures routinely enforced in set-aside areas under the HCEFLCD compensation scheme with a wide range of other sustainable management practices over much larger zones, either surrounding or in proximity of the set-aside areas.</p>	<p>See Section 1, Part III: Management Arrangements § 161-173</p>
<p><u>France</u>: The project aims at the protection of south Morocco ecosystems biodiversity through the promotion of “produits de terroirs” for an economical valorisation in the protected area of Souss Massa Draa. The objectives of this project, in particular, the promotion of “produits de terroirs” proposed by the project, are very close to the objectives promoted by the project “Protection and valorisation of South Moroccan Oasis” supported by the “Ministère de l’Aménagement du Territoire”, UNDP and FFEM. These initiatives should have to work closely in order to propose and to implement common strategies of valorisation and marketing.</p>	<p>As indicated in the first response to GEF council comments, the project intervention area has been restricted to the Argan Biosphere Reserve (ABR). The site does <u>not</u> cover the southern oases. However, lessons learned and best practices from the project “Protection and valorisation of South Moroccan Oasis” will be systematically integrated and capitalised through regular exchanges facilitated by UNDP staff in charge of quality assurance and knowledge management. In addition, synergies will be further explored through the National Agency for the Development of Oases and Argane Zones (ANDZOA). This specialised and autonomous agency affiliated to the MAMF, covers both the Argan forests and the southern oases and has become a major player within the SMD region. As a key project partner and stakeholder, ANDZOA will participate in the development and testing of innovative PES schemes that contribute to achieving the project’s environmental and socio-economic objectives.</p>	<p>See Section 1, Part I: Introduction To Project Site Interventions § 58-60</p> <p>Section 1, Part III: Project Goal, Objective, Components and Outputs/Activities Component 4: § 122-141</p>
Comments from STAP		
<p>STAP encourages the GEF agency to consider and refer to STAP’s general guidance on PES in preparing the full project document</p>	<p>The project addresses recommendations laid out by the STAP guideline document on PES, particularly those relevant to government financed schemes. In order to promote the successful uptake of PES, the interventions supported by this project have been designed to overcome operational issues</p>	<p>See Section 1, Part II: Project Rationale And Policy Conformity §73</p>

Comments	Response	Reference in the project document
	<p>such as types of contract and payment delivery mechanisms. GEF resources will be used to facilitate PES mechanisms by addressing start-up costs and will only be used to contribute to payments in a limited number of pilot cases on condition that the end-buyer of ES has been identified and its commitment has been formally confirmed. Moreover, the project will build on the forest set-aside mechanism already being implemented in Morocco reducing one of most important risks of PES as it guarantees resources for payment through already committed buyers while offering a functional platform for the replication of such PES schemes once operational barriers have been overcome</p>	<p>Section 1, Part III: Project Goal, Objective, Components and Outputs/Activities Component 4: § 122-141</p>

Responses to 1st GEF Secretariat Review of the CEO Endorsement Request Package

3989		
Morocco / Arab States		
MENARID: A circular economy approach to agro-biodiversity conservation in the Souss-Massa Drâa Region of Morocco		
UNDP	GEF Agency Project ID:	5079 (UNDP)
GEF Trust Fund	GEF Focal Area (s):	Biodiversity
14 June 2012	GEF-4 Strategic Programs:	BD-4; BD-5
01 November 2013	Date of 1st GEF-SEC Review of CEO Endorsement Request Package:	12 December 2013
16 January 2014		

Secretariat's Comments	UNDP's Response
and, its framework consistent & sufficiently clear (in particular for the outputs)	
<p>ernment institution will regulatory framework BR?</p>	<p>The project under component 1 will develop the PES enabling environment for Morocco. Meanwhile, the pilot PES scheme supported by the project will be based on Decree no. 2-85-892 of 31 December 1985, modified and completed by Decree no. 2-99-626 of 30 June 1999, establishing a compensation scheme for grazing set-asides in critical forest habitat through a temporary and voluntary surrender of rights by the legitimate users of such areas (see PRODOC § 31). Decree no. 1855-1801 of 21 March 2002 provided key implementation guidelines for this legislation – and has now been newly included in PRODOC Section IV Part I. This regulatory framework gives a mandate to the High Commission for Water and Forests and the Fight against Desertification (HCEFLCD) (see PRODOC § 31), which will therefore play a key role in approving and enforcing the regulatory framework of the PES scheme. However, the project will under component 4 formally establish a dedicated structure (a Public Interest Group; see PRODOC § 57, 83, 85, 92-93, 138-140) to eventually be put in charge of implementing and monitoring of the PES scheme to be piloted in the ABR/SMD.</p> <p>Especially in the initial phase of the project and in the ABR, the HCEFLCD will be supported by the National Agency for the Development of the Zones of Oasis and Argan (ANDZOA) and the project team (PES Specialist - see budget note 17 and Annex III Table 8) in the development and oversight of the proposed PES scheme. ANDZOA is a specialized and autonomous agency affiliated to the Ministry of Agriculture and Maritime Fisheries – the main national executing partner – established to promote the management and sustainable development of the oasis and the Argan ecosystems (see PRODOC § 20 and 61 Table 2); the agency has become a major player within the Souss Massa Drâa (SMD) region and has committed \$ 5,681,056 of co-financing for the project (see PRODOC Table 5 and the co-financing letter in Section IV Part I)</p>

<p>Honey in the proposed PES scheme? Are these buyers willing to pay 62\$/ha for 9,715ha for an annual total of \$612,045? Can the market of the Argan oil and honey coming out of the ABR support that annual “premium”?</p>	<p>have been \$41/ha/year. The error has been rectified in the new versions of PRODOC and CEO Endorsement Request.</p> <p>Secondly, under outcome 3 the project will support organic and sustainable production of Argan oil and honey in the Argan Biosphere Reserve as well as their certification and marketing/sale on the open market, securing a premium price to generate increased incomes to local-level suppliers (see PRODOC Outcome 3, § 106 - 121). This sale of (certified) Argan oil and honey products is however not <i>financially</i> linked with the proposed pilot PES scheme supported by the project, i.e. PES payments to ecosystem service providers do not depend on the revenue generated through the sale of Argan oil and honey products. The buyer under the PES scheme (outcomes 2 and especially 4) will initially be the Government providing <i>compensation for deferred grazing</i> (see response to GEFSEC comment # 1 above) – ensuring the maintenance of biodiversity and ecosystem services (including those underpinning honey and Argan oil production). An amount of \$41/ha/year will be paid within the 200-300 ha of <i>core set-aside areas</i> of the PES pilot schemes through resources already committed by the High Commission for Water and Forests and the Fight against Desertification (see PRODOC § 31). In the larger <i>sustainable use zones</i> foreseen under the pilot PES scheme, covering a further 1,000-1,500 ha, the amount of \$ 41/ha/year will be used as a benchmark to evaluate any further ES supplied towards the conservation and restoration of the Argan ecosystem – here the exact pricing mechanism will be determined during the project inception phase, but a simple empirical technique to set a reasonable price has already been proposed as an example in PRODOC § 134. In 2011 the deferred grazing scheme was implemented over 74,239 ha throughout Morocco, providing a total of Dh 18,559,750 (\$ 2,182,626) of compensation payments to 127 recognized associations of legitimate users (see PRODOC §31, new footnote 23). The government is committed to allocate the required resources to the project and its target area to pilot the PES scheme proposed through the project.</p> <p>Altogether therefore, local beneficiaries are expected to benefit from both the PES scheme and the certification scheme promoted by the project, combining the income and thereby incentives for ecosystem conservation and regeneration.</p>
<p>10 Dec 2013: 3a. What do land owners have to do to benefit from the PES scheme?</p>	<p>The proposed pilot PES scheme will be operated to ensure the effective conservation and regeneration of Argan trees and the maintenance of related ecosystem services in <i>core set-aside areas</i> of 200-300 ha and in more extensively managed <i>sustainable use zones</i> covering a further 1,000-1,500 ha (surrounding or in proximity of the core set-aside areas). PES / compensation payment levels are expected to be higher in the former (see PRODOC § 126). In line with the foundational compensation scheme for deferred grazing, the legitimate holders of (usage) rights to the land need to be formally organized as an association / cooperative and request to become beneficiaries of the PES scheme (see response to GEFSEC comment # 1 above; see § PRODOC 31). In <i>core areas</i>, beneficiaries will need to establish and strictly and fully protect set-aside enclosures from grazing. In these areas as well as in <i>sustainable use zones</i>, beneficiaries will need to follow other/further sustainable management</p>

	<p>practices agreed under the PES contract (e.g. simple “nursing regeneration” techniques protecting individual Argan seedlings, making of small basins around Argan saplings to improve the soil and water balance in proximity of the plant, as well as the rehabilitation of the customary practice of Agdal, a traditional system for the communal management of natural resources within a specific territory) (see PRODOC § 128-129). Beneficiaries would receive annual financial compensation after verification of compliance with contract terms and conditions or would be compensated in kind through the implementation of jointly defined development projects (see PRODOC § 90). In the initial phase of the project, the High Commission for Water and Forests and the Fight against Desertification and ANDZOA with support from the project team (PES Specialist - see budget note 17 and Annex III Table 8) will monitor the development of and compliance with the PES scheme, until the proposed dedicated structure (a Public Interest Group; see PRODOC § 57, 83, 85, 92-93, 138-140) in charge of implementation and monitoring of the PES scheme to be piloted in the ABR/SMD is formally established and operational.</p>
<p>10 Dec 2013: 3b. How many people will benefit from the PES scheme and what percentage of the payment made through the PES scheme will be used for the conservation of management of biodiversity in the pilot area??</p>	<p>Commitments to participate in the project were obtained during the project preparation phase from two key civil society organisations, namely the Federation of Associations of Right Holders of the Argan Biosphere Reserve (RARBA) (see support letter in Section IV, part I) and the Moroccan Inter-professional Federation of the Argan Value Chain (FIMARGANE). On this basis, the number of direct beneficiaries eligible to participate in the pilot PES schemes in the four project intervention sites has been estimated in collaboration with the HCEFLCD to be around 1,870 (see Table 3). Given that the average family size in the region is around 6, the total number of direct and indirect beneficiaries of the PES pilot schemes supported by the project can indicatively be estimated to about 10,000 people.</p> <p>Payments made through the PES schemes will be based on the effective adherence by ES suppliers to the conservation and sustainable use measures enforced in the PES core set-aside areas and sustainable use zones (see PRODOC § 128-129 and the response to GEFSEC comment # 3a above). The PES payments currently envisaged under the pilot scheme fall under two categories: (1) a direct payment to offset opportunity cost in the case of strict grazing set-asides (to the height of \$41/ha/yr) allowing habitat regeneration, to which no further conditions in terms of conservation action are attached; and (2) a direct payment for actual biodiversity and ecosystem management actions, the height of which will be determined at the onset of the project (see PRODOC § 128 & 134). The stipulated conservation techniques and sustainable use practices will be integrated as contractual obligations of ES suppliers. The actual payments will be based on the monitoring mechanisms and auditing protocols developed under output 4.4 of the project in order to verify the degree to which the suppliers of ES fulfil the requirements of their contracts and are therefore eligible for the agreed payments (see PRODOC § 139-140).</p> <p>The project and entire PES programme are designed to reduce pressures on biodiversity and ecosystems, and will therefore contribute to improving biodiversity status and ecosystem function.</p>

	<p>Additional information reflecting the above responses has been provided in PRODOC in Table 3a and in a new § 130.</p>
<p>10 Dec 2013: 4. What potential ES buyers in Table 3 of the PRODOC have expressed interest in buying Ecosystem Services? The list of potential ES and buyers in Table 3 could apply to a myriad of situations around the world. Unless there is a buyer with an explicit intent to buy an ES, this type of exercise render little to no returns on investment. In the world of ES everybody seems to be selling, and nobody appears to be interested in buying. This section should be removed. This is no more than an academic exercise with very low probability of success.</p>	<p>So far only the government has expressed a willingness to pay for the ES in the ARB, on the basis of the grazing set-aside regulations under the HCEFLCD. However the project is designed to progressively go beyond this initial PES model. During project inception the supply-demand chain for PES in the ABR should be further analysed to help define options for widening the scope of the PES scheme and for bundling ecosystem services, including through the involvement of new ES buyers (see PRODOC § 131). ANDZOA, a key project partner, has indicated throughout the project preparation phase a willingness to lead the development and testing of innovative PES schemes that contribute to achieving the agency’s mandate and the project’s environmental and socio-economic objectives. In this respect, the indicative elements summarised in Table 3 for a possible expanded PES model in the four intervention sites were judged useful as they illustrate potential options; hence Table 3 was maintained in the PRODOC, and revised to include the number of potential beneficiaries of pilot PES schemes supported by the project to help respond to GEFSEC comment # 3b above.</p>
<p>10. Is the project consistent and properly coordinated with related initiatives in the country or in the region?</p>	
<p>10 Dec 2013: The selling of Argan Oil as a commodity under a certification scheme hinders on any efforts to sell the oil as a genetic resources under the provisions of the Nagoya Protocol. Please also consider the UNDP-GEF project 4953 to develop a national framework on ABS. What does the GoM say about this?</p>	<p>The certification scheme for Argan oil will promote sustainability and environmentally-friendly management practices that are valued by consumers willing to pay a “premium” for certified Argan oil in the market place. The marketing and sale of certified Argan oil is considered biotrade, and does not fall under ABS as the mechanical act of extracting the oil does not comply with the definition of “utilization of genetic resources” of the Nagoya Protocol, which is “to conduct research and development on the genetic and/or biochemical composition of genetic resources, including through the application of biotechnology”. Moreover, for Argan oil providers/producers to benefit from the certification scheme should not depend on any benefit-sharing agreement under the future national ABS framework; oil producers will directly benefit through the price premium they will receive through the certification of their product. In the view of the project proponents, including most notably the Government of Morocco, there is therefore no negative interference between the sale of Argan oil as a commodity under a certification scheme and the possible future exploitation of an Argan oil chemical component or derivative under the provisions of the Nagoya ABS Protocol. Both value-creation mechanisms (commodity certification and ABS) can be pursued in parallel. While the present project will cover the commodity certification, the separate UNDP-GEF project (UNDP ID 4953, GEF ID 5605) will develop the national ABS framework for genetic resources that comply with the definition of utilization of genetic resources of the Nagoya Protocol. Synergies between the two projects, in terms of <i>inter alia</i> stakeholder engagement and Argan market analyses will be fully exploited.</p> <p>The sections on the ABS project in <i>Table A.7. Coordination with other relevant GEF financed initiatives of the CEO Endorsement Request</i> and <i>Part II - Table 6. Coordination and collaboration between project and related</i></p>

	<i>initiatives</i> were amended to reflect this here.
Justification for GEF Grant	
18. Is the GEF funding level of project management budget appropriate?	
10 Dec 2013: The Project Management Budget needs to be calculated as a percentage (10%) of the subtotal (\$2.3 million), not as a percentage of the Total Project Cost (\$2.6 million)	<p>The project management budget for the GEF funds was recalculated to 10 % of the activity subtotal as requested. In consequence, budget tables and related calculations including in the incremental cost analysis and TBW had to be adjusted as well (even if the difference in terms of amount is rather minor).</p> <p>At the same time, the co-finance project management budget was raised to the same % level, again with implications for related calculations. All changes are highlighted in yellow throughout the PRODOC and CEO Endorsement Request.</p> <p>The new key figures are:</p> <ul style="list-style-type: none"> • GEF project activity subtotal \$2,406,611 + project management budget \$240,661 (for a total of \$2,647,272 as before). • Cofinance project activity subtotal \$6,818,182 + project management budget \$681,818 (for a total of \$7,500,000 as before). <p>In the review process a related error was found in the PRODOC: the M&E budget in the M&E table in the M&E section wrongly indicated elements summing up to \$70,000. This table was updated to reflect the correct figures (total of \$105,000) in the CEO Endorsement Request M&E section, already included in the original submission of the package in November 2013.</p>
22. Has the Tracking Tool been included with information for all relevant stakeholders?	
10 Dec 2013: The Tracking Tools need to be submitted in the Excel template.	The Tracking Tools is included in Excel format in the resubmitted package. It was slightly corrected, with changes highlighted in yellow in the table imported into the PRODOC. This includes an increase of the mentioned expected co-finance from \$ 4.1 million to \$ 7.5 million.

Further comments:

- During the revision it was noted that *Table B - Project Framework* in the *CEO Endorsement Request* still contained the old component descriptions. These were updated to reflect the new ones in the PRODOC. The changes are highlighted in yellow.
- During the revision it was noted that the budget in PRODOC *Table 4. M&E Activities, Responsibilities, Budget and Time Frame* was an outdated version different from the one in the CEO Endorsement Request. The version in the PRODOC was updated to ensure consistency.
- The term “enclosure” was replaced throughout the document with the more accurate term “enclosures”.

ANNEX C: STATUS OF IMPLEMENTATION OF PROJECT PREPARATION ACTIVITIES AND THE USE OF FUNDS⁴

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

PPG Grant Approved at PIF: 80,000 USD			
Project Preparation Activities Implemented	GEF/LDCF/SCCF/NPIF Amount (\$)		
	Budgeted Amount	Amount Spent To date	Amount Committed
ACTIVITY 1: Project preparation	80,000	30,336	49,664
Total	80,000	30,336	49,664

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)

⁴ 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 E: Letter of Endorsement by GEF Operational Focal Point



000223

06 MAR 2012

To: Mr Yanick GLEMAREC
Executive Coordinator
Global Environment Facility Unit (UNDP-GEF)
United Nation development Program
304 East 45th Street, 9th Floor
New York, NY 10017USA

Subject: Endorsement of the project "A circular economy approach to agro-biodiversity conservation in the Souss Massa Drâa region of Morocco".

In my capacity as GEF Operational Focal Point for Morocco, I confirm that the above project proposal (a) is in accordance with the government's national priorities and the commitments made by Morocco under the relevant global environmental conventions and (b) has been discussed with relevant stakeholders, including the global environmental convention focal points, in accordance with GEF's policy on public involvement.

In my understanding, this project proposal previously endorsed for the IFAD, was cleared by the CEO in April 24th 2009 for an indicative amount of 2,647,272 \$US from RAF resources, and then approved by the Council in its 35th meeting. A PPG request for 80 000 \$ was prepared and submitted by the IFAD (the previous GEF Agency).

Following the IFAD's renunciation to prepare and execute this project and the acceptance of the UNDP to do that, I hereby support the change of the GEF Agency for the project mentioned above.

Accordingly, I am pleased to endorse the preparation of the above project proposal with the support of the UNDP. The proposal will be prepared and implemented by Ministry of Agriculture and Marine Fisheries. Further, I request the UNDP to provide a copy of the project document before it is submitted to the GEF Secretariat for CEO endorsement.

Sincerely,

Le Directeur du Partenariat, de la
Communication et de la Coopération

Mohamed BENYAHIA

GEF Operational Focal Point

Copy to: Biodiversity Convention Focal Point