



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

GEF ID:	4773		
Country/Region:	Peru		
Project Title:	Conservation and Sustainable Use of High-Andean Ecosystems through Compensation of Environmental Services for Rural Poverty Alleviation and Social Inclusion in Peru		
GEF Agency:	IFAD	GEF Agency Project ID:	
Type of Trust Fund:	GEF Trust Fund	GEF Focal Area (s):	Biodiversity
GEF-5 Focal Area/ LDCF/SCCF Objective (s):	BD-2; BD-2; Project Mana;		
Anticipated Financing PPG:	\$0	Project Grant:	\$5,354,545
Co-financing:	\$29,000,000	Total Project Cost:	\$34,354,545
PIF Approval:	January 12, 2012	Council Approval/Expected:	February 01, 2012
CEO Endorsement/Approval		Expected Project Start Date:	
Program Manager:	Ian Gray	Agency Contact Person:	Jes�s Quintana

Review Criteria	Questions	Secretariat Comment at PIF (PFD)/Work Program Inclusion <sup>1</sup>	Secretariat Comment At CEO Endorsement(FSP)/Approval (MSP)
Eligibility	1. Is the participating country eligible?	December 13, 2011 Yes - CBD: 1993 and CCD: 1995	
	2. Has the operational focal point endorsed the project?	December 13, 2011 Yes, letter from J A Gonzalez Norris dated November 30, 2011	
Agency's Comparative Advantage	3. Is the Agency's comparative advantage for this project clearly described and supported?	December 13, 2011 Yes IFAD has demonstrated comparative advantage in TA for productive landscapes and investment interventions for LD and SFM.	
	4. If there is a non-grant instrument in the project, is the GEF Agency capable of managing it?	December 13, 2011 There is no non-grant instrument.	

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

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

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

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	5. Does the project fit into the Agency's program and staff capacity in the country?	<p>December 13, 2011 The project will be supervised from IFAD's national office. Please provide additional details on the levels of support available.</p> <p>January 04, 2012 Additional details of IFAD supervisory capacity provided. Cleared.</p>	
Resource Availability	6. Is the proposed Grant (including the Agency fee) within the resources available from (mark all that apply):		
	<ul style="list-style-type: none"> <li>the STAR allocation?</li> </ul>	<p>December 13, 2011 Yes as of December 08, 2011 Peru had allocated only \$3.6 million from \$37.9 million within the STAR allocation. Please revise the calculations within Tables A, B, C and D as the totals are not correct.</p> <p>January 04, 2012 LD and SFM/REDD elements removed. Figures revised.</p>	
	<ul style="list-style-type: none"> <li>the focal area allocation?</li> </ul>	<p>December 13, 2011 Yes , the totals are within the amounts remaining to be programmed within the FA allocations. The amount requested from the SFM envelope is within the 1:3 ratio.</p> <p>January 04, 2012 LD and SFM elements removed from project.</p>	
	<ul style="list-style-type: none"> <li>the LDCF under the principle of equitable access</li> </ul>		
	<ul style="list-style-type: none"> <li>the SCCF (Adaptation or Technology Transfer)?</li> </ul>		

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	<ul style="list-style-type: none"> <li>• Nagoya Protocol Investment Fund</li> </ul>		
	<ul style="list-style-type: none"> <li>• focal area set-aside?</li> </ul>		
Project Consistency	7. Is the project aligned with the focal /multifocal areas/ LDCF/SCCF/NPIF results framework?	<p>December 13, 2011 Generally but needs closer alignment for example Table A Output 2.2.1 does not fit with Objective BD-2, Outcome 2.2 does not appear to have a clear output. Also please ensure that individual outcomes have separate lines in the table and are costed separately.</p> <p>January 04, 2012 Table A revised. LD and SFM elements removed.</p>	
	8. Are the relevant GEF 5 focal/ multifocal areas/LDCF/SCCF/NPIF objectives identified?	<p>December 13, 2011 The link to BD-2 is not clear - please explain how the project will "mainstream" BD issues and sustainable use given the relatively modest extent of field elements and the lack of project elements to support uptake elsewhere. In order to access the SFM/REDD incentive the the initial project needs to be forest focused - however the project here seems to be dealing with a wide range of habitat types, of which forests is only one. Please explain clarify the extent to which the project focuses on forests rather than non-forest habitats.</p> <p>January 04, 2012 Additional information on mainstreaming are provided. Output 2.2.1 in Table A does not really fit well</p>	

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		<p>as a stand-alone element of Outcome 2.1 and should be removed. Given the much clearer description of improvement of institutional and regulatory frameworks in Component 2 it would add clarity to the proposal to detail Outcome 2.2 as a separate Outcome.</p> <p>January 10, 2012 Table A amended. Please ensure that no that GEF money be spent on rehabilitation and restoration; this element should be funded by the IFAD hard loan.</p>	
	<p>9. Is the project consistent with the recipient country's national strategies and plans or reports and assessments under relevant conventions, including NPFE, NAPA, NCSA, or NAP?</p>	<p>December 13, 2011 Generally in line with PLANAA Objective 4.2 to promote forest management and reforestation and develop PES mechanisms and Objective 4.6 to reduce land degradation. Please explain how the project links to existing efforts to develop Watershed Councils and work on establishing rights and benefit sharing efforts in relation to PES. Please also explain how STAP advice on PES is being addressed.</p> <p>January 04, 2012 Links to PLANAA provided. Information on PES-related activities now included. Cleared.</p>	
	<p>10. Does the proposal clearly articulate how the capacities developed, if any, will contribute to the sustainability of project outcomes?</p>	<p>December 13, 2011 Field level implementation will undoubtedly develop capacities of those involved however there is a need for clearer and more detailed description of</p>	

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		<p>how training and capacity development will take place to ensure outcome sustainability and how management techniques are to be maintained among Government staff, local communities and NGO/CSO.</p> <p>January 04, 2012 Capacity building elements now included within the text. Cleared.</p>	
Project Design	<p>11. Is (are) the baseline project(s), including problem (s) that the baseline project(s) seek/s to address, sufficiently described and based on sound data and assumptions?</p>	<p>December 13, 2011 The existing conditions are described in B1. However the description of the baseline project - IFAD's "Program for Local Development Support in Highland and High Altitude Rainforest Areas" is not clear nor describes the baseline activities and levels of investment. This, along with Government of Peru efforts in SNAP and MINAM should be detailed.</p> <p>January 04, 2012 Baseline project elements now clearly described. Cleared.</p>	
	<p>12. Has the cost-effectiveness been sufficiently demonstrated, including the cost-effectiveness of the project design approach as compared to alternative approaches to achieve similar benefits?</p>		
	<p>13. Are the activities that will be financed using GEF/LDCF/SCCF funding based on incremental/ additional reasoning?</p>	<p>December 13, 2011 Given the lack of baseline project details this will need to be reconsidered after baseline information is provided. However please ensure that the activities which result in global</p>	

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		<p>environmental benefits are clearly identified. At present neither what is at risk in the absence of the project nor the GEBs that result from the project are clearly described.</p> <p>January 04, 2012 A more detailed explanation is now in B2 and fuller description of project components given. Cleared.</p>	
	<p>14. Is the project framework sound and sufficiently clear?</p>	<p>December 13, 2011 The project objective in Table B appears to be missing the last part of the sentence. The project largely focuses on field level activities and limited information is provided on how technical capacity and inter-agency issues are to be addressed. Please explain how the two components are integrated into existing government structures and processes - both appear to be isolated efforts at present, Component 1 has no description of how this connects or integrates with ongoing or planned Government efforts and structures. Please clarify the role the project plays in developing the legal platform for PES in Peru - considerable efforts are already underway, how does the project complement the General Environmental Law's direction to States to develop PES mechanisms. Please provide more details on the development of the trust funds and how these will be financed from GEF and co-finance.</p>	

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		<p>Please explain the rationale for the very modest investment in LD (roughly 1% of FA funds allocated) in relation to the overall project and its incremental role in leveraging \$2.9 million in LD co-finance.</p> <p>Please provide additional details on the development of the two trust funds and their operation.</p> <p>January 04, 2012  The project framework has been completely revised and has removed the LD and SFM elements. In particular additional detail has been added on the improvement of institutional frameworks and how the two project components are linked. Further information on the development of PES and trust funds has been provided, including incorporation of STAP guidance on PES. Cleared.</p>	
	<p>15. Are the applied methodology and assumptions for the description of the incremental/additional benefits sound and appropriate?</p>	<p>December 13, 2011  The project does not identify Global Environmental Benefits except in very general terms of areas of reforested, rehabilitated, conserved or taken under sustainable management. Paragraph 27 provides some information but insufficient to justify the project investment. Please provide a clearer explanation of the incremental benefits. Also, confirm that rehabilitation/reforestation is being carried out with LD rather than BD funds. All SFM/REDD projects are required to provide some indication of</p>	

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		<p>the carbon benefits resulting from the project - please provide an estimate.</p> <p>January 04, 2012 Benefits now defined generally as conservation and improved management within 3 watersheds of 9,000 ha high Andean forest, 4,000 ha bofaldes and 12,000 ha pajonales and paramos. However please provide complementary BD status indicators that would allow clear identification of GEBs.</p> <p>January 10, 2012 Additional detail has been provided in the text. Please ensure by time of CEO endorsement there are indicators and targets for the status of the species and solid biological proxies or species measures for each habitat (paramos etc.) in which the GEF is investing.</p>	
	<p>16. Is there a clear description of: a) the socio-economic benefits, including gender dimensions, to be delivered by the project, and b) how will the delivery of such benefits support the achievement of incremental/ additional benefits?</p>	<p>December 13, 2011 There is limited detail of what socio-economic benefits are expected despite the project being largely field-focused. Please explain what socio-economic benefits are likely to accrue to local communities engaged with the project and how the delivery of these support the success of the project objectives.</p> <p>January 04, 2012 Additional information provided. Cleared.</p>	
	<p>17. Is public participation, including CSOs and indigeneous people, taken into consideration, their role</p>	<p>December 13, 2011 The project, particularly Component 1 is presented with very limited participation</p>	

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	identified and addressed properly?	<p>of local communities and CSOs. Given that changes in land use techniques are a key mechanism of the project please explain how the project will involve local land users and NGO/CSO groups.</p> <p>January 04, 2012 Additional information included in the text. Cleared.</p>	
	18. Does the project take into account potential major risks, including the consequences of climate change and provides sufficient risk mitigation measures? (i.e., climate resilience)	<p>December 13, 2011 Generic risks and potential mitigation are identified - these would be expected to be made more project specific at CEO Endorsement. The issue of inter-departmental collaboration would appear to be important in Peru given the number of departments involved in land-use decision making, please explain how the project will mitigate this risk.</p> <p>January 04, 2012 Details of Project Steering Committee and Watershed Councils included, sufficient detail at this stage.</p>	
	19. Is the project consistent and properly coordinated with other related initiatives in the country or in the region?	<p>December 13, 2011 The links to other projects - in particular those dealing with PES - need to be made more clear, please explain how the project is integrated with ongoing efforts with development of PES in the country. Additionally how does the project coordinate with GIZ-funded efforts on forest conservation and also the links to the ongoing work with Peru's REDD Readiness Plan.</p>	

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		<p>January 04, 2012 Links to existing PES efforts of GIZ, WWF and CARE now outlines. Cleared.</p>	
	<p>20. Is the project implementation/ execution arrangement adequate?</p>	<p>December 13, 2011 Please explain more fully the executing arrangements with MINAM, the regional governments, municipalities and the rural communities.</p> <p>January 04, 2012 Details of project coordination have been expanded. Cleared.</p>	
	<p>21. Is the project structure sufficiently close to what was presented at PIF, with clear justifications for changes?</p>		
	<p>22. If there is a non-grant instrument in the project, is there a reasonable calendar of reflows included?</p>		
<p>Project Financing</p>	<p>23. Is funding level for project management cost appropriate?</p>	<p>December 13, 2011 PMC is slightly above the maximum 5%, please reduce the PMC to within the 5% limit.</p> <p>January 04, 2012 The PMC remains slightly above the 5% threshold. Please ensure the PMC is below 5% in line with PIF Preparation Guidance. This should be calculated not to exceed 5% of the GEF project grant amount before PMC i.e. 5% of the Sub-Total in Table A, rather than 5% of the Total Project Cost.</p> <p>January 10, 2012 PMC is now below 5%.</p>	

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	<p>24. Is the funding and co-financing per objective appropriate and adequate to achieve the expected outcomes and outputs?</p>	<p>December 13, 2011 Please explain the very modest use of LD funds (see Q14). GEF investment per ha is in the region of \$335 which is quite high - much clearer description of the GEBs expected from the project is required to be able to justify this amount.</p> <p>January 04, 2012 LD and SFM elements have been removed. Field activities are in the order of \$94/ha which still seems to be high given the nature of the project area, additionally paragraph 32 notes that \$2 million of Component 2 is to be used in the trust funds also to provide incentives for BD and ecosystem protection. Please justify this level of expenditure and provide some additional information on what activities will be funded in Component 1.</p> <p>January 10, 2012 Additional details of the creation of the trusts and management under the coordination of MINAM is provided. A full breakdown of activities related to the PES development and field-level operations and costs is expected at CEO Endorsement.</p>	
	<p>25. At PIF: comment on the indicated cofinancing; At CEO endorsement: indicate if confirmed co-financing is provided.</p>	<p>December 13, 2011 Cofinancing is at a ratio of 1:5.4 of which 89% is grants or loan.</p> <p>January 10, 2012 Cofinance from MINAM and other</p>	

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		agencies and municipal governments is now zero please either reinstate or remove these.	
	26. Is the co-financing amount that the Agency is bringing to the project in line with its role?	December 13, 2011 \$29 million loan finance from IFAD which makes up 91% of co-finance.  January 10, 2012 The IFAD loan now makes up 100% of cofinance.	
Project Monitoring and Evaluation	27. Have the appropriate Tracking Tools been included with information for all relevant indicators, as applicable?		
	28. Does the proposal include a budgeted M&E Plan that monitors and measures results with indicators and targets?		
Agency Responses	29. Has the Agency responded adequately to comments from:		
	• STAP?		
	• Convention Secretariat?		
	• Council comments?		
	• Other GEF Agencies?		
<b>Secretariat Recommendation</b>			
Recommendation at PIF Stage	<b>30. Is PIF clearance/approval being recommended?</b>	December 13, 2011 Not at this stage, please address the above issues.  January 04, 2012 Please address comments in Q8 and Q23.  January 10, 2012 Issues addressed. Recommended for clearance.	

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	31. Items to consider at CEO endorsement/approval.	1. GEF BD funds should not be used for restoration/rehabilitation work. 2. Indicators and targets for status of GEB species and ecosystems should be developed. 3. Guidance from STAP on PES should be fully incorporated into project design. 4. Clear description of selected PES-related field activities and breakdown of costs.	
Recommendation at CEO Endorsement/ Approval	32. At endorsement/approval, did Agency include the progress of PPG with clear information of commitment status of the PPG?		
	<b>33. Is CEO endorsement/approval being recommended?</b>		
Review Date (s)	First review*	December 13, 2011	
	Additional review (as necessary)	January 04, 2012	
	Additional review (as necessary)	January 10, 2012	
	Additional review (as necessary)		
	Additional review (as necessary)		

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

#### REQUEST FOR PPG APPROVAL

Review Criteria	Decision Points	Program Manager Comments
PPG Budget	1. Are the proposed activities for project preparation appropriate?	
	2. Is itemized budget justified?	
Secretariat Recommendation	<b>3. Is PPG approval being recommended?</b>	
	4. Other comments	

Review Date (s)	First review*	
	Additional review (as necessary)	

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