



REQUEST FOR CEO ENDORSEMENT/APPROVAL
PROJECT TYPE: Full-sized Project
THE GEF TRUST FUND

Submission Date: June 15, 2009
Re-submission Date: July 15, 2009

PART I: PROJECT INFORMATION

GEFSEC PROJECT ID: 3549
GEF AGENCY PROJECT ID: P104670
COUNTRIES: Kazakhstan, Kyrgyz Republic,
PROJECT TITLE: Tien Shan Ecosystem Development Project
GEF AGENCY: World Bank
OTHER EXECUTING PARTNER(S): (i) State Agency for Environmental Protection and Forestry of the Kyrgyz Republic; and (ii) Forestry and Hunting Committee under the Ministry of Agriculture of the Republic of Kazakhstan
GEF FOCAL AREA(s): Biodiversity, SO1
GEF-4 STRATEGIC PROGRAM(s): **BD-SP3-PA** Networks, **SFM-SP2-PA** Networks, **SFM-SP3-LULUCF**, **SFM-SP5-** Markets, **SFM-SP7-Forest**
NAME OF PARENT PROGRAM/UMBRELLA PROJECT: N/A

Expected Calendar (mm/dd/yy)	
Milestones	Dates
Work Program (for FSPs only)	01/2008
Agency Approval date	08/27/09
Implementation Start	10/2009
Mid-term Evaluation (if planned)	11/2012
Project Closing Date	11/2014

A. PROJECT FRAMEWORK

<p>Project Objective: Contribute to improving ecosystem management and sustainable forestry in the project areas of Kazakhstan and the Kyrgyz Republic. Global Environmental Objectives:</p> <ul style="list-style-type: none"> improving biodiversity conservation contributing to climate mitigation by sequestering carbon dioxide in forests in the Kyrgyz Republic 								
Project Components	Indicate whether Investment, TA, or STA ²	Expected Outcomes	Expected Outputs	GEF Financing ¹		Co-Financing ¹		Total (\$) c=a+ b
				(\$ m)	%	(\$ m)	%	
1. Strengthening Biodiversity Conservation in Protected Areas and Productive Landscapes	Investment, TA	Improve management of 12 protected areas Increase environmental awareness and benefits from eco-tourism	Improved scores in management effectiveness as measured by the Management Effectiveness Tracking Tool At least 39,000 eco-tourists visiting PAs at project completion Number of public awareness initiatives implemented on PAs, tourism and CITES UNESCO nomination of the Western Tien Shan	3.045	13	3.867	17	6.912

2. Forestry and Carbon Trading in the Kyrgyz Republic	Investment, TA	<p>Diversify local livelihood strategies in ways that reduce threats to biodiversity by increasing benefits from eco-tourists and availability of forest products</p> <p>Increase long-term financial sustainability of the State Agency for Environmental Protection and Forestry of the Kyrgyz Republic (SAEPF) and Aiyl Okmotu of the Kyrgyz Republic</p> <p>Demonstrate the feasibility of carbon finance from forestry in the Kyrgyz Republic to generate knowledge and serve as a model for the region.</p>	<p>Fruits, nuts, and firewood available for local communities including: - 100,000 tons of apple - 1.3 million cubic meter of poplar round wood harvested during 2018-27</p> <p>Employment generated for 580 persons</p> <p>Gross Carbon revenue: US\$0.340 million by project closing in 2014 (net value US\$0.189 million) and US\$1.23 million in 2017 (net value US\$0.63 million).</p> <p>At least 80% of the gross value of VER redistributed to project participants (including local communities, Aiyl Okmotus, and forest agencies)</p> <p>- Project Design Document verified by CDM - Exchanges with potential Agriculture, Forestry, and Land Use (AFOLU) project proponents in the region and internationally</p>			14.349	63	14.349
3. Project management				0.305	1	1.299	6	1.604

Total Project Costs	3.350	14	19.515	86	22.865
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¹ List the \$ by project components. The percentage is the share of GEF and Co-financing respectively of the total amount for the component.

² TA = Technical Assistance; STA = Scientific & Technical Analysis.

B. SOURCES OF CONFIRMED CO-FINANCING FOR THE PROJECT

<i>Name of Co-financier (source)</i>	<i>Classification</i>	<i>Type</i>	<i>Project \$m</i>	<i>%*</i>
International Fund for Agricultural Development (IFAD)	Multilat. Agency	Grant	8.000	41
Japan: Policy and Human Resources Development (PHRD)	Others (specify)**	Grant	0.408	2
Government of the Kyrgyz Republic	Nat'l Gov't	Cash and In-kind	1.983	10
Government of Republic of Kazakhstan	Nat'l Gov't	Cash and In-Kind	3.193	17
Beneficiaries	Beneficiaries	In-kind	5.931	30
Total Co-financing			19.515	100%

* Percentage of each co-financier's contribution at CEO endorsement to total co-financing. . ** Bilateral funds passed through the World Bank

C. FINANCING PLAN SUMMARY FOR THE PROJECT (\$ MILLION)

	<i>Project Preparation a</i>	<i>Project B</i>	<i>Total c = a + b</i>	<i>Agency Fee</i>	<i>For comparison: GEF and Co-financing at PIF</i>
GEF financing	0.050	3.350	3.400	0.34	3.74
Co-financing	0.338	19.515	19.853		11.20
Total	0.388	22.865	23.253	0.34	14.94

D. GEF RESOURCES REQUESTED BY AGENCY, FOCAL AREA AND COUNTRIES

<i>GEF Agency</i>	<i>Focal Area</i>	<i>Country Name/ Global</i>	<i>(in \$million)</i>			
			<i>Project Preparation</i>	<i>Project</i>	<i>Agency Fee (b)¹</i>	<i>Total c=a+b</i>
World Bank	Biodiversity	Kyrgyz Republic	0.05	1.00	0.10	1.15
World Bank	Biodiversity	Republic of Kazakhstan		2.35 ²	0.24	2.59
Total GEF Resources			0.05	3.35	0.34	3.74

¹ Relates to the project and any previous project preparation funding that have been provided and for which no Agency fee has been requested from Trustee.

² At the request of the Government of Kazakhstan -GEF Focal Point, the amount of \$50,000, originally allocated for project preparation, will be used for the project grant. Thus, the project allocation for Kazakhstan is \$2.35 million. See also Annex D.

E. CONSULTANTS WORKING FOR TECHNICAL ASSISTANCE COMPONENTS:

<i>Component</i>	<i>Estimated person weeks**</i>	<i>GEF amount(\$)</i>	<i>Co-financing (\$)</i>	<i>Project total (\$)</i>
Local consultants*	989	890,000	359,000	1,249,000
International consultants*	26	108,000	111,000	219,000
Total	1,015	998,000	470,000	1,468,000

* Details provided in Annex C, **Instructions state "List the total estimated person weeks/months needed for the GEF resources"

F. PROJECT MANAGEMENT BUDGET/COST

<i>Cost Items</i>	<i>Total Estimated person weeks/months</i>	<i>GEF amount (\$)</i>	<i>Co-financing (\$)</i>	<i>Project total (\$)</i>
Local consultants*	697	207,000	814,000	1,021,000
International consultants*	0	0	0	0
Office facilities, equipment, vehicles and communications*		91,000	536,000	627,000
Travel*		7,000	63,000	70,000
Others**		0	0	0
Total	697	305,000	1,413,000	1,718,000

* Details provided in Annex C. ** For others, it has to clearly specify what type of expenses here in a footnote.

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

(If non-grant instruments are used, provide in Annex E an indicative calendar of expected reflows to your agency and to the GEF Trust Fund).

H. DESCRIBE THE BUDGETED M & E PLAN: Project monitoring and evaluation activities (M&E) will be the direct responsibility of the Project Implementation Units (PIUs), which may contract consultants to support these functions. Project actions, expenditures and progress towards identified objectives will be monitored by the implementing agencies and reported in regular progress reports to concerned officials and relevant stakeholders so that appropriate action can be taken. See also Annex A, Results Framework.

Component A: PA management effectiveness will be monitored against two main indicators that also provide a standard of international comparison: (a) Threat Reduction Assessment, which produces the Threat Reduction Assessment Index (TRA Index), a summary indicator of the degree to which a project has succeeded in reducing site-specific conservation threats; and (b) the Management Effectiveness Tracking Tool. To monitor the impact of eco-tourism development activities, the number of visitors per year to a PA will be used. These three indicators should be adopted as standard monitoring practice to be carried out regularly by the two governments, including after project closing; training will be provided to create sustainable monitoring capacity. Additional M&E will be in the form of activities under the Protected Area Management subcomponent which will include introducing cost-effective biodiversity monitoring systems.

Component B: To monitor the benefits of forestation activities is challenging since most benefits will materialize after project closing. Indicators such as area reforested, employment generated, and carbon sequestered will be used as proxy for these future benefits. When possible, as in the case of employment, monitoring will be disaggregated according to gender and poverty level of beneficiaries.

Clean Development Mechanism monitoring. CDM Afforestation/Reforestation project activities are described in the Carbon Finance Project Design Document (10 PDDs are currently under preparation). In compliance with CDM requirements, the PDD provides detailed information, such as a reforestation schedule of all specific sites defined according to a geo-referenced map, expected net carbon sequestration, and monitoring plan. The PDD is subject to validation, i.e., the documentation is reviewed and random samples of sites are assessed by a Designated Operational Entity (DOE).

The PIU will monitor carbon sequestration, based on the validated CDM monitoring plan. Permanent sample plots, established to measure tree growth, will be randomly audited and sampled for indicators including growth parameters, survival rates, biodiversity, and forest health, among others. The monitoring system will use the project database and GIS platform, established by PDD requirements.

Initially, the BioCarbon Fund will purchase VERs based on the PIU internal annual monitoring and the resulting SAEPP reports and according to the Emissions Reductions Purchase Agreement (ERPA). The monitored net carbon benefits and their alignment with the validated project design will be verified, i.e., determined retroactively by a DOE at the end of the first commitment period in 2012 and subsequently every five years. The DOE conducting verification will not be the

same one hired for validation. Depending on verification results, subsequent years' ERPA may be adjusted and verification procedures can be adapted for VERs produced in excess of the ERPA to be signed with the BioCarbon Fund, depending on the state of the voluntary carbon market at that time.

For activities on Aiyl Okmotu lands and managed by the Community Development and Investment Agency (ARIS), the above scheme will be complemented by a system of participatory monitoring and evaluation implemented by ARIS community institutions, mainly the Local Investment Union Executive Committee (LIC). Community institutions will develop detailed procedures to monitor and supervise community micro-project implementation and social mobilizations, supported by technical capacity building. During the social mobilization an independent village-level Monitoring and Evaluation Group will be established. For activities implemented on Goslesfund lands, the Lezkhozes (LHs, State Forest Enterprises) will monitor, evaluate, and report, complemented by the PIU internal monitoring team and external auditors, if appropriate. The total project costs for all forms of M&E are estimated at \$995,000 of which \$455,000 is financed by GEF. See also Annex 4 in the Project Document for further details of M&E activities.

PART II: PROJECT JUSTIFICATION:

- A. STATE THE ISSUE, HOW THE PROJECT SEEKS TO ADDRESS IT, AND THE EXPECTED GLOBAL ENVIRONMENTAL BENEFITS TO BE DELIVERED:** Project Document (PD), Part I. Strategic Context and Rationale, Sections A & B, Annexes 1, 3 & 15.
- B. DESCRIBE THE CONSISTENCY OF THE PROJECT WITH NATIONAL AND/OR REGIONAL PRIORITIES/PLANS:** Project Document, Part I. Strategic Context and Rationale, Section B, Rationale for Bank Involvement.
- C. DESCRIBE THE CONSISTENCY OF THE PROJECT WITH [GEF STRATEGIES](#) AND STRATEGIC PROGRAMS:** Project Document, Part I. Strategic Context and Rationale, Section C, Higher Level Objectives to which the Project Contributes.
- D. JUSTIFY THE TYPE OF FINANCING SUPPORT PROVIDED WITH THE GEF RESOURCES.** The financing support provided will be in the form of a grant. This is justified by the lack of government budgetary resources to address biodiversity conservation and to support climate mitigation. However, the governments will provide in-kind and cash co-financing for the project. In addition, GEF resources will not be supporting loans, revolving funds or similar financing arrangements in the project. In Kazakhstan, support of small-scale biodiversity conservation-related activities will be through grants for which proposals will have to demonstrate economic viability where appropriate.
- E. OUTLINE THE COORDINATION WITH OTHER RELATED INITIATIVES:** Coordination with the Bank-financed Forest Protection and Reforestation Project in Kazakhstan will be assured by sharing the same implementing agency and World Bank Task Team Leader. In Kazakhstan, coordination with the Dryland Management Project (GEF-financed) is expected to facilitate exchange of information on the carbon sequestration rates of different ecosystems. In the Kyrgyz Republic, coordination with the Bank-supported Agricultural Investment and Services Project will benefit the project through improvement of pasture and subsequent reduced grazing pressure. The community based forestry activities will be planned, implemented, and supervised through the framework of the Village Investment Project. The project will share good practices with the Central Asia Countries Integrated Land Management (CACILM) – the multi-country partnership framework in sustainable land management. The GEF/ADB partnership (2005-2015) focuses on restoration, maintenance and enhancement of the productive functions of land in Central Asia leading to improved economic and social well-being of those who depend on these resources while preserving the environmental functions of land. See also Annex 2 of the Project Document.
- F. DISCUSS THE VALUE-ADDED OF GEF INVOLVEMENT IN THE PROJECT DEMONSTRATED THROUGH [INCREMENTAL REASONING](#) :** Project Document, Annex 15, Incremental Cost Analysis
- G. INDICATE RISKS, INCLUDING CLIMATE CHANGE RISKS, THAT MIGHT PREVENT THE PROJECT OBJECTIVE(S) FROM BEING ACHIEVED AND OUTLINE RISK MANAGEMENT MEASURES:** Project Document, Part III. Implementation, Section E, Critical Risks and Controversial Aspects. The Global Environment Objectives are: a) improving biodiversity conservation; and b) contributing to climate mitigation by sequestering carbon dioxide in forests in the Kyrgyz Republic. In addition to the activities that directly support this objective and establish a carbon trading model for the region, investments will be made in increasing local capacities for sustainable management and monitoring of ecosystems that are vulnerable to climate change.

H. EXPLAIN HOW COST-EFFECTIVENESS IS REFLECTED IN THE PROJECT DESIGN: Project Document, Part IV, Appraisal Summary, Section A, Annex 9, Economic and Financial Analysis.

PART III: INSTITUTIONAL COORDINATION AND SUPPORT

A. INSTITUTIONAL ARRANGEMENT: Project Document, Part III, Sections A & B,


B. PROJECT IMPLEMENTATION ARRANGEMENT: Project Document, Part III, Sections A & B, Annex 6.

PART IV: EXPLAIN THE ALIGNMENT OF PROJECT DESIGN WITH THE ORIGINAL PIF: Overall the project remains in alignment with the original PIF and global benefits for biodiversity and contributions to sustainable forest management. The GEF request remains unchanged both in terms of the overall grant, and the allocation between countries. At the request of the GEF Focal Point of the Government of Kazakhstan, the project preparation funds allocated to Kazakhstan will be used for the project grant, to support implementation, making the total allocation for Kazakhstan \$2.35million. However, changes in project scope have been made in response to GEF and Bank reviews that recommended thematic concentration in the area of biodiversity. Initially the project envisaged focusing on two strategic programs in the Biodiversity focal area, namely SP-1 Sustainable Financing of Protected Area Systems at the National Level, and SP-3 Strengthening Terrestrial Protected Area Networks. The project now only focuses on SP-3. The project still anticipates contributions to the sustainable financing of PAs, particularly in the Kyrgyz Republic, from benefits to be realized through the forestation/carbon-financing mechanisms of the project, but these mechanisms will only produce results after project closing. Furthermore, in response to GEF and World Bank concerns over dispersing efforts too thinly, the number of PAs in the project has been reduced to 12 in total and the small grants activity dropped for the Kyrgyz Republic.

The primary co-financing sources remain generally the same as in the original PIF. Items worth noting include: (a) an increase in the IFAD grant contribution from \$3 million to \$8 million; (b) an increase in the in-kind contributions of beneficiaries from \$1.5 million to \$5.9 million; and (c) an overall increase in project co-financing from \$11.2 million to \$19.9 million.

PART V: AGENCY(IES) CERTIFICATION

This request has been prepared in accordance with GEF policies and procedures and meets the GEF criteria for CEO Endorsement.

Agency Coordinator, Agency name	Signature	Date (Month, day, year)	Project Contact Person	Telephone	Email Address
Steve Gorman GEF Executive Coordinator The World Bank		July 15, 2009	Angela Armstrong GEF Regional Coordinat or	(202) 458-0975	aarmstrong@worldbank.org

ANNEX A: PROJECT RESULTS FRAMEWORK

Results Framework

PDO	Project Outcome Indicators	Use of Project Outcome Information
<p>Contribute to improving ecosystem management and sustainable forestry in the project areas of Kazakhstan and the Kyrgyz Republic.</p> <p>Global Environmental Objectives:</p> <ul style="list-style-type: none"> • improving biodiversity conservation • contributing to climate mitigation by sequestering carbon dioxide in forests in the Kyrgyz Republic 	<ul style="list-style-type: none"> • 13,950 ha of new forests established and maintained • Levels of key threats to biodiversity for each PA remain unchanged as measured through a Threat Reduction Assessment Index • Verified Emission Reduction (VER) sold (a crucial measure of reforestation sustainability): <ul style="list-style-type: none"> – 179,000 tCO₂e at project closing in 2014 – 500,000 tCO₂e by 2017 	<p>Insufficient achievement of indicators should trigger revisions of project implementation arrangements or even design</p> <p>Assess PA management of threats, and adjust based on findings</p> <p>Carbon sequestration estimates will be used for CDM Validation and Verification and to sell VER to the BioCarbon Fund, closing in 2017</p>
Intermediate Outcomes	Intermediate Outcome Indicators	Use of Intermediate Outcome Monitoring
<p>Improved management of 12 protected areas, natural parks, and hunting reserves</p>	<p>Progress in protected areas management effectiveness as measured by the Management Effectiveness Tracking Tool Scores</p>	<p>Assess PA management effectiveness and/or adjust project interventions and management based on experience with implementation</p>
<p>Increase environmental awareness and benefits from eco-tourism</p>	<p>Number of eco-tourists visiting PAs</p> <p>Number of public awareness initiatives implemented on PAs, tourism and CITES</p> <p>UNESCO nomination of the Western Tien Shan</p>	<p>The numbers of eco-tourists may highlight problems in campaign design and suggest revisions. Public awareness initiatives may flag problems in activity design and implementation and suggest revisions.</p> <p>The nomination process may flag issues to address in transboundary cooperation and areas requiring attention in PA management.</p>
<p>Diversify local livelihood strategies in ways that reduce threats to biodiversity by increasing benefits from eco-tourists and availability of forest products</p>	<p>Fruits, nuts, and firewood available for local communities including:</p> <ul style="list-style-type: none"> – 100,000 tons of apple – 1.3 million cubic meter of poplar round wood harvested during 2018-27 <p>Employment generated</p>	<p>Insufficient achievement of indicators should trigger revisions of project implementation arrangements or design.</p>
<p>Increase long-term financial sustainability of the State Agency for Environmental Protection and Forestry of the Kyrgyz Republic (SAEPF) and Aiyl Okmotu of the Kyrgyz Republic</p>	<ul style="list-style-type: none"> • Gross Carbon revenue¹: US\$0.340 million by project closing in 2014 (net value US\$0.189 million) and US\$1.23 million in 2017 (net value US\$0.63 million). 	<p>Insufficient achievement against indicators should trigger revisions of project implementation arrangements or design.</p>

¹ Gross Carbon Revenue before payments of the costs associated to the VER (registration fees, verification, and advance of the BioCarbon Fund for project preparation).

	<ul style="list-style-type: none"> • Net value redistributed between the SAEPF and Lezkhozes, Aiyl Okmotu, communities and private groups/investors. Around 80% of the gross value of VER redistributed to project participants (including local communities, Aiyl Okmotus, and forest agencies) 	
Demonstrate the feasibility of carbon finance from forestry in the Kyrgyz Republic to generate knowledge and serve as a model for the region.	<ul style="list-style-type: none"> • Project Design Document verified by the CDM • Exchanges with potential Agriculture, Forestry, and Land Use (AFOLU) project proponents in the region and internationally 	<p>Problems with acceptance of PDD may flag issues in project design requiring attention</p> <p>Number and success of exchanges indicate interest or otherwise in carbon trading model</p>
Effective project management	<ul style="list-style-type: none"> • Project implementation timely and well-coordinated 	Delays and/or coordination problems may flag shortcomings in capacity and/or high-level support that need to be addressed.

Arrangements for results monitoring

Project Outcome Indicators	Baseline	Target Values					Data Collection and Reporting		
		YR1	YR2	YR3	YR4	YR5	Frequency and Reports	Data Collection Instruments	Responsibility for Data Collection
Area reforested and afforested	0	2500	3,400	3,500	2,400	2,150	Annual	Monitoring of implementation and maintenance through regular, random controls by PIU Monitoring team (financed by the PHRD grant, after project closing financed by carbon revenue), participatory community monitoring through ARIS	SAEPP of the Kyrgyz Republic through the Project Unit, and ARIS
Verified Emission Reduction (VER) sold (detailed annual targets to be estimated in the ERPA)	0					179,000	Annual	Monitoring of tree growth by permanent sample plots, according to the CDM monitoring plan;	Forestry Agency of the Kyrgyz Republic through the Project Unit
Threat Reduction Assessment Index	Currently under estimation (expected before effectiveness)					At least remains unchanged	Annual	PA monitoring systems and reports on sub-component A2	Project Implementation Units
Intermediate Outcome Indicators									
Improved management of 12 protected areas (measured with the Management Effectiveness Tracking Tool,	Currently under estimation (expected before effectiveness)	All PAs using METT		At least 40% of PAs show improvement		All PAs show improvement	At least project start, mid-term and completion	PA reporting	PIUs and PA authorities

METT, previously ME Score Cards)									
Number of public awareness initiatives implemented on PAs, tourism and CITES	0	2	3	2	2	1 By project completions at least 10 initiatives/campaign conducted	Annual reporting	Project progress and TA reports	PIUs
UNESCO nomination of the Western Tien Shan	No		Yes				Once	PA monitoring systems and reports on sub-component A2	PIUs
Number of eco-tourists visiting PAs	35,634 (2007)	36,750	37,485	38,235	39,000	39,780	Annual	PA monitoring systems and reports on sub-component A2	PIUs and PA authorities
Employment generated (persons/year)	0	338	519	634	575	580	Annual	Monitoring system	PIUs
Value of VER redistributed to project participants (including local communities, Aiyi Okmotus, and Forest Agency)	0	85%	85%	85%	85%	85%		Monitoring system and reports	PIU
Exchanges with potential Agriculture, Forestry, and Land Use (AFOLU) project proponents in the region and internationally	0	1	2	1	1	1 At least 6 during the project with on international	Annual	Project monitoring systems and reports	PIUs
Project Design Document validated by a Designated Operational Entity under the CDM and the registered with the CDM Executive Board		PDD validation				PDD registration		Verification	PIU

Effective project management	Not applicable	Project becomes effective	Implementation timely and completion within project periods possible	Implementation timely and completion within project periods possible	Implementation timely and completion within project periods possible	Project management ensures completion of project on schedule	Project progress reports	Compilation from PIU, PA an TA reports	PIUs
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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)

GEF STAP Screen Report at PIF, 5 June 2008

1. The connection between the threats listed and the activities proposed are not clear (with the exception of the connection between greater enforcement and reduced threats).

Response: See items 10 and 11 in the review and responses below. Furthermore, the project Results Framework now includes a specific outcome indicator that will focus on changes in threat levels to protected area that will elaborate the assessment of threats in the Protected Area Management Effectiveness Tracking Tool.

2. In what way will the project support improved management of existing forests?

Response: See items 12 and 13 below and Project Document, Part II, Project Description, including section C, Project Components, paragraph 28, Annex 4, Detailed Project Description, Component B.3. Improved Forest Management, Annex 17, Collaborative Natural Resource Management.

3. How will GEF funds be able to increase tourism in the region and why would tourism reduce the threats to forest (through changes of behavior, increased in political support, revenues for forestry department?).

Response: As a destination, the Tien Shan offers a variety of tourism experiences from mountaineering to bird-watching to sharing nomadic lifestyles.² Although the Tien Shan features prominently in Kyrgyz tourism offerings, operators are increasingly recognizing value of offering Tien Shan-based experiences that include both countries. For Almaty-based operations that focus on the Tien Shan, including Kyrgyz destinations extends the trip and diversifies the tourism experience. Marketing a regional approach to tourism would benefit the Tien Shan protected areas in both countries.³ The project will support the development and implementation of public awareness and information campaigns to boost support for biodiversity conservation, generate interest in the region's natural and cultural heritage, and raise awareness about national obligations associated with international conservation treaties. The sub-component will include public awareness programs, CITES campaign, and UNESCO World Heritage Site nomination activities. In combination with improved PA management planning and supporting local initiatives that identify and strengthen the economic incentives to conserve the resources on which tourism depends, the project anticipates beneficial impacts. See also Project Document, Annex 4, Component A..

4. Are the efforts across these two nations coordinated in a transboundary initiative or are they only linked by the proximity to the ecosystem (as transboundary coordination is complex and costly, neither approach is necessarily superior, but it should be clarified).

Response: Based on a lesson learned from other transnational projects in the region, the proposed project (a) includes only Kazakhstan and the Kyrgyz Republic; and (b) intends to implement at regional level only activities that require transboundary coordination. See Project Document, Part II, Project Description, Sections D & E, and items 23 and 24 below.

5. The biodiversity links/synergies between the reforestation initiative (not funded by GEF) and the forest conservation activities (funded by GEF) are not clear. They appear as simply too separate projects and although the reforestation activities are claimed to have biodiversity benefits in the proposal, these benefits are not clearly spelled out.

Response: See items 1 to 3 below

² Tien Shan focused tourism offerings have been finalists in the British Airways Tourism for Tomorrow Awards in 2004, and selected as an Outstanding Trip of the Year in Outlook Magazine (2005).

³ An example of regional cooperation is the Community-based Tourism Central Asia Network, led by CBT in the Kyrgyz Republic with partners already in Kazakhstan, http://www.cbtkyrgyzstan.kg/index.php?option=com_content&task=view&id=100&Itemid=98

GEF Council Review at Work Program Inclusion, July 2008

Swiss Review, GEFSEC Project ID 3549

► **1. Which are the links and synergies between the two thematic project components: biodiversity conservation and reforestation / carbon trading?**

The project assumes that the reforestations will become habitats for biodiversity, but apart from the intention that “the reforestation will concentrate on degraded land and that the selection of species will strictly control that no species with potential for invasiveness will be used” little information is given on the reforestations’ contribution to biodiversity conservation. The question is: how much will the reforestation contribute towards the targets of biodiversity conservation?

Reforestation which aims at maximizing the benefits with view to carbon sequestration may even be in conflict of interest with biodiversity conservation. Therefore it is necessary to clarify the conceptual aspects of the reforestation with regard to biodiversity conservation.

Considering that the current project is fully subscribed to the GEF focal area biodiversity, its component on reforestations and carbon trading should also follow the logic of biodiversity conservation and also quantify its benefits in terms of biodiversity conservation. Otherwise we would prefer considering fully separating the two thematic components into two project proposals. It is underlined that also the STAP reviewer was concerned about the lack of clear synergies.

2. In addition to what is stated above, the main synergy between biodiversity conservation and reforestation/carbon trading are: (a) in both countries the forestry departments are responsible for both activities. Protected areas have insufficient budget allocation, particularly in the Kyrgyz Republic to operate properly, and forest generated revenues, including carbon credits, will increase the financial resources available for the whole department, thus increasing its capacity to finance protected areas management; (b) a potential conflict between carbon revenue maximization and biodiversity protection exists. The management of such conflict is evidence of synergy between the two components: This is not optimal to maximize carbon trading benefits, and results from a balance between the two objectives.

3. The comprehensive requirements of the CDM and its procedures require a thorough assessment of ecosystems, their condition and biodiversity on the project sites. Biodiversity and potential risks thereto will be monitored throughout the project implementation.

4. *And last but not least, one could even raise the question: why is this project not submitted within the multi-focal area?*

5. Because available GEF funding was from the biodiversity focal area

► **6. Component (1) on biodiversity conservation is very ambitious and needs a further thematic concentration.**

On the one hand, this component refers to protected areas as well as to productive landscapes, implying different types of measures. On the other hand, the range and type of activity seems rather wide, covering forestry, hunting, agro-biodiversity and even eco-tourism.

Detailed information for each type of activity / field of intervention is necessary, such as: baseline studies, specific objectives and targets, indicators, etcetera.

We feel that this scope may be too ambitious, expect detailed information for each type of activity and recommend further thematic concentration in order to minimize the risk of dispersing efforts.

7. Project Appraisal, May 2009: the component was revised to reduce its complexity. Key actions agreed were: (a) remove the small grants sub-component in Kyrgyz Republic entirely; and (b) to reduce the

number of Protected Areas which would be supported by the project in the Kyrgyz Republic. The PIU and the State Agency for Environmental Protection and Forestry of the Kyrgyz Republic agreed on the following criteria to identify the Protected Areas that would be supported by the project: (a) biodiversity value indicated by the number of species, (b) number of red book species, (c) international importance as designated under international conventions, (d) transboundary position, and (e) no substantive previous/current donor financing. On the basis of these criteria, it was agreed that the total number of Kyrgyz PAs will be 7, giving 12 PAs in total in the project.

► **8. Lack of impact indicators in terms of global benefits.**

The indicators given in the project framework matrix are rather general. It is absolutely necessary to further specify them with regard to the different types of activity and to complement them with regard to impact and environmental benefits.

9. Please see Project Document, Annex 3: Results Framework and Monitoring” for indicators.

► **10. Is the strategy on biodiversity conservation sufficiently sound?**

We share the STAP reviewer’s comment that the connection between the threats listed and the activities proposed is not sufficiently clear.

We not only expect that this will be shown with more soundness in the project document, but recommend as well to include the observation of the threats in the monitoring system and defining indicators which are appropriate to measure the project’s benefits in terms of threat reduction.

11. Thanks for this useful recommendation. See Table 10 of Project Document (and shown below)

TABLE 10 – THREATS/OBSTACLES TO BIODIVERSITY PROTECTION AND REFORESTATION AND PROJECT ACTIONS

Threats/obstacles to biodiversity protection and reforestation	Project actions
Overgrazing in lower lands	Collaborate with pasture committees Improve forest management Improve stakeholder collaboration (local communities, Aiyl Okmotus, LH)
Unregulated hunting (especially of charismatic flagship species) and wild plant collection	Improve PA management, research support, public awareness
Over-exploitation of fuel-wood	Improve forest management Reforestation. Improve stakeholder collaboration (local communities, AO, LHs)
Loss of habitat	Forestation Improve forest management
Poor management of PAs due to lack of capacity and finance	Strengthen the PAs with equipment (horses, cameras, GPS, etc.), TA, eco- tourism (trekking itineraries, maps, tourist information) Introduce carbon trading as source of revenue
Long returns from investments in reforestation	Include grant elements in investments Introduce carbon trading Introduce multiple-benefit trees (e.g., orchards) Diversify livelihood resources
Lack of financial resources of protected areas, natural parks, and LHs	Contribute to initial investment Introduce carbon trading Develop revenue-generating forest activities and eco-tourism
Excessive top-down strict conservation measures	Support participatory conservation measures and small grants to generate collaboration with local

► 12. **High risk of failure of the reforestation efforts?**

The PIF states that the survival rate of the already existing reforestation efforts is only 10% and assumes implicitly that with a higher budget the survival rate of the GEF assisted reforestations will be much better.

We feel that the risk of failure of the new reforestations remains high and believe that the lack of budget allocation for the follow-up of the reforestations is not the only explanation. We therefore suggest a more thorough analysis of the reasons of such a low survival rate, and subsequently a more detailed strategy in response to it.

13. According to past experiences, good reforestation results were achieved with a sufficient budget and when proper technology standards were applied. The IFAD grant will be invested in quality planting material, forest protection and irrigation and initial maintenance of forests. The carbon revenue will then take over from this project and create a strong incentive to improve survival and sustainability of established forest plantations. Moreover, the involvement of local communities in planning, implementation, management, and monitoring of reforestation will increase the sustainability forest plantations.

We concur that insufficient budget is not the single reason for low survival rates. Other factors include *inter alia*:

- distortive targets which account only for quantity but not quality
- lack of quality planting materials
- lack of appropriate soil preparation and planting techniques
- insufficient forest protection
- lack of coordination with local communities and resulting conflicts over the displacement of user rights which risks causing conflicts with herders

The project revised targets and monitoring in terms of carbon sequestered will provide specific incentive to achieve targets. Pilots already carried out during the spring of 2009 are proving the project collaboration with ARIS and mitigation measures is significantly improving coordination with local communities.

14. *[Swiss] Conclusions and Recommendations. Basically we support the current proposal and are convinced that it can become an important effort for global biodiversity conservation.*

Apart from that we expect that our concerns are carefully considered in the further planning process and we also recommend:

- *envisaging two independent projects in the case that the contributions of component (2) on reforestation and carbon trading are not sufficiently relevant for biodiversity conservation*

15. Forest ecosystems of the Kyrgyz Republic form an integral part of Tien Shan biodiversity and should be supported as well. We hope the above explanations were sufficient to clarify.

- *concentrating component (1) regarding biodiversity conservation on less thematic issues.*

16. Component 1 now concentrates on BD-SP-3 PA Networks.

17. **Further questions.** *Is the project component (2) additional to the ongoing efforts or does it substitute the countries' ongoing efforts with forestation?*

18. A key requirement for CDM projects is to prove “additionality”, i.e., project participants have to show that the project would not have happened without the carbon credits. A mere replacement of on-going efforts or full financing of all previous expenditures would contradict this principle. Reforestation activities will be

additional to, and complement the reforestation activities currently undertaken by the Government of the Kyrgyz Republic.

19. *Why does the project component (2) concentrate exclusively on the Kyrgyz Republic?*
20. Kazakhstan initially not ratified the Kyoto Protocol and does not have budget limitations similar to the Kyrgyz Republic. In Kazakhstan, several reforestation activities are under implemented, including restoration of pine forest of Preirtyshand and plantation establishment on the dry bottom of the Aral Sea with partial financing from the World Bank.
21. *Are there any synergies envisaged with the GEF's overall programme on small grants?*
22. Not that we are aware of.

Comments by Germany

23. *It is not said what the value-added of submitting the project as a joint effort between Kyrgyzstan and Kazakhstan is. Is transnational cooperation a national priority (see chapter B. on "Consistency of the project with national priorities/plans")?*
24. The value-addition of a transboundary effort result from improving coordination between two countries that share approximately 1,000 km of a mountainous ecosystem, including a network of contiguous natural protected areas. Experience shows that enhanced regional cooperation can significantly improve management of transboundary issues, to the benefit of all parties. Some examples are: (a) monitoring globally endangered migratory species along transboundary habitats is more effective than national monitoring. For instance, the Tien Shan represents the most northwestern mountain range where the snow leopard is present. The border between Kazakhstan and the Kyrgyz Republic is at the most northern extreme of this mountain chain, right at the margin of snow leopard's range. Therefore this transboundary area is uniquely positioned to monitor numbers and habitat changes and provide an early warning of risks to species' population for habitats to the south; (b) regional destinations can attract more tourists; and (c) regional cooperation is likely to expand benefits from carbon trading because the experiences in the Kyrgyz Republic have significant potential to be replicated in the large agricultural area of Kazakhstan, where conservation agriculture could also reduce greenhouse gas emissions. Both international and national activities are interrelated: The national activities – development of sustainable tourism, strengthening the PAs, environmental education – will benefit from transnational cooperation.
25. *The linkage between component 1 and component 2 needs to be elaborated. Will GEF funds be used for managing component 2 as well?*
26. See above the response to a similar Swiss comment. GEF funds will not be used to finance reforestation and afforestation activities in the Kyrgyz Republic to avoid the risk of "double dipping"
27. *The project envisages the investment of US\$7.0m for the afforestation of 18,000 ha, giving a unit price of US\$388 per ha. This price is very much at the lower end of afforestation costs and it would be good to get some economic data to show that these 18,000 ha can actually be afforested with the available funds.*
28. Area to be reforested has been reduced to 13,950 ha, including 1,400 ha of assisted natural regeneration. In addition, investments for reforestation and afforestation were increased to \$13.2 million (including an increased grant from IFAD, beneficiaries contribution, and also for the first years of maintenance). This leads to an average of \$946 per ha, but much higher for some species (such as irrigated poplar).

29. *The proposal gives little information what kind of impact can be expected from the first component other than ecotourism. The methodological approach is still at a very generic level and needs further elaboration, taking into account the limited potential of ecotourism.*

30. The approach has been further elaborated. See Annex 4 of the Project Document for a detailed component description.

Technical Comments from the United States

31. *This is a commendable project, and we like how it combines protected area strengthening with initiatives for reforestation, carbon sequestration, sustainable land management. We have two suggestions for the final project proposal.*

- *In terms of ecotourism development, the project should consider supporting other lodging options besides camping and yurts, but based on a demand analysis. There might be opportunities to support community owned/managed lodges, which could be developed in partnership with conservation NGOs and experienced private sector providers.*

32. Suggestion incorporated. Small grants could be used for such objective in Kazakhstan. Unfortunately, given the limited amount of funds available, the team was forced to drop the small grant activities in the Kyrgyz Republic.

- *We're pleased that the project will guard against invasive species, but the preferential approach should be to replant native tree species with the aim of rehabilitating natural forests. We would like to see a discussion or description in the proposal of the planned mix between rehabilitated native forests and plantation forests, which will have lower biodiversity values.*

33. No invasive species will be used. Species are either indigenous or have been proven as non-invasive in the country for many decades, such as some species of poplar. These species are those with higher growth and thus with higher financial return. See Table 4 of the Project Document for a list of the species planned to be used for forestation activities.

ANNEX C: CONSULTANTS TO BE HIRED FOR THE PROJECT USING GEF RESOURCES

<i>Position Titles</i>	<i>\$/ person week*</i>	<i>Estimated person weeks**</i>	<i>Tasks to be performed</i>
For Project Management			
<i>Local (Kazakhstan)</i>			
PIU Director***	300	260	Overall project management and government and donor liaison
PIU Financial Manager***	250	260	Financial management of project activities
PIU Procurement Specialist***	250	150	Project procurement and related activities
Project Audit	1000	27	Annual project audits and reporting
Justification for Travel, if any:			
For Technical Assistance			
<i>Local</i>			
Environment/Biodiversity Specialists***	250	427	Provision of TA on environmental and biodiversity aspects, and coordination of PA management support
Communication Specialists	800	213	Design, implementation and monitoring of communication strategies on biodiversity, sustainable tourism and other topics as needed
Small Grant Specialist (Kazakhstan)***	250	156	Management of Small Grant Program
Guide Trainers	800	54	Provision of training and support materials for ecotourism guides
Monitoring and Evaluation Specialist	800	47	Provision of TA in PA and biodiversity monitoring including threat levels and management effectiveness
PA Management Planner	800	25	Provision of training and assistance in integrated PA management planning
Website Developer	800	6	Design of project website
Public Outreach Specialist	800	61	Extension services in support of project activities
<i>International</i>			
PA Management Planner	4000	5	Provision of training and assistance in integrated PA management planning and mentoring national consultant
Ecological and PA monitoring specialist	4000	15	Technical assistance and training in establishing cost-effective and replicable monitoring systems for PAs
World Heritage Site Designation	4000	6	UNESCO assistance in nomination and declaration of World Heritage Site designation
Justification for Travel, if any:			

* Provide dollar rate per person week. ** Total person weeks needed to carry out the tasks. *** These are long-term contracts and related travel and associated costs have not been included as they have in other consultant positions.

**ANNEX D: STATUS OF IMPLEMENTATION OF PROJECT PREPARATION ACTIVITIES AND THE USE OF FUNDS
EXPLAIN IF THE PPG OBJECTIVE HAS BEEN ACHIEVED THROUGH THE PPG ACTIVITIES UNDERTAKEN.**

Initially, \$50,000 was allocated to each country to assist in project preparation. While the Government of the Kyrgyz Republic did obtain a project preparation grant (PPG) of \$50,000, the Government of Kazakhstan has funded project preparation directly from its own resources and the GEF Focal Point has requested that the project grant be increased.

The objectives of the PPG for the Kyrgyz Republic were as follows:

- i. Detailed design of project component: Strengthening Biodiversity Conservation in Protected Areas and Productive Landscapes including preparation of a feasibility study (covering implementation arrangements, procurement details, work plans, etc.), reviewing communication activities, and establishing key project baselines
- ii. Assessment of the legal framework for protected areas, hunting, and forestry;
- iii. Financial, social and environmental assessments for the PAs and forests in the Tien Shan project area.

Update on current PPG activities:

i. Component Design: A national consultant has been hired to prepare a feasibility study/project implementation plan and together with PA management, is assessing PA operations, and collecting necessary information. As a result, the needs of the PAs and threats in management will be defined, and recommendations will be prepared for the purposes of the government-mandated feasibility study. Work plans and budgets will also be prepared. The scope of this work has been revised given the reduction in the number of PAs to be directly supported by the Project. Baselines are also being established, namely for protected area management effectiveness, threat levels to biodiversity and tourism activities. A PA management planning needs assessment is also planned in order to help target training and technical assistance activities during project implementation. A review of communications activities related to PAs and biodiversity is being conducted in preparation for the public awareness and sustainable tourism activities planned in the project.

ii. Legal Review: The review of the legal framework for protected areas, hunting, and forestry is underway, and is expected to provide a comprehensive listing of current legal regulations of the Kyrgyz Republic and recommendations for harmonization and improvement. Since a national expert has been contracted, the budget allocation has decreased.

iii. Financial, Environmental and Social Assessments: The financial, social and environmental assessments for the PAs and forests in the Tien Shan project area have been conducted under the Japanese PHRD Grant. These PPG funds allocated for these assessments are now being used to support detailed component design (see item i above).

The duration of the PPG has been extended to from May 21 to August 27, 2009 in order to complete the proposed activities.

B. DESCRIBE FINDINGS THAT MIGHT AFFECT THE PROJECT DESIGN OR ANY CONCERNS ON PROJECT IMPLEMENTATION, IF ANY: NONE TO DATE

C. PROVIDE DETAILED FUNDING AMOUNT OF THE PPG ACTIVITIES AND THEIR IMPLEMENTATION STATUS IN THE TABLE BELOW:

<i>Project Preparation Activities Approved</i>	<i>Implementation Status</i>	<i>GEF Amount (\$)</i>				<i>Co-financing (\$)</i>
		<i>Amount Approved</i>	<i>Amount Spent To date (31 May 2008)</i>	<i>Amount Committed</i>	<i>Uncommitted Amount*</i>	
Project Component 1 Design including feasibility study, baselines, and communications	Yet to complete	57,400	15,298	27,102	15,000	0
Legal Review of PAs, Hunting and Forestry	Yet to complete	23,000	1,772	1,228	20,000	0
Environmental and Social Assessments	Completed	15,000	0	0	15,000	30,000
Project Component 2 Design: Forestry and Carbon Trading in the Kyrgyz Republic	Yet to complete	0	0	0	0	248,000
Operational Costs (10% of above GEF costs)	Yet to complete	4,600	4,290	310		60,000
Total		100,000	21,360	28,640	50,000	338,000

* This amount will not be transferred, since the GEF project grant amount was increased by \$50,000.

ANNEX E: CALENDAR OF EXPECTED REFLOWS: N/A

