



GEF-6 GEF SECRETARIAT REVIEW FOR FULL-SIZED/MEDIUM-SIZED PROJECTS THE GEF/LDCF/SCCF TRUST FUND

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| GEF ID: | 9073 | | |
| Country/Region: | South Africa | | |
| Project Title: | Unlocking Biodiversity Benefits through Development Finance in Critical Catchments | | |
| GEF Agency: | DBSA | GEF Agency Project ID: | |
| Type of Trust Fund: | GEF Trust Fund | GEF Focal Area (s): | Biodiversity |
| GEF-6 Focal Area/ LDCF/SCCF Objective (s): | BD-4 Program 10; | | |
| Anticipated Financing PPG: | \$137,615 | Project Grant: | \$7,201,835 |
| Co-financing: | \$30,500,000 | Total Project Cost: | \$37,839,450 |
| PIF Approval: | April 28, 2015 | Council Approval/Expected: | June 01, 2015 |
| CEO Endorsement/Approval | | Expected Project Start Date: | |
| Program Manager: | Jaime Cavelier | Agency Contact Person: | Nomsa Zondi |

| Review Criteria | Questions | Secretariat Comment |
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| Project Consistency | 1. Is the project aligned with the relevant GEF strategic objectives and results framework? ¹ | 3-19-15 Yes. The project is aligned with the BD Strategy, and with the Program 10 in particular. Cleared |
| | 2. Is the project consistent with the recipient country's national strategies and plans or reports and assessments under relevant conventions? | 3-19-15 Please provide a more precise bibliographic reference for the "National Water Resources Strategy", "National Action Plan", the "National Green Economy Strategy", the "National Development Plan" and the "National Climate Change Response White Paper". This is for the readers to be able to locate these documents in the web or through other means 3-25-15 Cleared |
| Project Design | 3. Does the PIF sufficiently indicate the drivers ² of global | 3-19-15 |

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| | environmental degradation, issues of sustainability, market transformation, scaling, and innovation? | Yes. Cleared |
| | 4. Is the project designed with sound incremental reasoning? | 3-19-15 1.3. Baseline programs related to the proposed project This is the session where the GEF expects to see the description of the investments to be made on natural infrastructure and accounting, as well as in the target watersheds, whether or not the GEF project is approved. This is a key part of the PIF, because without a good Baseline Program (different from background information or history) it is not possible to articulate the incremental reasoning for using GEF resources. Please clearly state the proposed investments in these watersheds in the next 60 months, so it is possible to understand how the GEF project fits with these investments. 3-25-15 Cleared |
| | 5. Are the components in Table B sound and sufficiently clear and appropriate to achieve project objectives and the GEBs? | 3-19-15 Objective: Please rephrase to more clearly describe what this project is aiming at doing. It need to capture the essence of the project by using fewer terms. TABLE A (p.1) If this project aims at working on ecological infrastructure in selected watersheds, and there are plans |

¹ For BD projects: has the project explicitly articulated which Aichi Target(s) the project will help achieve and are SMART indicators identified, that will be used to track the project's contribution toward achieving the Aichi Target(s)?

² Need not apply to LDCF/SCCF projects.

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| | | <p>to work on ecological restoration (Component 3), why not to combine resources from the Biodiversity allocation with another focal area (Climate Change Mitigation or Land Degradation) and access the SFM incentive? One of the three programs under SFM is on Forest Restoration.</p> <p>TABLE B (p.1)</p> <p>All Components:</p> <p>There are almost as many outcomes as outputs per component. Please reduce the number of outcomes and simplify the language. While the overall idea is more or less clear, as currently stated, it is difficult to see what is that the project will deliver in terms of tangible and measurable results.</p> <p>Component 1:</p> <p>This component appears to be designed to develop the necessary tools and build the institutional and human capacity to enable the integration of biodiversity and ecosystem services into national, regional and local accounting.</p> <p>1) Are the suggested outputs (i.e. "Handbooks", "skills", methodologies", and "policy or regulatory amendments") sufficient to build this capacity to integrate ES into National accounting?</p> <p>2) South Africa is participating in the BIOFIN program, the Biodiversity Finance Initiative of UNDP. Why is this program not mentioned in this section? (It is in Coordination p.19).</p> <p>3) There is no reference to the "Wealth Accounting and the Valuation of Ecosystem Services" (WAVES)</p> |

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| | | <p>program lead by the World Bank". Ant methods or approaches to adopt and adapt in this project?</p> <p>Component 2</p> <p>This component appears to house the financial mechanisms to support the work at the catchment level.</p> <p>1) Please include all financial mechanisms under this component. There is reference to financial mechanisms under component 1, (i.e. "Water Pricing Strategy Charges", "Treasury Bonds) that need to be moved to Component 2.</p> <p>2) There are 3 outputs for 2 outcomes. Consolidate Outcomes or expand list of outputs. It is difficult to understand how the current 2 outcomes can be achieved with the 3 outputs.</p> <p>Component 3</p> <p>The demonstration sites</p> <p>1) Please clearly state the names of the selected pilot watersheds (Narrow down the list to 2-3 max). Several areas are mentioned in the PIF (Berg River, Eastern Cape Rivers, Umzimvubu River, Vaal, uMgeni, Kromme/Kouga/Swartkops).</p> <p>2) Please clearly state what the outcomes of this component are. While it is easy to understand that work will be done in selected watersheds, it is not possible to determine what are the tangible and measurable results derived from investing \$4.5 million. Would be possible to describe how these watersheds should look like at the end of the project and when fully functional assuming all mechanisms are in place?</p> |

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| | | <p>3) Outputs 15 and 16 are very "soft" and is difficult to understand how they contribute to the overall objective of the component. Indeed, Outcome 3.3 and Output 15 are the same.</p> <p>4). Ecological restoration is more prominent when reading the description of the component (p.12-13), than when reading Table B. Please state the definition of ecological restoration and the relationship with eradication of IAS. Wetlands are mentioned initially, but not later in the project. Why? Will they be subject to restoration too? What is being proposed?</p> <p>TABLE C (p.4)</p> <p>Is all the co-financing in-kind? Is the DBSA going to provide loans to the government to work on these watersheds?</p> <p>Please clarify the relationship between the \$8.9M in co-financing for Infrastructure Investments and the objectives of this project, which are closely aligned with the "Green natural infrastructure".</p> <p>PART II. (p.5)</p> <p>1.2 Global environmental problems... (p.6)</p> <p>1) Thanks for providing the reference of the work by Dye and Jarmain 2004. Indeed, "Stream flow increases following removal of invading black wattles (<i>Acacia mearnsii</i>) will be greatest in areas of high evaporative demand, where dense stands of trees experiencing low levels of drought stress through the year are replaced by seasonally dormant indigenous vegetation". Same for Mooney et al 2005, Turpie et al 2008 and Van Wilgen et</p> |

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| | | <p>al 2008.</p> <p>1.3 Baseline programs related to the proposed project (p.8)</p> <p>This is the session where the GEF expects to see the description of the investments to be made on natural infrastructure and accounting, as well in the target watersheds, whether or not the GEF project is approved.</p> <p>This is a key part of the PIF, because without a good Baseline Program (different from background information or history) it is not possible to articulate the incremental reasoning for using GEF resources.</p> <p>Please clearly state the proposed investments in these watersheds in the next 60 months, so it is possible to understand how the GEF project fits with these investments. You can use the co-financing as a starting point explaining how those contributions (all in-kind) are aligned with the objective of the project. For instance, while the \$12M from Government for "public works rehabilitation grants" appear to be related to "restoration" (correct?), it is not clear how the Infrastructure Investments in the amount of \$8.9M relate to the GEF project. If this project is about "natural infrastructure", these \$8.9M appear to go into the opposite direction. Or not?</p> <p>1.4. The proposed alternative scenario....</p> <p>NOTE: The 3 paragraphs under 1.5 (Incremental cost reasoning..) should be moved under 1.4. Those 3 paragraphs are actually the proposed alternative scenario, as they described well what this project is trying to do. See notes under 1.5 in this review to understand what is expected there.</p> |

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| | | <p>These are additional comments to those made to the description of the Components under Table B</p> <p>Component 1</p> <p>1) Outcome 1 and 3. Be specific when mentioning the capacity needs. There must be enough information in previously GEF funded projects to determine what these needs are.</p> <p>2) Outcome 2. Move to Component 2 with the rest of the financial mechanisms.</p> <p>Component 3.</p> <p>1) The following two statements are of concern (p.13) a) "Previous GEF investments (MDTP and Grasslands Projects) made the economic case for investing in catchment rehabilitation in this watershed, but faltered without a key "buyer" of the water services in these catchments", and b) "An argument will be made to the water infrastructure planners to include the costs of catchment rehabilitation in the capital costs of the dam, and for including ongoing ecological management costs in the charges for operating the scheme. However, it is unlikely that any municipalities would be able to afford or pass through ecological charges in this water scheme, leaving the anchor water user (irrigation or hydro-power) as the sole source of funds".</p> <p>What makes the Agency and Government think that this project will not face the same issues? How they are thinking of addressing them?</p> <p>1.5. Incremental Cost Reasoning and Expected contributions from the baseline, the GEF and co-</p> |

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| | | <p>financing (p.13)</p> <p>NOTE: Suggest to move the 3 paragraphs under this section, to 1.4.</p> <p>The incremental reasoning is about explaining how the GEF funding will build on the baseline projects (the non-GEF the investments that will happen anyway) to create Global Environmental Benefit. As stated before, if the Baseline Projects are not clearly identified, it is difficult to describe the incremental value of the GEF funds. Remember that the GEF does not support "stand-alone projects" that is, projects where the source of funds come only from the GEF.</p> <p>1.6 Global environmental benefits (p.14)</p> <p>The table of Baseline-Alternative-Global Environmental Benefit is very good, as it allows to see what this project is going to do. I suggest to use some of this simpler language to give clarity to the project in the previous sections.</p> <p>Please note that what is missing in 1.5 (Incremental Cost...) are the investments that will take place whether or not this GEF gets approved (Baseline Projects). That is different from a baseline, as in background. I hope this makes sense. It is critical.</p> <p>1.7. Co-Finance (p.16)</p> <p>You may want to use this space to further elaborate what the co-financing is and what is it going to be used for. If the \$3M and \$1M are investments in the catchments, they should also appear in Table C.</p> <p>1.8 Innovativeness... (p.16).</p> |

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| | | <p>The language is very concrete and the message easy to understand. Try to use the same approach for the rest of the PIF. There are parts where it is easy to get lost as the ideas appear vague and opaque.</p> <p>2. Stakeholders (p.17)</p> <p>Suggestion: Move the names of the stakeholders currently under "Relevant Role" and give them specific roles. You can still list them under headings like Government, NGOs, CBOs and Private Sector. By listing them all under "Relevant Role", it is difficult to understand the way they will engage in the project. Do something analogous to what you did under 2.4 Coordination.</p> <p>2.2. Gender consideration (p.17).</p> <p>Would be possible to give a short description as of how gender issues play a role in this project? What differential potential roles will man and woman have in the project, and in the target watersheds in particular? Will woman have a clear advantage that the project should facilitate? Do they relate to rehabilitation of land in any way or form? If no gender issues are at stake, no need to expand.</p> <p>2.3 Risks (p.18)</p> <p>This table reads well and the entries go to the point.</p> <p>2.4 Coordination (p.19).</p> <p>All proposed coordination ideas appear to be relevant. You may want to consider bringing some of the specifics of these collaborations to the corresponding</p> |

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| | | <p>components.</p> <p>2.6. Knowledge Management (KM). p. 20</p> <p>SANBI is a good partner to address issues of KM. In addition, could the project link with BIOFIN in a more structured manner to this global initiative as the outlet for KM?</p> <p>3-25-15 Cleared</p> |
| | 6. Are socio-economic aspects, including relevant gender elements, indigenous people, and CSOs considered? | <p>3-20-15</p> <p>The socio-economic aspects need additional development. While the overall benefits of the proposed project are clear, it is not so for CBOs. Use item 2. Stakeholders (p.17) to elaborate on this matter. The current text could apply to pretty much any GEF project. Make it project-specific. Will CBOs and local communities benefit from payments for land uses that are consistent with the objective of the project to enhance natural infrastructure? Would they benefiting from the plans to eradicate IAS?</p> <p>3-25-15 Cleared</p> |
| Availability of Resources | 7. Is the proposed Grant (including the Agency fee) within the resources available from (mark all that apply): | |
| | • The STAR allocation? | |
| | • The focal area allocation? | |
| | • The LDCF under the principle of equitable access | |
| | • The SCCF (Adaptation or Technology Transfer)? | |
| | • Focal area set-aside? | |
| Recommendations | 8. Is the PIF being recommended for clearance and PPG (if additional amount beyond the norm) justified? | <p>3-20-15</p> <p>No. Please address questions and comments in the review. Please modify the PIF accordingly. That is more</p> |

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| | | important than simply providing an answer to these questions. Thanks 3-25-15 Yes. This PIF is recommended for clearance and consideration for a future WP. |
| Review Date | Review | March 20, 2015 |
| | Additional Review (as necessary) | March 25, 2015 |
| | Additional Review (as necessary) | |

| Review Criteria | Questions | Secretariat Comment at CEO Endorsement |
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| Project Design and Financing | 1. If there are any changes from that presented in the PIF, have justifications been provided? | |
| | 2. Is the project structure/ design appropriate to achieve the expected outcomes and outputs? | |
| | 3. Is the financing adequate and does the project demonstrate a cost-effective approach to meet the project objective? | |
| | 4. Does the project take into account potential major risks, including the consequences of climate change, and describes sufficient risk response measures? (e.g., measures to enhance climate resilience) | |
| | 5. Is co-financing confirmed and evidence provided? | |

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| | 6. Are relevant tracking tools completed? | |
| | 7. <i>Only for Non-Grant Instrument</i> : Has a reflow calendar been presented? | |
| | 8. Is the project coordinated with other related initiatives and national/regional plans in the country or in the region? | |
| | 9. Does the project include a budgeted M&E Plan that monitors and measures results with indicators and targets? | |
| | 10. Does the project have descriptions of a knowledge management plan? | |
| Agency Responses | 11. Has the Agency adequately responded to comments at the PIF ³ stage from: | |
| | • GEFSEC | |
| | • STAP | |
| | • GEF Council | |
| | • Convention Secretariat | |
| Recommendation | 12. Is CEO endorsement recommended? | |
| Review Date | Review | |
| | Additional Review (as necessary) | |
| | Additional Review (as necessary) | |

³ If it is a child project under a program, assess if the components of the child project align with the program criteria set for selection of child projects.