

GEF SECRETARIAT REVIEW FOR FULL/MEDIUM-SIZED PROJECTS¹

Country/Region: India
 Project Title: India: Reversing Environmental Degradation and Rural Poverty through Adaptation to Climate Change in Drought Stricken Areas in Southern India:
 A Hydrological Unit Pilot Project Approach (under India: SLEM)
 GEFSEC Project ID: **3882**
 GEF Agency Project ID: GEF Agency: **FAO**
 GEF Focal Area (s): **Climate Change**
 GEF-4 Strategic Program (s): **CC-SPA;**
 Anticipated Project Financing (\$): **PPG:\$0 GEF Project Allocation:\$909,091 Co-financing:\$2,853,563 Total Project Cost:\$3,762,654**
 PIF Approval Date: **July 07, 2009** Anticipated Work Program Inclusion:
 Program Manager: **Saliha Dobardzic** GEF Agency Contact Person: **Barbara Cooney**

Review Criteria	Questions	Secretariat Comment at PIF/Work Program Inclusion ²	Secretariat Comment At CEO Endorsement(FSP)/Approval (MSP)
Eligibility	1. Is the participating country eligible?	Yes.	Yes.
	2. If there is a non-grant instrument in the project, check if project document includes a calendar of reflows and provide comments, if any.		There is no non-grant instrument in the project.
	3. Has the operational focal point endorsed the project?	Yes. An endorsement letter signed by Sudhir Mital September 19, 2008 is attached to the submission.	No change
	4. Which GEF Strategic Objective/ Program does the project fit into?	SPA	No change
	5. Does the Agency have a comparative advantage for the project?	Yes. The project fits well with FAO's technical capacity and experience in agricultural development and natural resource management.	No change
Resource Availability	6. Is the proposed GEF Grant (including the Agency fee) within the resources available for (if appropriate):		
	• The RAF allocation?	N/A	n/a

¹ Some questions here are to be answered only at PIF or CEO endorsement. Please do not answer if the field is blocked with gray.

² Work Program Inclusion (WPI) applies to FSPs only. Submission of PIF of FSPs will simultaneously be considered for WPI. For MSPs, once the PIF is approved by CEO, next step will be to continue project preparation until the project is ready for CEO approval.

	• The focal areas?	N/A	n/a
	• Strategic objectives?	N/A	n/a
	• Strategic program?	<p>No. SPA resources allocated to the SLEM programme has been fully exhausted. However, it has been suggested that a project previously approved under the SLEM: 'Sustainable Rural Livelihood Security through Innovations in Land and Ecosystem Management ' by WB will reduce its budget by \$1 million by CEO endorsement in order to accomodate this project.</p> <p>This project can thus only be approved once the abovementioned project is CEO endorsed with a lower amount.</p> <p>Update June 2009:</p> <p>The budget of WB project 3470 has been submitted and endorsed for an amount that is slightly more than \$1 million less than approved in the PIF. There is, therefore, sufficient SPA resources under the SLEM to fund this proposal.</p>	No change.
Project Design	7. Will the project deliver tangible global environmental benefits?	Yes. If successful the project could deliver GEB's in both the LD and CC focal areas.	
	8. Is the global environmental benefit measurable?		<p>Yes. By managing the climate change risk affecting baseline efforts to combat drought and land degradation, it is expected that critical ecosystems will benefit (particularly those negatively affected by water resource depletion and associated land practices.) Current land degradation trends are negatively affecting critical ecosystem services – soil carbon sequestration, soil water holding capacity, and agricultural productivity. The pilot's learning is expected to be replicated in the Andhra Pradesh state, covering 11,758,024 ha, and a population of 23,338,983, represented by</p>

	<p>9. Is the project design sound, its framework consistent & sufficiently clear (in particular for the outputs)?</p>	<p>Yes. The project is based on a bottom-up capacity building approach, and intends to improve local CC resilience by providing farmers with the necessary information to make their own informed decisions about potential adaptation measures to be implemented in the water and agriculture sector. The specific adaptation measures and benefits to come out of this project can thus only be established after the project has started implementation. This in turn implies that the specific outputs, except for training and capacity building activities, are relatively uncertain at this point.</p> <p>However, the suggested bottom up approach does appear to have some very strong merits in terms of community mobilization, local ownership and potentially innovative and cost-effective adaptation measures in the agricultural/water management sector of rural Andhra Pradesh. The PIF is well argued and appears to be technically sound.</p> <p>By CEO endorsement, it is important that the M&E framework identifies clear indicators to capture the on-the-ground impact of the project, not only in terms of improved knowledge levels of farmers and institutional improvements, but also in terms of real reductions in the vulnerability of agricultural output and local water resources.</p>	<p>four agro-climatic zones.</p> <p>Yes. The Results framework now identifies average crop yields, soil moisture availability and organic carbon content as impact indicators, and stabilization or increase in the same within 5 years after project termination in the pilot hydrological units. Volume of water harvested or water saved through water harvesting and saving practices is mentioned as an indicator in the team response to the GEF Secretariat PIF review comments, but this indicator is not present in the current Project Document Results framework. (Update 04/01/10: This has been remedied, and these have been included as indicators under Project Component 2.)</p>
	<p>10. Is the project consistent with the recipient country's national priorities and policies?</p>	<p>Yes. The PIF presents a convincing list of national priorities and policies with which the project is consistent, including:</p> <ul style="list-style-type: none"> * The national five year plan * Programmes for Artificial Recharge of Groundwater and Community Tank 	<p>Yes. In addition to those already listed:</p> <ul style="list-style-type: none"> * Indian National Food Security Mission * Watershed Development Program * Drought Prone Area Program

		<p>Rehabilitation</p> <ul style="list-style-type: none"> * India's National Action Plan on Climate Change (NAPCC) * India's National Environmental Policy (NEP) * National Water Policy * National Policy for Farmers 	
	<p>11. Is the project consistent and properly coordinated with other related initiatives in the country or in the region?</p>	<p>Yes. The project will be complementary to various programmes and projects nationally and regionally, not least the other projects of the SLEM. Specific projects/activities mentioned for coordination includes:</p> <ul style="list-style-type: none"> * The World Bank's 'Andhra Pradesh Drought Adaptation Initiative (AP-DAI) * National Agricultural Innovation Program of GoI * World Bank CAS <p>This description is satisfactory for the current stage of project development, but would have to be expanded and clarified by CEO endorsement. Especially, the complementarity with the above mentioned World Bank project on drought and adaptation must be fully clarified. At a first glance these two projects would appear to be fully overlapping. By CEO endorsement, objectives, outcomes, outputs and activities should be fully described for each of the two projects. The following points should be made clear from this comparison: 1. That activities and outputs are not duplicating each other, 2. That the collective effort of adaptation in Andhra Pradesh is coordinated in a way so as to maximize cost-effectiveness and the comparative advantage of each agency, and 3. That there is clear institutionalised framework for coordinating activities and exchanging information between the two projects.</p>	<p>Yes, additionally including:</p> <ul style="list-style-type: none"> * Andhra Pradesh Irrigation and Livelihood Improvement Project (GoAP)

	12. Is the proposed project likely to be cost-effective?	<p>Yes. Potentially the bottom up approach described above could prove very cost-effective in that it is bound up on farmer's own rationality and is therefore, by definition, economically sustainable and cost-effective.</p> <p>Furthermore, cost-effectiveness depends on proper coordination with other ongoing adaptation activities in Andhra Pradesh to avoid overlapping or countering adaptation activities. Please refer to section 10 above.</p>	
	13. Has the cost-effectiveness sufficiently been demonstrated in project design?		<p>Yes. On a per-hectare basis for the total area where the pilot is being carried out, the cost is US\$9 (per hectare.) For the total area expected to be affected by the upscaling of the practices derived through the pilot, the cost is US\$2/ha. A stronger approach would have carried out an assessment of farmers' incomes, an estimation of drought-related losses, and expected gains with intervention, as opposed to without.</p>
	14. Is the project structure sufficiently close to what was presented at PIF?		<p>Yes.</p>
	15. Does the project take into account potential major risks, including the consequences of climate change and includes sufficient risk mitigation measures?	<p>Yes. A table of risks and potential mitigation measures is provided in table F. This is satisfactory.</p>	<p>Yes. In the context of Risks, the lack of adequately precise (high-resolution) climate change projections is discussed. In addition, currently there is an annual decrease in agricultural yields (3-6%) while climate change projections show that in the future an increase in yields for most crops is expected (rice being an exception.)</p>
	16. Is the value-added of GEF involvement in the project clearly demonstrated through incremental reasoning?	<p>This project, as it is dealing specifically with farmer training/capacity building in relation to climate change risks, is clearly incremental. A more detailed incremental cost analysis is expected by CEO endorsement.</p>	<p>Yes. A sufficiently detailed incremental cost reasoning is provided.</p>
Justification for GEF Grant	17. Is the type of financing provided by GEF, as well as its level of		<p>Yes.</p>

	concessionality, appropriate?		
	18.How would the proposed project outcomes and global environmental benefits be affected if GEF does not invest?		The communities would have no adaptation knowledge/tools specifically developed to proactively manage climate change risks, and as a result climate change could potentially affect water, land quality, and critical ecosystems. Related current and future development interventions may not take into account the effects of the changing climate.
	19.Is the GEF funding level of project management budget appropriate?	Yes. Project management is 10% of total budget and matched by co-financing at a pro-rata level. This is satisfactory.	GEF Project management is 10% of the GEF project financing. GEF-to-cofinancing ratio of project management is 1:2, therefore not pro-rata (for the entire project cost, it is 1:3) In addition, the project management budget in Table F., p.3 does not match project management in the Project Framework (Table A., p. 2, Item 4.) RA: Please make the necessary corrections regarding the tables. (Update 04/01/10: This has been remedied, and the needed corrections have been made.)
	20.Is the GEF funding level of other cost items (consultants, travel, etc.) appropriate?		No. Consultants working for technical assistance components are mostly funded by the GEF (53% of the total technical assistance consultant cost). RA: Please increase the cofinancing proportionately. (Update 04/01/10: This has been corrected, and cofinancing for TA consultants has been raised.)
	21.Is the indicative co-financing adequate for the project?	Yes. Co-financing is available at a ratio of 1:3, which is satisfactory.	
	22.Are the confirmed co-financing amounts adequate for each project component?		Yes. GEF-to-cofinancing ratio is 1:3. However, it is unclear what proportion of cofinancing is in cash, as opposed to in-kind. RA: Please provide in depth clarification of the type of confirmed co-financing amounts. (Update 04/01/10: This has been clarified -- all FAO cofinancing is

			in cash, and BIRDS/NGOs is in-kind. This is satisfactory.)
	23.Has the Tracking Tool ³ been included with information for all relevant indicators?		n/a
	24.Does the proposal include a budgeted M&E Plan that monitors and measures results with indicators and targets?		Most indicators and targets are capacity-building oriented. Average crop yields, soil moisture availability and organic carbon content are especially useful. Aquifer balance/water quality indicators appear to be missing, while there was indication that these would be utilized, based on the response to GEF SEC on the PIF review, the indicators were not include, and there is no discussion on the reasons. (Update 04/01/10: This has been changed, and these have been included as indicators under the revised Project Document.)
Secretariat's Response to various comments from:	STAP	None received.	none received
	Convention Secretariat	None received.	none received
	Agencies' response to GEFSEC comments		n/a
	Agencies' response to Council comments		n/a
Secretariat Decisions			
Recommendations at PIF	25. Is PIF clearance being recommended?	Not yet. This is a good proposal which should be reconsidered at a time when SPA resources becomes available under the SLEM programme. Please refer to section 5 above for details. Update June 2009: as indicated under 5 above, the resource problem has been solved. The	

³ At present, Tracking Tools apply to Biodiversity projects only. Tracking Tools for other focal areas are currently being developed.

		PIF is thus recommended for CEO approval.	
	26. Items worth noting at CEO Endorsement.	Please refer to section 8, 10 and 15 above.	
Recommendation at CEO Endorsement	27. Is CEO Endorsement being recommended?		<p>Not yet. A number of points require clarification/elaboration as indicated. In addition, the reporting schedule in the project document is unclear. (See reporting dates/six monthly reporting period under "Project Progress Reports".) In addition to the PIRs to be submitted to the GEF on an annual basis, as well as the terminal report, it would be useful to share the independent mid-term review with the GEF Sec.</p> <p>Update 04/01/10: The outstanding issues have been resolved. Concerning reporting, the necessary corrections have been made. Thereby, the CEO Endorsement is being recommended for this project.</p>
Review Date	1 st review		March 16, 2010
	2 nd review		April 01, 2010
	3 rd review		

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?	
	3. Is the proposed GEF PPG Grant (including the Agency fee) within the resources available under the RAF/Focal Area allocation?	
	4. Is the consultant cost reasonable?	
Recommendation	5. Is PPG being recommended?	
Other comments		

Review Date	1 st review	
	2 nd review	
	3 rd review	

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