



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

GEF ID:	5203		
Country/Region:	Nepal		
Project Title:	Catalysing Ecosystem Restoration for Resilient Natural Capital and Rural Livelihoods in Degraded forests and Rangelands of Nepal.		
GEF Agency:	UNEP	GEF Agency Project ID:	
Type of Trust Fund:	Least Developed Countries Fund (LDCF)	GEF Focal Area (s):	Climate Change
GEF-5 Focal Area/ LDCF/SCCF Objective (s):	CCA-1; CCA-1; CCA-1; CCA-2; CCA-2; CCA-2; CCA-3; CCA-3; Project Mana; Project Mana;		
Anticipated Financing PPG:	\$0	Project Grant:	\$5,246,475
Co-financing:	\$11,473,000	Total Project Cost:	\$16,719,475
PIF Approval:		Council Approval/Expected:	
CEO Endorsement/Approval		Expected Project Start Date:	
Program Manager:	Junu Shrestha	Agency Contact Person:	Ermira Fida

Review Criteria	Questions	Secretariat Comment at PIF (PFD)/Work Program Inclusion	Secretariat Comment At CEO Endorsement(FSP)/Approval (MSP)
Eligibility	1. Is the participating country eligible?	Yes. Nepal is a LDC and has completed its NAPA.	
	2. Has the operational focal point endorsed the project?	Yes. An OFP endorsement letter dated November 9, 2012 has been submitted.	
Agency's Comparative Advantage	3. Is the Agency's comparative advantage for this project clearly described and supported?	Yes. UNEP has a comparative advantage in providing proof of concept, and testing of ideas especially related to natural environment and application of best available science. The project is focused on developing demonstration measures that tests the concept of Ecosystem Based Adaptation (EbA), building institutional capacity and strengthening policies that directly relate to natural ecosystems. UNEP has considerable experience in scientific	

		support, and building ecosystem resilience for adaptation. UNEP has the prerequisite focus and scientific expertise to test EbA and incorporate it into policies. Thus, the project is in-line with UNEP's comparative advantage.	
	4. If there is a non-grant instrument in the project, is the GEF Agency capable of managing it?	NA	
	5. Does the project fit into the Agency's program and staff capacity in the country?	<p>No. The proposed project contributes to the UNEP's Climate Change Adaptation program and provides a basis for further replication of a similar initiative elsewhere to reduce vulnerability of communities using ecosystem approaches.</p> <p>Regarding UNEP's staff capacity, as it does not have an office in the country, it needs to provide a strong framework to establish that project implementation will be adequate under the given circumstances.</p> <p>Recommended Actions: Please provide information on arrangements and initiatives that UNEP will undertake to compensate for its lack staff in the country.</p> <p>3/6/2013 Yes. Provided explanation is adequate.</p>	
Resource Availability	6. Is the proposed Grant (including the Agency fee) within the resources available from (mark all that apply):		
	• the STAR allocation?	NA	
	• the focal area allocation?		

	<ul style="list-style-type: none"> the LDCF under the principle of equitable access 	Yes. The funding requested under this project is available for Nepal under the principle of equitable access.	
	<ul style="list-style-type: none"> the SCCF (Adaptation or Technology Transfer)? 		
	<ul style="list-style-type: none"> Nagoya Protocol Investment Fund 		
	<ul style="list-style-type: none"> focal area set-aside? 		
Project Consistency	7. Is the project aligned with the focal /multifocal areas/ LDCF/SCCF/NPIF results framework?	Yes. The project is well aligned with the LDCF/SCCF results framework.	
	8. Are the relevant GEF 5 focal/ multifocal areas/LDCF/SCCF/NPIF objectives identified?	Yes. The project will contribute to all three LDCF objectives.	
	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>No. The project description only lists the national strategies and plans that the proposed project is consistent with. It does not provide information on the specifics within the strategies and plans, the proposed project will directly address.</p> <p>Recommended Action: Please discuss the items under each national strategy and plan that the project will respond to.</p> <p>3/6/2013 The revised PIF provides the requested information.</p>	
	10. Does the proposal clearly articulate how the capacities developed, if any, will contribute to the sustainability of project outcomes?	Yes. The project has components related to building local and national capacities.	
	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?	No. The PIF explains widespread degradation of natural ecosystems as the underlying cause for unemployment, degradation of water quality, decrease in raw products reduction in energy	

Project Design		<p>The PIF identifies the following three baseline projects that address the problems that exist in the country:</p> <p>Leasehold Forestry and Livestock Programme (LFLP), Livestock Service Development and Extension Programme (LSDEP), and Climate Change Research Programme (CCRP).</p> <p>The description of LSDEP is not clear enough to understand the activities implemented under the program.</p> <p>Recommended Actions: Please explain how LSDEP intends to improve food security, nutrition, incomes and employment for rural communities.</p> <p>3/6/2013 Requested information on the baseline project has been added.</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?		
	13. Are the activities that will be financed using GEF/LDCF/SCCF funding based on incremental/ additional reasoning?	<p>No. It is not possible to assess the additional cost reasoning of LDCF financing mainly because</p> <ul style="list-style-type: none"> - the PIF does not focus on a specific climate change risk or a few risks that are of concern in the target project areas. <p>As drought has not be specified as the risk the project will focus on, it is not clear why drought resilient species would be preferred in all the restoration</p>	

	<p>- the effects of climate change on the baseline projects and on the goals they intend to achieve have not been discussed. The proposal does not describe the inadequacy of the baseline projects in dealing with such risks.</p> <p>-Both LSDEP and LFLP undertake activities to restore degraded forests. As the proposed project intends to do the same with the LDCF resources, the added value of the LDCF project is unclear.</p> <p>-Specific sites have not been selected for the project interventions. The criteria to be used for site selection are not fully in-line with the LDCF/SCCF guidelines on ecosystem based adaptation. (GEF/LDCF.SCCF.13/Inf.06).</p> <p>Recommended Actions:</p> <p>-Please follow GEF/LDCF.SCCF.13/Inf.06 sequentially to establish additional cost reasoning for the requested LDCF financing.</p> <p>-Please identify specific climate change risks in the mid hills and high hills region the project will focus on</p> <p>-Please identify communities that are vulnerable to these risks</p> <p>-Please describe how baseline projects and their intended goals will be affected by climate change and please explain how the baseline projects in their current form are not adequate to respond to these risks.</p> <p>-Please clearly explain how through each component the proposed LDCF project will support the baseline project and help target communities become</p>	
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		<p>-Please revise the site selection criteria to reflect the following order of priority</p> <ul style="list-style-type: none"> i) vulnerability of local communities to climate change impacts ii) potential of restored ecosystems to address specific climate change challenge that communities are facing/expected to face iii) potential to complement and upscale other related projects. <p>Other identified criteria in the PIF are tertiary to the LDCF project goals and should not be a criterion for project selection. Additional benefits accrued through consideration of other criteria will be helpful but not necessary.</p> <p>3/7/2013</p> <p>Yes. Communities in target districts are identified to be vulnerable to climate change induced drought. The LDCF resources will be used to include climate resilient measures in the forest restoration measures being implemented through the baseline projects.</p> <p>Recommendation by CEO Endorsement: It is expected that suitable areas for reforestation, resilient seed types, and climate change related specific livestock issues and appropriate adaptation measures will be identified by the endorsement request.</p>	
	14. Is the project framework sound and sufficiently clear?	Not Clear. The proposal presents ecosystem management and restoration as a viable solution to minimize risks for major development sectors. However,	

	<p>climate risk or a development sector.</p> <p>It is also unclear how ecosystem management alone will be able to tackle all the possible climate challenges in all major sectors.</p> <p>Clear and strong linkage with baseline projects is missing.</p> <p>Recommended Actions: It should be clear that ecosystem management is means to reducing vulnerability of communities at risk, and restoration in itself is not the goal.</p> <p>For component 1, it is suggested that PhD and MSc theses have focus on specific climate change risks and provide technical guidance to reduce these risks by developing suitable ecosystem management plans for the targeted areas.</p> <p>The component sets out to develop management plans for wide-range of ecosystems. Please adjust the focus on communities at risk, and the types of ecosystems that are identified to be critical for their livelihoods especially under the climate change.</p> <p>For component 2, to increase the effectiveness, please limit the activities to either local or national level.</p> <p>For component 3, please revisit the component to clarify that reduction of climate risks to communities as the main purpose. In order to do so following</p>	
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	15. Are the applied methodology and assumptions for the description of the incremental/additional benefits sound and appropriate?	<p>Not clear. Please see sections 13 and 14.</p> <p>3/6/2013 No. Per the bilateral discussion had with the agency, please remove references to ecosystem engineering, hyperbeneficial forests and creation of new ecosystem.</p> <p>3/20/2013 Requested changes have been made to ensure that the project design is environmentally sound and sustainable.</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	<p>Not clear. Although it is assumed and expected that ecosystem restoration will benefit surrounding communities, they are not clearly reflected as the focus of</p>	

	achievement of incremental/ additional benefits?	<p>Recommended Actions: Please clearly demonstrate that communities are the focus of the proposed in all PIF sections. Please see comments for sections 13 and 14.</p> <p>3/6/2013 Yes. The changes made are adequate for the PIF stage.</p> <p>Recommended Actions by CEO Endorsement: Please establish clear linkages between project activities and socio-economic benefits and elaborate on involvement of local communities and women in the project.</p>	
	17. Is public participation, including CSOs and indigenous people, taken into consideration, their role identified and addressed properly?	<p>Yes for PIF stage.</p> <p>Recommended Action for CEO Endorsement: Please identify local groups in each project site and also their respective roles in the project.</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>Yes. All possible risks have been identified and suitable mitigation measures have been presented.</p>	
	19. Is the project consistent and properly coordinated with other related initiatives in the country or in the region?	<p>Not entirely clear. Clear description of each related project is provided, but information on how the proposed project will coordinate with them is not provided (except for the BMU project)</p> <p>Recommended Actions: The UNEP-SCCF project is closely aligned with the proposed project, please provide details to ensure coordination between the projects. so</p>	

		<p>efforts and to ensure implementation of useful practices for vulnerable populations in two distinct ecosystems “ mountains and mid/high hills.</p> <p>Please provide similar details for other related projects.</p> <p>3/6/2013 Yes for PIF stage.</p> <p>Recommended Actions by CEO Endorsement: Please articulate mechanisms that will be used to ensure coordination among the related initiatives to maximize synergies and to prevent duplication. Also it is noted that FAO is working on a LDCF project (GEF ID 5111) which also uses LFLP as a baseline project. During the preparation phase please identify complementarity with the FAO project and clarify on the added value of the UNEP project.</p>	
	20. Is the project implementation/ execution arrangement adequate?	<p>Yes for PIF Stage. Ministry of Environment, Ministry of Forests and Soil Conservation, and Ministry of Agriculture Cooperatives are the designated executing partners for the project.</p> <p>Recommended Actions by CEO Endorsement: Please provide details on the arrangements among the partner executing agencies to ensure efficient project operations.</p>	
	21. Is the project structure sufficiently close to what was presented at PIF, with clear justifications for changes?		

	22. If there is a non-grant instrument in the project, is there a reasonable calendar of reflows included?		
Project Financing	23. Is funding level for project management cost appropriate?	Yes. PMC is 4.6% of the total project costs.	
	24. Is the funding and co-financing per objective appropriate and adequate to achieve the expected outcomes and outputs?	Yes.	
	25. At PIF: comment on the indicated cofinancing; At CEO endorsement: indicate if confirmed co-financing is provided.	Total co-financing of \$11.47 million is expected from the national government and the implementing agency.	
	26. Is the co-financing amount that the Agency is bringing to the project in line with its role?	Yes. UNEP is contributing \$2 million in grant to the proposed project and the amount is in-line with its role in the project.	
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?		
Secretariat Recommendation			
Recommendation at	30. Is PIF clearance/approval being recommended?	Not yet. Please see sections 5, 9, 11, 13, 14, 15, 16, and 19.	

		3/6/2013 Not yet. Please see sections 14 and 15.	
		3/20/2013 Yes. All the pending issues have been addressed.	
	31. Items to consider at CEO endorsement/approval.		
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?		
	33. Is CEO endorsement/approval being recommended?		
Review Date (s)	First review*	December 21, 2012	
	Additional review (as necessary)	March 20, 2013	
	Additional review (as necessary)		
	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?	<p>Not clear.</p> <p>Recommended Actions: Baseline Analysis: It should focus on identifying specific climate risks in the mid/high hills. Analyses should be performed on the corresponding adaptation needs, and the potential role of ecosystems in meeting these needs. The focus of LDCF project should be defining the climate change impacts and determining anthropogenic activities that may be altered to reduce the impacts.</p> <p>Site Selection: This exercise must include consultations with communities from potential sites to determine extent of their vulnerability. Please also see comments</p>

		3/6/2013 Yes. Requested adjustments have been made.
	2. Is itemized budget justified?	Yes.
Secretariat Recommendation	3. Is PPG approval being recommended?	Not yet. 3/6/2013 Not yet. PPG approval is contingent upon approval of the PIF. 3/20/2013 Yes.
	4. Other comments	
Review Date (s)	First review*	December 21, 2012
	Additional review (as necessary)	March 06, 2013

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