Scientific and Technical Advisory Panel

The Scientific and Technical Advisory Panel, administered by UNEP, advises the Global Environment Facility
(Version 5)

STAP Scientific and Technical screening of the Project Identification Form (PIF)

Date of screening: February 24, 2014 Screener: Virginia Gorsevski

Panel member validation by: Ralph E. Sims; Annette Cowie
Consultant(s):

I. PIF Information *(Copied from the PIF)*
FULL SIZE PROJECT GEF TRUST FUND
GEF PROJECT ID: 5668
PROJECT DURATION : 4
COUNTRIES : Paraguay
PROJECT TITLE: Innovative Use of a Voluntary Payment for Environmental Services Scheme to Avoid and Reduce GHG Emissions and Enhance Carbon Stocks in the Highly Threatened Dry Chaco Forest Complex in Western Paraguay
GEF AGENCIES: CI
OTHER EXECUTING PARTNERS: Secretariat of the Environment (SecretarÃ-a del Ambiente, SEAM) and AsociaciÃ³n GuyrÃ¡ Paraguay (GuyrÃ¡ Paraguay)
GEF FOCAL AREA: Climate Change

II. STAP Advisory Response *(see table below for explanation)*

Based on this PIF screening, STAP's advisory response to the GEF Secretariat and GEF Agency(ies): **Consent**

III. Further guidance from STAP

Deforestation rates in the region have been high in recent years with the land destined for cattle ranching. The project aims to incentivise landowners to conserve some forest area, over and above the current legislation to conserve 25% of land area.

Providing tradeable Environmental Service Certificates for carbon storage etc are thought to be a solution in order to encourage landowners to select conservation land on their property with premium value â€“ such as creating wildlife corridors. STAP welcomes this initiative, but would like to propose the following issues be taken into consideration in full project development:

1. Monitoring and measuring will use advanced satellite imagery, but it is not clear what happens if agreed conservation areas are subsequently harvested in say 20-30 years time, although leakage is to be discussed as the project proceeds.

2. In Component 2, it is stated that the geographic scope of the project will be determined by a multi-criteria analysis, using carbon storage as the main ecosystem service. Please elaborate on what type of analysis will be used and how the different components (e.g. biodiversity value, cultural services, etc.) will be selected and weighted. Are the necessary data available? Will a GIS be used? How will the analysis incorporate land owners who have expressed interest in participating in the project? Does the location of their plots coincide with the areas of highest tree cover, as indicated by the AVHRR continuous field satellite data? How will consistency and compatibility be ensured among the different scales of data? Is Landsat or SPOT or higher resolution (cloud free) imagery available for further delineation?

3. In general, Payments for Ecosystem Services (PES) is a promising approach. However, several recent studies have indicated that effects could ultimately be detrimental to the environment and local communities due to distortion of the local economy and risks of self-selection (Kronenberg, J. and K. Hubacek (2013) Could Payments for Ecosystem Services Create an "Ecosystem Service Curse?" Ecology and Society 18(1)) and by keeping poor communities in a â€˜poverty trap' (Karsenty, A. (2007) Questioning rent for development swaps: new market-based instruments for biodiversity acquisition and the land-use issue in tropical countries. International Forestry Review 9(1):503-513.).

Questioning rent for development swaps new market-based instruments for biodiversity acquisition and the land-use issue in tropical countries (International Forestry Review 9(1): 503-513) or leads directly to conflict between groups (Ferraro and Kiss (2002), Direct payments to conserve biodiversity. Science 298(5599) 1718-1719). How will this project design the PES scheme to avoid pitfalls such as rent seeking, unequal bargaining power, and the volatility of payments (the latter being of particular importance given the uncertainties related to the carbon market)? Please also consider how quantifiable evidence will be generated over the life of the project which can tangibly link these schemes to generation of global environmental benefits (see also the STAP Publication "Payments for Ecosystem Services and the Global Environment Facility, 2010. www.stapgef.org/publications.)

4. In the section on GEBs (A.1.6), it is stated that the project will contribute to increased adoption of low-carbon development approaches through technology transfer, market transformation, and enabling livestock and other agricultural practices which are complementary or additional to the traditional slash-and-burn practices used to clear lands for cattle ranching; however, no specific alternative technologies or practices are identified. STAP looks forward to further elaboration on this point.

STAP advisory response	*Brief explanation of advisory response and action proposed*
1. Consent	STAP acknowledges that on scientific or technical grounds the concept has merit. However, STAP may state its views on the concept emphasizing any issues where the project could be improved. Follow up: The GEF Agency is invited to approach STAP for advice during the development of the project prior to submission of the final document for CEO endorsement.
2. Minor revision required.	STAP has identified specific scientific or technical challenges, omissions or opportunities that should be addressed by the project proponents during project development. Follow up: One or more options are open to STAP and the GEF Agency: (i) GEF Agency should discuss the issues with STAP to clarify them and possible solutions. (ii) In its request for CEO endorsement, the GEF Agency will report on actions taken in response to STAP's recommended actions.
3. Major revision required	STAP has identified significant scientific or technical challenges or omissions in the PIF and recommends significant improvements to project design. Follow-up: (i) The Agency should request that the project undergo a STAP review prior to CEO endorsement, at a point in time when the particular scientific or technical issue is sufficiently developed to be reviewed, or as agreed between the Agency and STAP. (ii) In its request for CEO endorsement, the Agency will report on actions taken in response to STAP concerns.