



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

GEF ID:	4332		
Country/Region:	Azerbaijan		
Project Title:	Sustainable Land and Forest Management in the Greater Caucasus Landscape		
GEF Agency:	UNDP	GEF Agency Project ID:	4418 (UNDP)
Type of Trust Fund:	GEF Trust Fund	GEF Focal Area (s):	Multi Focal Area
GEF-5 Focal Area/ LDCF/SCCF Objective (s):	SFM/REDD+-1; LD-3; CCM-5; Project Mana;		
Anticipated Financing PPG:	\$100,000	Project Grant:	\$5,680,000
Co-financing:	\$11,400,000	Total Project Cost:	\$17,080,000
PIF Approval:	October 14, 2010	Council Approval/Expected:	
CEO Endorsement/Approval		Expected Project Start Date:	
Program Manager:	Ulrich Apel	Agency Contact Person:	Adriana Dinu

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?	UA 09-13-2010: Yes.	
	2. If there is a non-grant instrument in the project, is the GEF Agency capable of managing it?	UA 09-13-2010: N/A	
	3. Has the operational focal point endorsed the project?	UA 09-13-2010: Yes. Letter dated 08-23-2010. LSH/CC: Signed by Goussein Bagirov, listed focal point.	
Agency's Comparative Advantage	4. Is the Agency's comparative advantage for this project clearly described and supported?	UA 09-13-2010: Yes. Among other points, the project builds on UNDPs previous efforts and experience gained in the sector in AZ. LSH/CC: Yes. Although the first paragraph under section C mentions a project referenced under "Part E above" and there is no part E. Please revise/clarify. 10-07-10 LSH: Good.	

	5. Is the co-financing amount that the Agency is bringing to the project in line with its role?	<p>UA 09-13-2010: No. UNDP's indicative co-financing is only \$230,000 (grant), which is the smallest contribution of all financing partners involved.</p> <p>LSH 10-07-10: Revision comments say that inkind UNDP support will also be provided. Any and all inkind support should be listed in Table C.</p> <p>UA 10-12-2010: UNDP has brokered \$11.4 million in co-financing, of which 5.23 million is in cash and \$6.17 million in kind. Cleared.</p>	
	6. Does the project fit into the Agency's program and staff capacity in the country?	<p>UA 09-13-2010: Yes. UNDP has provided support to the AZ Government in the environment sector. Land management represents one of the three sub-areas of UNDP assistance within the UNDAF. UNDP has a country office in AZ and will assign 5 staff members to be responsible for overall project management and supervision.</p>	
Resource Availability	7. Is the proposed GEF/LDCF/SCCF Grant (including the Agency fee) within the resources available from (mark all that apply):		
	<ul style="list-style-type: none"> the STAR allocation? 	<p>UA 09-13-2010: Yes.</p>	
	<ul style="list-style-type: none"> the focal area allocation? 	<p>UA 09-13-2010: Yes.</p>	
	<ul style="list-style-type: none"> the LDCF under the principle of equitable access? 	<p>NA</p>	
	<ul style="list-style-type: none"> the SCCF (Adaptation or Technology Transfer)? 	<p>NA</p>	
	<ul style="list-style-type: none"> focal area set-aside? 	<p>NA</p>	
Project Consistency	8. Is the project aligned with the focal area/multi-focal area/ LDCF/SCCF results framework?	<p>UA 09-13-2010: Yes. The project seeks to secure flow of multiple environmental services and create synergies between LD and CC</p>	

		GEFs SFM/REDD+ strategy.	
	9. Are the relevant GEF 5 focal area/ LDCF/SCCF objectives identified?	<p>UA 09-13-2010: Yes. LD-3, CC-5, SFM/REDD-1 LSH/CC: A relevant objective is missing. The goals in component 3 on carbon monitoring monitoring are related to SFM/REDD2 and outcomes 2.1 which are not listed. LSH 10-07-10: Yes, this is dealt with in the revision.</p>	
	10. Is the project consistent with the recipient country's national strategies and plans or reports and assessments under relevant conventions, including NPFE, NAPA, and NCSA?	<p>UA 09-13-2010: Yes. Consistent with national strategies. NPFE has not been requested by AZ.</p>	
	11. Does the proposal clearly articulate how the capacities developed will contribute to the institutional sustainability of project outcomes?	<p>UA 09-13-2010: Yes. Capacity building is not a major project component as the project can build on previously developed capacity. Most capacity building that will take place targets the local level. Empowerment of local governments and communities is expected to result in long-term sustainability of SLM/SFM approaches.</p>	
Project Design	12. Is (are) the baseline project(s) sufficiently described and based on sound data and assumptions?	<p>UA 09-13-2010: No. The description of the baseline project under item B1 in the PIF template is a mixture of describing the baseline situation in AZ and description of the GEF-project. Please revise: what GEF is looking for under B1 is a description of the project and activities that are planned or already ongoing (without GEF support) and for which incremental financing by GEF is sought. LSH 10-07-10: Yes, the revision better identifies what the govt currently does and amounts funded in terms of forestland conversion and degradation.</p> <p>IIA 10-12-2010:</p>	

		Cleared.	
	13. Is (are) the problem(s) that the baseline project(s) seek/s to address sufficiently described and based on sound data and assumptions?	<p>UA 09-13-2010: No. see comment to 12 above. The PIF has to carve out better the problems that are going to be addressed by the baseline project. So far, the PIF mainly describes the barriers that are to be addressed through GEF funding. LSH 10-07-10: The revision better describes the problems the baseline project is addressing.</p> <p>UA 10-12-2010: Has been revised. Cleared.</p>	
	14. Is the project framework sound and sufficiently clear?	<p>UA 09-13-2010: Not fully. The project framework is sound and sufficiently clear. The rationale to improve/modify the enabling framework and to mainly address grazing practices and pasture management at the field level in order to achieve SLM and SFM is logical. Issue: Table B does not clearly state the grant types for each project component (TA/INV). Component 2 only mentions TA and comp. 3 does not indicate TA or INV.</p> <p>UA 10-12-2010: Has been corrected. Cleared.</p>	
	15. Are the incremental (in the case of GEF TF) or additional (in the case of LDCF/SCCF) activities complementary and appropriate to further address the identified problem?	<p>UA 09-13-2010: Not fully. In line with the comments above (12 & 13) the incremental reasoning has to be improved to clearly show that GEF funding is complementary in addressing the identified problems. LSH 10-07-10: Incremental reasoning has been improved.</p> <p>UA 10-12-2010: Cleared.</p>	

	<p>16. Are the applied methodology and assumptions for the description of the global environmental benefits/adaptation benefits sound and appropriate?</p>	<p>UA 09-13-2010: Not fully. The assumption that the project will lead to sustainable management of 483,800 ha of forest and 591,100 ha pastureland is not fully comprehensible. Please elaborate on the environmental benefits that the expected improvement in management of these land areas would bring (in view of the project objective to secure multiple environmental services). As far as possible, these benefits should be quantified (e.g. decrease in soil erosion, increase in forest cover, tree density, standing forest volume?)</p> <p>LSH/CC: Be careful of terms when describing carbon benefits. In the baseline project for instance, the 3509 Gt C are described as carbon sequestration, but this surely must be a carbon stock estimate, and perhaps this could be called carbon storage. In the table of current practices, the estimates for carbon benefits for overgrazing do not seem to match those listed in B.Project Framework. One item is that per year benefits for the 5 year project length make sense, but it is not clear why there is a 10 year benefit period. Are the listed carbon storage benefits of 499,500 and 258,735 tCO₂eq above a base level? Why is the carbon benefit rate on pastureland land greater than in the rate in forests? (on a per ha basis, its 55.5 to 52.7 tCO₂eq/ha). Please revise the text to be more clear on these calculations and interpretation of the benefits.</p> <p>LSH10-07-10 Text has been revised to be more clear. Basic estimates calculated using areas and emissions/sequestration factors such as provided for most of this version are useful for evaluation of what is being proposed in PIF.</p> <p>UA 10-12-2010:</p>	
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		been clearly distinguished and quantified. Cleared.	
	17. Has the cost-effectiveness sufficiently been demonstrated, including the cost-effectiveness of the project design approach as compared to alternative approaches to achieve similar benefits?	<p>UA 09-13-2010: Cost-effectiveness will be assessed at CEO endorsement stage as there changes in the proposed budget are expected. Please note that cost-effectiveness needs to be sufficiently demonstrated at that stage.</p>	
	18. Is there a clear description of the socio-economic benefits to be delivered by the project and of how they will support the achievement of environmental/ adaptation benefits (for SCCF/LDCF)?	<p>UA 09-13-2010: Yes. However, the socio-economic benefits are also dependent on the incentives that the project will provide for application of SLM/SFM practices at the field level. Therefore, the project design needs to incorporate such incentives and/or PES schemes to ensure that a part of the investment supports land users in the application of SLM/SFM approaches.</p> <p>UA 10-12-2010: Comment has been addressed. Cleared.</p>	
	19. Is the role of civil society, including indigenous people and gender issues being taken into consideration and addressed appropriately?	<p>UA 09-13-2010: Yes. The project framework takes this into consideration. Empowerment of local communities is one of the targeted outputs of the project. LSH/CC: The project does rely on empowerment of local communities but there is no specific mention of indigenous communities and gender issues. These items need to be specifically addressed. LSH 10-07-10: The role of gender in stakeholder activities in line with UNDP's gender mainstreaming strategy should be described.</p> <p>UA 10-12-2010: The description has been considerably improved. In line with LSH's comment above please note that at CEO</p>	

		stakeholder activities in line with UNDP's gender mainstreaming strategy must be better described.	
	20. 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>UA 09-13-2010: Yes. It is, however, worrying that one of the major outputs of the project, the empowerment of local stakeholders is assessed with a medium to high risk. In this respect, it is not fully clear whether the mitigation measures can fully address this risk. It would be more important to assess the commitment of the AZ government to test such approaches and their likelihood of adoption.</p> <p>LSH/CC: The major risks appear to be described, however, it is not clear whether the first risk is that the government will not allow local stakeholders to be empowered, or that the local stakeholders will not step forward and take responsibility, or a combination of both. Mitigations for risk should focus on activities to lessen the risk, rather than to gamble on the existing level of chance. Please reword some of the text to be more clear.</p> <p>LSH 10-07-10: Revision has clarified the risks. The mitigation activities could better include actions, such as being prepared to have additional personnel/actions in the field to better encourage stakeholder participation for instance.</p> <p>UA 10-12-2010: Has been addressed in the revised version. Cleared.</p>	
	21. Is the provided documentation consistent?	<p>UA 09-13-2010: The documentation provided at PIF stage is consistent.</p>	
	22. Are key stakeholders (government, local authorities, private sector, CSOs, communities) and their respective roles and involvement in the	<p>UA 09-13-2010: Yes.</p> <p>LSH/CC: For the most part, although how indigenous people and gender issues are addressed needs to be identified</p>	

		in #19.	
	23. Is the project consistent and properly coordinated with other related initiatives in the country or in the region?	<p>UA 09-13-2010: Not fully. Although the outlined coordination with UNDP's ongoing activities, and with FAO and GTZ initiatives is impressive, it is not clear how FAO and GTZ will be involved into the project. They appear as indicative co-financers with \$500,000 each but under item B6 in the PIF template only co-ordination with ongoing GTZ and FAO projects is mentioned.</p> <p>UA 10-12-2010: Has been explained. Cleared.</p>	
	24. Is the project implementation/ execution arrangement adequate?	<p>UA 09-13-2010: See comment 23 above: How is the project execution arrangement with regard to FAO and GTZ involvement envisaged? It would also be an advantage, if the indicated co-financing by FAO and GTZ could be further substantiated.</p> <p>UA 10-12-2010: Comment has been responded to. Cleared.</p>	
	25. Is the project structure sufficiently close to what was presented at PIF, with clear justifications for changes?		
	26. If there is a non-grant instrument in the project, is there a reasonable calendar of reflows included?		
	27. Is the GEF/LDCF/SCCF funding level for project management cost appropriate?	<p>UA 09-13-2010: No. The total management cost for this project is \$1.7 million which is exactly 10% of the total project cost and seems very high for a project of that scale and</p>	

<p>Project Financing</p>		<p>actual management costs. Therefore, please either revise management costs to reflect actual costs and not the ceiling of 10%. In case that actual costs are really \$1.7 million, please provide a detailed estimation. LSH 10-07-10: The revision contains a detailed breakdown.</p> <p>UA 10-12-2010: Breakdown is considered sufficient at PIF stage but will need to be further detailed at CEO endorsement stage. Please note the comment under item 37 to be considered at CEO endorsement. Cleared.</p>	
	<p>28. Is the GEF/LDCF/SCCF funding per objective appropriate to achieve the expected outcomes and outputs according to the incremental/additional cost reasoning principle?</p>	<p>UA 09-13-2010: Not fully. Based on the baselines that have been described, especially with regard to previous efforts of UNDP to improve the enabling environment, the estimated funding of component 1 with \$1 million from LD funds seems too high. Duplication of efforts need to be avoided. The main focus of the incremental GEF financing should be on component 2 and 3 as the successful implementation of improved SLM/SFM land use fits very well with the incremental cost reasoning principle.</p> <p>LSH/CC: The estimated funding of component 1 does seem high, given the previous efforts of UNDP on improving the enabling environment. It is not clear what is meant by mechanisms for peer-to-peer learning, systematic long-term approaches to capacity building, and disseminating information. A more specific description may help convey what would be accomplished with the requested budget.</p> <p>LSH 10-07-10: Less funding is being asked for in component 1. A more specific description may help convey what is being proposed with the requested</p>	

		UA 10-12-2010: Budget has been adjusted in line with comments. Cleared.	
	29. Comment on indicated cofinancing at PIF. At CEO endorsement, indicate if cofinancing is confirmed.	UA 09-13-2010: Co-financing is indicative. Although co-financing does not need to be confirmed at PIF stage, it would be an advantage, if the indicated co-financing by FAO and GTZ could be further substantiated.	
	30. Is the budget (GEF/LDCF/SCCF funding and co-financing) per objective adequate to achieve the expected outcomes and outputs?	UA 09-13-2010: Not fully. See comments 27 & 28. Furthermore, the co-financing consist to a large part of in-kind funds. The actual co-financing in grant money amounts to only \$3.23 million. Given the strategic importance for this project with regard to SLM/SFM in AZ, a cash co-financing of at least a 1:1 ratio to GEF funding would be considered adequate. LSH 10-07-10: The increased cash co-financing ratio is more adequate to increase the probability of success of the project and reduce possible initial delays. As indicated in #5, be sure and list all inkind support. UA 10-12-2010: Indicative cash co-financing has been increased. Cleared.	
Project Monitoring and Evaluation	31. Has the Tracking Tool been included with information for all relevant indicators, as applicable?	NA	
	32. Does the proposal include a budgeted M&E Plan that monitors and measures results with indicators and targets?		
Agency Responses	33. Has the Agency responded adequately to comments from:		
	<ul style="list-style-type: none"> • STAP? 	UA 12-10-2010: STAP report is now available. Please use the STAP advise during project design phase and report on how the advise of STAP to comments has been	

		CEO endorsement stage.	
	• Convention Secretariat?		
	• Council comments?		
	• Other GEF Agencies?	UA 10-12-2010: GEFSEC comments of first review have been addressed.	

Secretariat Recommendation

Recommendation at PIF Stage	34. Is PIF clearance/approval being recommended?	<p>UA 09-13-2010: No. Please address all issues raised above in the resubmission. LSH/CC 9.14.10: I agree with UA, please address issues in the resubmission. LSH 10-07-10: Mostly all issues have been dealt with adequately in the revised PIF; the remaining issues can and should be dealt with during project preparation, including all inkind support should be listed as co-financing (see #5), and the role of gender in stakeholder groups and how that matches UNDP's gender mainstreaming strategy.</p> <p>UA 10-12-2010: Yes. PM recommends the PIF for clearance. Please note the items to consider at CEO endorsement during the project preparation.</p>	
	35. Items to consider at CEO endorsement/approval.	<p>UA 10-12-2010: The co-operation of UNDP with FAO and GTZ is considered an asset of the proposed project. The operationalisation of the co-operation between UNDP and FAO/GTZ as executing partners as well as the confirmation of indicative co-financing of these partners during project preparation will be important criteria for CEO endorsement.</p> <p>Estimated project management costs must be further detailed and explained at CEO endorsement stage. Please note that GEF only funds actual management costs and will only pay prorata our funding</p>	

		<p>management costs. At endorsement stage, GEF will thoroughly review the appropriateness of the total project management costs (GEF funding and co-finance) and its justification in relation to the overall project budget.</p> <p>All inkind support that UNDP has mentioned to provide to this project should be included in the co-financing if it fulfils the respective criteria.</p> <p>The role of gender in stakeholder activities, such as in line with UNDP's gender mainstreaming strategy, should be described.</p> <p>UA 12-10-2010: Please incorporate the STAP recommendations into the design phase of the project. We expect that sound baselines are established at the time of CEO endorsement.</p>	
Recommendation at CEO Endorsement/ Approval	36. At endorsement/approval, did Agency include the progress of PPG with clear information of commitment status of the PPG?		
	37. Is CEO endorsement/approval being recommended?		
Review Date (s)	First review*	September 13, 2010	
	Additional review (as necessary)	October 12, 2010	
	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.

REQUEST FOR PPG APPROVAL

Review Criteria	Decision Points	Program Manager Comments
PPG Budget	1. Are the proposed activities for project preparation appropriate?	<p>UA 11-12-2010: Not fully appropriate. Revisions and/or clarifications are needed on the following points:</p> <p>1) The PPG proposal does not specify how the envisaged executing agencies / co-financers are to be involved into the project design phase. It would seem necessary to ensure their full involvement in order to design appropriate implementation arrangements and ensure their interest in taking part in the execution and co-financing of the project.</p> <p>2) Under component 2, GEF expects that the assessment of the potential of agro-environmental incentives will go beyond the identification of levels of interest but will lead to the design of a PES scheme that will be applied in the project.</p> <p>3) Under component 3, GEF suggests to set the focus of the PPG clearly on the implementation design for the planned pilot sites (12,500 ha pastures; 20,000 ha forest management; 14,000 ha restoration) and how the PES will support the implementation of these activities.</p> <p>4) Under component 4, GEF would like to remind the IA that gender aspects need to be included into the assessment of social, economic, and financial feasibility.</p> <p>LSH Nov 12 10: Keep in mind that the SFM/REDD+ funds are meant to focus on forest projects, although in the wider landscape.</p>
	2. Is itemized budget justified?	<p>UA 11-12-2010: As a general guideline, the GEF expects that the co-financing of the PPG reflects the indicative co-financing of the project, which is roughly 1:2. In this context, the IA should explore whether the executing agencies FAO and GTZ can be involved into the design phase and provide co-financing already during that stage.</p>
Secretariat Recommendation	3. Is PPG approval being recommended?	<p>UA 11-12-2010: No. Please revise and/or provide clarification as requested in this review. LSH Nov 12/10: I agree with UA, revision/clarification is requested.</p> <p>UA 12-07-2010: No. The indicated changes in the Agencies response are not reflected in the PPG request template. Please check whether the latest version of the PPG request has been sent to GEF. I would like to remind you to explore possibilities to raise the co-financing to about 1:2 to match the requested PPG funds.</p>

		<p>overview of the PPG co-financing by components. The totals are not identical. Finally, the STAP screening report for the proposed project is already available. Please feed the recommendations of STAP into project design and PPG phase as appropriate.</p> <p>UA 12-10-2010: Cannot be recommended yet. Please explore possibility of raising the co-financing for the PPG to a ratio of 1:2 or request a reduced GEF-grant amount. Please also note "other comments".</p> <p>UA 12-28-2010: All issues have been adequately addressed. PM recommends PPG for CEO approval.</p>
	<p>4. Other comments</p>	<p>UA 11-12-2010: Please note regarding GEF tracking tools in GEF-5: a) Tracking tools are intended to facilitate the portfolio monitoring of GEF focal areas. The tracking tools measure progress towards focal area outcomes only with selected indicators that are amenable to aggregation at portfolio level. Therefore, the GEF tracking tools cannot replace a project level monitoring and evaluation system as stated in the PPG proposal. b) For the envisaged project, it will be required to prepare the CC tracking tool, the LD tracking tool, and the SFM/REDD+ tracking tool (to the extent which is not yet covered by the preparation of the CC and LD tracking tools). It is advisable to start the preparation of these tools at an early stage of the PPG phase as they will support the design of the project. c) The complete suite of GEF-5 tracking tools will be available prior to the start of the PPG.</p> <p>LSH Nov 12/10: 1) To further emphasize/clarify the tracking tool point: the carbon monitoring system described as an outcome in the CC strategy is not a system to produce results specifically for the tracking tool (although the monitoring system could be used for that) but as a monitoring system to be used to produce estimates for broader reporting. As implied by the other reviewer, tracking tools should be plural because LD, CC, and SFM/REDD+ tracking tools would need to be filled out. 2) In Annex A, it may be appropriate to explicitly include mention of the consideration of gender aspects especially along with socio-economic benefits and civil society involvement.</p> <p>UA 12-10-2010:</p>

		<p>project. We therefore would expect that the assessment of the potential of agro-environmental incentives will identify a feasible payment for ecosystem services (PES) scheme that will be implemented in the project.</p> <p>2) Please incorporate the STAP recommendations into the design phase of the project. We expect that sound baselines are established at the time of CEO endorsement.</p>
Review Date (s)	First review*	November 12, 2010
	Additional review (as necessary)	December 28, 2010

* 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.