



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

GEF ID:	5139		
Country/Region:	China		
Project Title:	Sustainable Forest Management to Enhance the Resilience of Forests to Climate Change		
GEF Agency:	FAO	GEF Agency Project ID:	
Type of Trust Fund:	GEF Trust Fund	GEF Focal Area (s):	Multi Focal Area
GEF-5 Focal Area/ LDCF/SCCF Objective (s):	CCM-5; BD-2; SFM/REDD+-1;		
Anticipated Financing PPG:	\$0	Project Grant:	\$7,152,728
Co-financing:	\$48,400,000	Total Project Cost:	\$55,552,728
PIF Approval:		Council Approval/Expected:	June 01, 2013
CEO Endorsement/Approval		Expected Project Start Date:	
Program Manager:	Junu Shrestha	Agency Contact Person:	Jeffrey Griffin

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?	(9/26/2012 CCM-MB) Yes	
	2. Has the operational focal point endorsed the project?	(9/26/2012 CCM-MB) Yes	
Agency's Comparative Advantage	3. Is the Agency's comparative advantage for this project clearly described and supported?	(9/26/2012 CCM-MB) Yes	
	4. If there is a non-grant instrument in the project, is the GEF Agency capable of managing it?	(9/26/2012 CCM-MB) There is not a non-grant instrument in the project.	
	5. Does the project fit into the Agency's program and staff capacity in the country?	(9/26/2012 CCM-MB) Yes	
Resource Availability	6. Is the proposed Grant (including the Agency fee) within the resources available from (mark all that apply):		
	<ul style="list-style-type: none"> • the STAR allocation? 	(9/26/2012 CCM-MB) Yes	

		China's STAR allocation is \$211,690,000 and currently it has \$65,317,273 remaining.	
	<ul style="list-style-type: none"> the focal area allocation? 	<p>(9/26/2012 CCM-MB) Yes China has a CCM STAR allocation of \$149,600,000 and it has \$43,882,501 remaining for CCM.</p> <p>(NR - UA) Yes for BD</p>	
	<ul style="list-style-type: none"> the LDCF under the principle of equitable access 	(9/26/2012 CCM-MB) N/A	
	<ul style="list-style-type: none"> the SCCF (Adaptation or Technology Transfer)? 	(9/26/2012 CCM-MB) N/A	
	<ul style="list-style-type: none"> Nagoya Protocol Investment Fund 	(9/26/2012 CCM-MB) N/A	
	<ul style="list-style-type: none"> focal area set-aside? 	(9/26/2012 CCM-MB) Yes, for SFM/REDD+ set aside.	
Project Consistency	7. Is the project aligned with the focal /multifocal areas/ LDCF/SCCF/NPIF results framework?	(9/26/2012 CCM-MB) Yes but see # 8 below.	
	8. Are the relevant GEF 5 focal/ multifocal areas/LDCF/SCCF/NPIF objectives identified?	<p>(9/26/2012 CCM-MB) Not at this time. The contributions of the project components to CCM5 objectives are not clear. Please justify in terms of of enhancement of carbon stocks and GHG emissions avoided. This is particularly important to justify where production forestry will continue, as the calculationw will be more complex than where reforestation occurs. An important incremental activity very appropriate to CCM5 investment could be the improvement of China's national forest inventory systems to account for C and GHG emissions from land use.</p> <p>(NR - UA) The contribution of the project to Biodiversity mainstreaming objectives will need to be improved. The application of good silvicultural</p>	

		<p>storey structure, retaining woody debris) is rather a baseline activity and does not justify an incremental BD investment. However, GEF could provide support if e.g. forest certification criteria (i.e. FSC) would be applied and certification pursued for those areas where good silvicultural practices will be implemented.</p> <p>4/9/2013 CCM JS Provided explanation on alignment with the CCM-5 objectives is sufficient for the PIF stage.</p> <p>Recommended Action at CEO Endorsement: Please elaborate on the monitoring system that will be established to track carbon benefits accrued through the project. Please explain how the guidelines developed will be incorporated into implementation of national inventory program and how the guidelines will address the range of forests that exist within the country.</p> <p>4/9/2013 NR UA: NR comments have been adressed. Cleared.</p>	
	<p>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>	<p>(9/26/2012 CCM-MB) Not at this time. Please revise in light of the national strategies and plans (e.g. national communication to the UNFCCC (2004 and new communication under development), China's climate change policy under the Bali Action Plan, the MRV sytem for mitigating climate change in China, Energy and Climate Goals of China's 12th Five-Year Plan)</p>	

		<p>appropriate.</p> <p>4/9/2013 CCM JS Yes. Adequate information is provided.</p> <p>4/9/2013 NR UA: NR comments have been addressed. Cleared.</p>	
	<p>10. Does the proposal clearly articulate how the capacities developed, if any, will contribute to the sustainability of project outcomes?</p>	<p>(9/26/2012 CCM-MB) Not at this time. As written, the contribution of the components to the CCM5 and SFM/REDD+ are not clear. Most notably, the contribution to the sustainability of carbon stocks and GHG emissions avoided beyond EOP is not apparent. Please revise and align more clearly with the CCM and SFM/REDD+ FA and incentive objectives and indicators. This is particularly important where production forestry will continue and requires careful C accounting as harvesting will occur by stakeholders (please see #30).</p> <p>4/9/2013 CCM JS Yes for PIF stage.</p> <p>Recommended Action at CEO Endorsement Stage: Please identify the drivers for forest degradation and if the threat still exist please explain how the project addresses these drivers so that the project outcomes related to reforestation and forest diversification activities will be sustained. The preliminary estimates provided on C sequestered in the production forests</p>	

		<p>monitoring system need to be set up and relevant indicators need to be determined to ensure that C benefits through the production forest continue and agree with the estimates provided.</p>	
<p>Project Design</p>	<p>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?</p>	<p>(9/26/2012 CCM-MB) Not at this time.</p> <p>The baseline is not adequately detailed to allow presentation of adequate incremental/additive reasoning in #13 below. The baseline provided describes the intent to increase the diversity in these forests and thereby increase C storage. There is little information about the history of forests and deforestation/conversion to plantations and changes in biodiversity or of carbon stocks. Also there is no information about current carbon stocks in the plantations, which will be needed to calculate additional C stored. Please discuss other projects that are being conducted in the country that can be used as a baseline to justify incremental benefits. Also, please set up justification of the activities and expected outcomes in context of the national forest inventories, MRV systems, and Climate Change plans and assessments. Comments in other parts of this review also may assist in strengthening the baseline of this project.</p> <p>(NR - UA) We agree that the incremental investment of the GEF is potentially important to "strengthen the role and benefits of forest user groups in forest management" (para 10), "implementing operational SFM</p>	

		<p>and "achieving more effective forest management by farmers and FMUs" (para 18). However, this incremental value needs to be better outlined as to how this builds on the mentioned baseline, WHERE it is planned to be implemented and HOW it is going to be achieved.</p> <p>4/9/2013 CCM JS Yes for PIF stage.</p> <p>Recommended Action at CEO Endorsement Stage: Please determine the baseline carbon stocks in the different forests (monoculture plantation and degraded forests) in the target provinces based on the on-site data. Please explain the status of the national inventory system in detail.</p> <p>4/9/2013 NR UA: NR comments have been addressed. Cleared.</p>	
	<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?</p>		
	<p>13. Are the activities that will be financed using GEF/LDCF/SCCF funding based on incremental/additional reasoning?</p>	<p>(9/26/2012 CCM-MB) Not at this time. There needs to be a more clear justification of how the project will provide global environmental benefits. As written, these benefits include C sequestration in plantation forests and wood projects, but this is not justified with a comparison of baseline with</p>	

		<p>please describe and justify C sequestration in wood products more thoroughly. There is a need for C accounting based on what is the current situation, and what is expected over the long term based on proposed activities. Please revise and refer to comments in # 8, 10, 11 and 30 during revision.</p> <p>(NR - UA) Please clarify if the project entails afforestation and/or reforestation.</p> <p>Please also strengthen the justification for the use of BD funds by clearly identifying BD related GEBs.</p> <p>4/9/2013 CCM JS Yes for PIF stage.</p> <p>Recommended Action at CEO Endorsement Stage: Please determine the carbon stocks stored in the target districts based on the actual forest coverage/on-site measurement/satellite imagery. Please provide detailed analysis of carbon stored in the harvested forest products. Compare the value against increased carbon expected to be sequestered through the proposed project using methodologies equivalent to Tier 2 level calculations and agreeable with Panda Standards stated in the project.</p> <p>4/9/2013 NR UA: NR comments have been addressed. Cleared.</p>	
	<p>14. Is the project framework sound and sufficiently clear?</p>	<p>9/26/2012 CCM-MB) Not at this time. Afforestation is not supported by the GEF, so please revise the expected</p>	

activities in 3.2.1 and 3.2.2 do not appear to address the objectives for CCM5 or SFM/REDD+. Please remove or justify why they are appropriate.

Similar issues exist for Components 1. The increase in revenues from sustainably managed forests is not an appropriate expected outcome, but may be considered when discussing the socioeconomic benefits.

Please explain more clearly the M&E system under Component 4, to measure project progress and impact. What are the metrics and indicators of success? How will this link into the national forest inventory system, MRV system, the Six Key Ecological Forestry Programs (SKEFP) and the REDD+ program overall?

(NR - UA) The project objective has a huge scope. In this way the logic on how the expected outcomes contribute to the objective are not easily perceived. The intended focus of the project to work specifically in certain forest types, specific context (FMUs), specific locations (4 provinces) needs to be improved.

4/9/2013 CCM JS
Yes for PIF stage.

Recommended Action at CEO
Endorsement Stage:
Please see comments for section 8.

		NR comments have been adressed. Cleared.	
	15. Are the applied methodology and assumptions for the description of the incremental/additional benefits sound and appropriate?	<p>(9/26/2012 CCM-MB) Not at this time. There is a need to better focus the activities on answering the questions raised, and to better describe what will be done and where and how this project will be conducted.</p> <p>The calculation of the incremental/added benefits for CCM are do not provide baseline data nor describe how well the C stocks will increase even while a stated purpose of the project is to increase economic well-being of stakeholders by allowing timber harvesting. The calculations are more complicated than are presented and the method of calculating, including adjustments for harvesting the stands, must be included. The suggestion that improving diversity in the stands will substantially increase C stocks must be justified. At more deliberate accounting of carbon emission avoidance with the proposed activities is needed. Currently estimates are given but they are provided without sources, calculations, or assumptions on which they are based. There is a statement in Component 3 that baseline carbon data will be documented and that carbon sequestration and emission reductions are to be measured, reported, and verified, but the methods are not clear, particularly as it relates to wood recycling. Please see comment #8, 10, 11, 13 and 30.</p>	

		<p>4/9/2013 CCM JS Yes for PIF stage.</p> <p>Recommended Action at CEO Endorsement Stage: Please see comments for section 13.</p>	
	<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 delivery of such benefits support the achievement of incremental/additional benefits?</p>	<p>(9/26/2012 CCM-MB) Not fully at this time. The project is described as gender-neutral. The main socioeconomic benefit as described is economic as the stakeholders are being encouraged to manage the land for their own benefits for income generation. Please explain how the delivery of these benefits will support incremental/additional project benefits.</p> <p>4/9/2013 CCM JS Yes. The information provided in the response sheet is adequate and helpful.</p>	
	<p>17. Is public participation, including CSOs and indigenous people, taken into consideration, their role identified and addressed properly?</p>	<p>(9/26/2012 CCM-MB) Not at this time. Please explain the plans for mainstreaming biodiversity conservation and how the wood recycling component addresses FA objectives.</p> <p>4/9/2013 CCM JS Yes.</p>	
	<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>	<p>(9/26/2012 CCM-MB) Not fully at this time. For example, how will temporary land rights and forest management "for their own benefit" lead to sustainability, C storage and biodiversity? What is the risk of stakeholders managing their holdings unsustainably?</p> <p>4/9/2013 CCM JS Yes for PIF stage.</p>	

		<p>Recommended Action at CEO Endorsement Stage: Please explain measures or incentives that will encourage the stakeholders especially landowners to undertake forest management practices proposed in the project during and beyond project duration.</p>	
	<p>19. Is the project consistent and properly coordinated with other related initiatives in the country or in the region?</p>	<p>(9/26/2012 CCM-MB) Not at this time. Please see previous comments on how to strengthen coordination within the country and internationally. This will be revisited after revision.</p> <p>4/9/2013 CCM JS Yes for PIF stage.</p> <p>Recommended Action at CEO Endorsement Stage: Please develop mechanisms to coordinate with the identified related initiatives in the country. Also, other ongoing initiatives in the country that may be directly relevant to building the MRV system and creating the national inventory need to be identified.</p>	
	<p>20. Is the project implementation/ execution arrangement adequate?</p>	<p>(9/26/2012 CCM-MB) Not at this time. We understand that the executing partner will be the Forest Agency of China, and the provincial Forestry Departments will be responsible for day-to day activities. We need more details on the role of local stakeholders.</p> <p>(NR - UA) (a) What is the rationale for selecting the 4 particular (and very different) project provinces? (b) Please clarify, together with the OFP, why the same executing agency</p>	

		<p>covering the same provinces and both addressing forestry issues. One project (ADB) comes under the PRC-GEF LD partnership and applies for LD funding, the other is this (FAO) proposal. We have concerns about potential duplication of efforts and missed opportunities for creating synergy between the 2 projects.</p> <p>4/9/2013 CCM JS Yes. Requested changes have been made.</p> <p>4/9/2013 NR UA: NR comments have been adressed. Cleared.</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?	(9/26/2012 CCM-MB) Yes, it is 5%.	
	24. Is the funding and co-financing per objective appropriate and adequate to achieve the expected outcomes and outputs?	(9/26/2012 CCM-MB) Not at this time. Most notably in component 3 the proposed funding from CCM5 is very high. In components 1 and 4 the funding for CCM5 and SFM are high relative to appropriate expected outcomes for the focal area and incentive. See explanation about appropriate outcomes in comments #8,	

	25. At PIF: comment on the indicated cofinancing; At CEO endorsement: indicate if confirmed co-financing is provided.	(9/26/2012 CCM-MB) Please explain the breakdown of cash and in-kind cofinancing from the government. 4/9/2013 CCM JS Yes the requested information has been provided. However, by CEO endorsement please provide higher proportion of cash or grant co-financing.	
	26. Is the co-financing amount that the Agency is bringing to the project in line with its role?	(9/26/2012 CCM-MB) Yes	
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 PIF Stage	30. Is PIF clearance/approval being recommended?	(9/26/2012 CCM-MB) Not at this time. Please see comments in #7, 8, 10, 11, 13, 14, 15, 17, 18, 19, 20, and 24. Because this project as currently described does not meet the FA objectives please consider as a basis for further discussion some changes in approach that may better meet the objectives for CCM5, SFM/REDD+, and BD.	

		<p>and other forests, please consider forest sustainability certification (i.e. FSC)? In addition, some sort of high conservation value forests (HCVF) assessment would help to improve the framework for SFM in multi-purpose forest in project provinces. Such activities would satisfy a key objective for SFM and better justify BD mainstreaming investments.</p> <p>There is a need for Carbon stock monitoring systems that can help in the measurement, reporting and validation of GHG emission avoidance through reforestation. The development of this system, or refinement of an existing system would fit well within CCM5 and SFM/REDD+. Also, reforestation, developing and implementing policies and regulations to avoid deforestation, and defining conservation areas to secure carbon sinks are activities that support objectives in CCM5 and SFM/REDD+, would fit well in this project.</p> <p>4/9/2013 CCM JS & NR UA Yes. Please see comments to be addressed by CEO endorsement.</p>	
	31. Items to consider at CEO endorsement/approval.	Please see comments made throughout the review sheet at PIF stage.	
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*	September 26, 2012	
	Additional review (as necessary)	April 10, 2013	
	Additional review (as necessary)		

	Additional review (as necessary)		
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* **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?	
	2. Is itemized budget justified?	
Secretariat Recommendation	3. Is PPG approval being recommended?	
	4. Other comments	
Review Date (s)	First review*	
	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.