



## REQUEST FOR CEO ENDORSEMENT

**PROJECT TYPE: Full-sized Project**

**TYPE OF TRUST FUND: GEF Trust Fund**

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### PART I: PROJECT INFORMATION

Project Title: Conservation and Sustainable Use of Biodiversity, Forests, Soil and Water to Achieve the Good Living ( <i>Sumac Kasay</i> ) in the Province of Napo			
Country(ies):	Ecuador	GEF Project ID: <sup>1</sup>	4774
GEF Agency(ies):	FAO	GEF Agency Project ID:	615424
Other Executing Partner(s):	Decentralized Autonomous Government of the Province of Napo (NPG) Ministry of the Environment (MAE)	Submission Date:	July 10, 2014
GEF Focal Area (s):	Multi-Focal	Project Duration(Months)	48
Name of Parent Program (if applicable):		Agency Fee (\$):	262,828
	<ul style="list-style-type: none"> <li>➤ For SFM/REDD+ <input checked="" type="checkbox"/></li> <li>➤ For SGP <input type="checkbox"/></li> </ul>		

### A. FOCAL AREA STRATEGY FRAMEWORK<sup>2</sup>

Focal Area Objectives	Expected FA Outcomes	Expected FA Outputs	Trust Fund	Grant Amount (\$)	Cofinancing (\$)
BD-2	Outcome 2.1: Increase in sustainably managed landscapes and seascapes that integrate biodiversity conservation.	Output 2.2: Six (6) sub-national land-use plans that incorporate biodiversity and ecosystem services valuation.	GEFTF	1,328,309	6,227,113
LD-1	Outcome 1.3: Sustained flow of services in agro-ecosystems	Output 1.3: Suitable SL/WM interventions to increase vegetative cover in agro-ecosystems	GEFTF	159,844	749,295
LD-3	Outcome 3.1 Enhanced cross-sector enabling environment for integrated landscape management	Output 3.1: One (1) integrated land management plan, developed	GEFTF	53,281	249,763
LD-3	Outcome 3.2: Integrated landscape management practices adopted by local communities	Output 3.2: Three (3) INRM tools and methodologies developed and tested  Output 3.4: Information on four (4) INRM technologies and one good practice guidelines disseminated	GEFTF	133,203	624,412
LD-3	Outcome 3.3: Increased investments in integrated landscape management	Output 3.3: Two (2) appropriate actions to diversify the financial resource base	GEFTF	186,485	874,180
SFM/REDD+- 1	Outcome 1.2: Good management practices developed and applied in	Output 1.2: Forest area under sustainable management, categorized by forest type.	GEFTF	431,683	2,023,587

<sup>1</sup> Project ID number will be assigned by GEFSEC.

<sup>2</sup> Refer to the Focal Area/LDCF/SCCF Results Framework when completing Table A.

Focal Area Objectives	Expected FA Outcomes	Expected FA Outputs	Trust Fund	Grant Amount (\$)	Cofinancing (\$)
	existing forests.				
SFM/REDD+- 1	Outcome 1.3: Good management practices in the wider landscape developed and adopted by relevant economic actors.	Output 1.3: Types and quantity (3) of services generated through SFM.	GEFTF	186,707	875,220
Sub-total				2,479,512	11,623,570
Project Management Costs			GEFTF	148,771	696,934
<b>Total project costs</b>				<b>2,628,283</b>	<b>12,320,504</b>

## B. PROJECT FRAMEWORK

### Project Objective:

**Global Environmental Objective:** To promote the conservation and sustainable use of globally important biodiversity, reduce and revert land degradation and deforestation, and improve forest management in the Province of Napo.

**Project Development Objective:** To increase and improve the supply of goods and services from agricultural, livestock and forestry production in the Province of Napo in a sustainable manner.

Project Component	Grant Type	Expected Outcomes	Expected Outputs	Trust Fund	Grant Amount (\$)	Confirmed Cofinancing (\$)
1. Institutional strengthening to mainstream biodiversity conservation and integrated natural resource management into participatory land-use planning and management, based on an ecosystem approach	TA	<p>1.1: Improved participatory environmental governance in the Province of Napo.</p> <p><i>Environmental thematic axes<sup>3</sup> mainstreamed into at least six (6) LUDPs<sup>4</sup> for conservation and sustainable use of natural resources</i></p> <p><i>Foreseen extent of landscape where the project contributes directly to BD conservation/sustainable use: 47,911 has</i></p> <p><i>PAs within the landscape covered by the project: 15<sup>5</sup></i></p>	<p>1.1.1: One Participatory inter-institutional strategy for natural resources management designed, implemented and monitored.</p> <p>1.1.2: Six (6) LUDPs with included environmental criteria, implemented and monitored</p> <p>1.1.3: 2 roundtables (protected areas and sustainable livestock) established and functioning.</p> <p>1.1.4: Stakeholders' capacities strengthened for natural resources governance</p> <p>1.1.5: One Information management system of</p>	GEFTF	890,140	5,297,546

<sup>3</sup> Axes will comprise sustainable forest management, ecological restoration, sustainable agricultural practices (cocoa in chakra, clean naranjilla, sustainable livestock), promotion of community-based tourism in natural areas, biotrade through bio-initiatives, and improvement of ecosystem services in river basins.

<sup>4</sup> Land Use Development Plans

<sup>5</sup> It refers to the following PAs or Protective Forests (PF): Sumaco Napo Galeras, Ecological Reserve of Antisana, Cotopaxi National Park, Llanganates National Park, Cayambe Coca National Park, Forest Heritage Unit 9 – Napo; Forestal Heritage Unit 2 – Napo, La Cascada PF, Rio Tigre PF (High and Medium area); Cerro Sumaco PF, Rio Suno Upstream PF and broader areas, Cumanda PF, Venecia PF, Selva Viva PF, Cuenta de los Rios Colonso PF, Tena PF, Shitic e Inchillaqui PF. See details in the BD Tracking Tool, Indicator BD-2 II.2

		<p>Outcome 1.2: Increased investments for natural resources management.</p> <p><i>Increase in investments for integrated landscape management: 21.5% increase in investments for incentive mechanisms: US\$ 2,676,000 by PY4 (Baseline: US\$476,000 in 2013, expected BAU investment by PY4: US\$ 2,200,000)</i></p> <p><i>Foreseen PES: Biodiversity conservation in forests. 48,845has. USD 43/ha/yr</i></p>	<p>natural resources, developed and managed by MAE and NPG</p> <p>1.2.1: Six (6) incentive mechanisms strengthened and articulated, and operational for biodiversity conservation and sustainable use.</p> <p>1.2.2: One Provincial Sustainable Development Fund established and operational.</p>			
<p>2. Design and promotion of landscape and agro-forestry production systems that include the sustainable management of water, soil, and forests, while improving local population livelihoods in the Province of Napo.</p>	INV	<p>2.1: Production systems incorporate good practices for conservation and management of natural resources in four priority sites of the Province of Napo.</p> <p><i>Spatial coverage of integrated natural resources management practices in the wider landscape: 1,720 ha under sustainable intensification, adapted to the local context (120 ha of naranjilla, 400 ha of cocoa, 1,200 of livestock production)</i></p> <p><i>Land area of production systems with increased vegetation cover (conservation agreements): 1,764 ha of forests conserved by producers of naranjilla (400 ha), cocoa (1,000 ha) and livestock (364 ha)</i></p> <p>2.2: Reduced pressure over the forests of the Sumaco Biosphere Reserve through the</p>	<p>2.1.1: Three (3) technology packages of good practices for cocoa, <i>naranjilla</i> and livestock and conservation agreements signed with small- and medium-scale producers</p> <p>2.1.2: Two (2) cocoa and <i>naranjilla</i> value chains plans updated, implemented and monitored</p>	GEFTF	1,130,780	4,559,024

		<p>implementation of a SFM strategy</p> <p><i>No increase in the deforestation rate after 2014 as direct impact of the project and decrease in 15% in four years project lifetime as indirect impact<sup>6</sup></i></p> <p><i>Avoided emissions during the 4 years project lifetime due to sustainable forest management in amount of 535,275 t CO<sub>2eq</sub> and due to forests conserved by producers, inside or around the agricultural systems, in amount of 807,030 t CO<sub>2eq</sub><sup>7</sup></i></p>	<p>2.2.1: A Provincial SFM Strategy designed, agreed, implemented and monitored</p> <p>2.2.2: Twenty-three (23) co-management plans for the La Cascada, Cerro Sumaco and Colonso PFs elaborated, implemented and monitored (40,927 ha).</p> <p>2.2.3: 2,500 ha restored with analogue forestry, reforestation or natural regeneration techniques under conservation agreements and incentives</p> <p>2.2.4: Provincial timber traceability system, designed and piloted in Cerro Sumaco (Wamani and Akoki communities)</p>			
3. Promotion of biotrade and community-based ecotourism as strategies for biodiversity conservation, sustainable management of natural resources, and improvement of livelihoods for local communities	TA	<p>3.1: Biodiversity conserved, natural resources sustainably managed and livelihoods of local communities improved through promotion of community-based ecotourism and biotrade.</p> <p><i>1,000 ha of forests (community-owned or private) conserved through conservation agreements and destined to community tourism or sustainable biotrade practices.</i></p> <p><i>10% increase in the current average income of 200 producers (100 women) working in community tourism and sustainable biotrade.</i></p>	<p>3.1.1: Conservation agreements (500 ha) and good practices in community-based ecotourism implemented.</p> <p>3.1.2: Five (5) biotrade goods<sup>9</sup> produced under management plans and/or <i>chakra</i> eco-labelling in areas under conservation agreements</p> <p><i>2 priority areas (Archidona and Tena) with 500 ha under conservation agreements</i></p>	GEFTF	333,436	1,577,000

<sup>6</sup> Baseline: rate of deforestation: 2,735 ha/yr in the Province of Napo for the 2000-2008 period, and estimated in 3,905 ha/yr in 2014

<sup>7</sup> Baseline: preliminary data estimation with information provided by MAE indicates that the Napo Province's emissions for the 4-years project lifetime could be of 7,681,426 t CO<sub>2eq</sub> considering 125 t C/ha.

		<i>PAs within the landscape covered by the project: 15<sup>8</sup></i>				
4. M&E and information dissemination	TA	4.1: Project implementation based on RBM and lessons learned/good practices documented and disseminated  <i>Project implemented based on RBM and demonstrating sustainability</i>	4.1.1: Project M&E system established and operational  4.1.2: Midterm and final evaluations  4.1.3: Project best practices and lessons learned published.  4.1.4: Webpage for information sharing and exchange of experiences	GEFTF	125,156	190,000
Subtotal					2,479,512	11,623,570
Project management Cost (PMC) <sup>10</sup>				GEFTF	148,771	696,934
<b>Total project costs</b>					<b>2,628,283</b>	<b>12,320,504</b>

### C. SOURCES OF CONFIRMED COFINANCING FOR THE PROJECT BY SOURCE AND BY NAME (\$)

Please include letters confirming cofinancing for the project with this form

Sources of Co-financing	Name of Co-financier (source)	Type of Cofinancing	Cofinancing Amount (\$)
Local Government	Government of the Province of Napo	Grant	3,972,660
		In kind	2,015,000
National Government	Ministry of the Environment	Grant	2,005,533
		In kind	930,467
Local Government	Government of the Municipality of Tena	Grant	90,000
		In kind	80,000
Local Government	Government of the Municipality of Quijos	In kind	78,480
Local Government	Government of the Municipality of Archidona	In kind	86,364
		Grant	80,000
Local Government	Government of the Municipality of Arosemena Tola	Grant	35,000
		In kind	30,000
Local Government	Government of the Municipality of El Chaco	Grant	45,000
		In kind	175,000
Local Government	Government of the Parish of Cuyuja	Grant	22,000
		In kind	5,000
National Government	COCASINCLAIR EP	Grant	600,000
		In kind	400,000
Bilateral Aid Agency	German Cooperation Agency (GIZ)	Grant	140,000
		In kind	560,000
Bilateral Aid Agency	USAID	Grant	50,000

<sup>9</sup> Biotrade goods are native species as follows: i) orchids; ii) palm (*ungurahua (Oenocarpus bataua)*, *morete (Mauritia flexuosa)*, *chonta (Bactris gasipaes)*); iii) guayusa (*Ilex guayusa*); iv) vanilla (*Vainilla sp.*); and v) tikaso (*Plukenetia volubilis*).

<sup>8</sup> It refers to the following PAs or Protective Forests (PF): Sumaco Napo Galeras, Ecological Reserve of Antisana, Cotopaxi National Park, Llanganates National Park, Cayambe Coca National Park, Forest Heritage Unit 9 – Napo; Forestal Heritage Unit 2 – Napo, La Cascada PF, Rio Tigre PF (High and Medium area); Cerro Sumaco PF, Rio Suno Upstream PF and broader areas, Cumanda PF, Venecia PF, Selva Viva PF, Cuenta de los Rios Colonso PF, Tena PF, Shitic e Inchillaqui PF. See details in the BD Tracking Tool, Indicator BD-2 II.2

<sup>10</sup> PMC should be charged proportionately to focal areas based on focal area project grant amount in Table D below.

CSO	Rainforest Alliance	Grant	500,000
GEF Agency	FAO	Grant	420,000
<b>Total Co-financing</b>			<b>12,320,504</b>

**D. TRUST FUND RESOURCES REQUESTED BY AGENCY, FOCAL AREA AND COUNTRY<sup>1</sup>**

GEF Agency	Type of Trust Fund	Focal Area	Country Name/ Global	(in \$)		
				Grant Amount (a)	Agency Fee (b) <sup>2</sup>	Total c=a+b
FAO	GEF TF	Biodiversity	Ecuador	1,408,645	140,864	1,549,509
FAO	GEF TF	Land Degradation	Ecuador	562,567	56,257	618,824
FAO	GEF TF	Multi-focal Areas	Ecuador	657,071	65,707	722,778
<b>Total Grant Resources</b>				<b>2,628,283</b>	<b>262,828</b>	<b>2,891,111</b>

<sup>1</sup> In case of a single focal area, single country, single GEF Agency project, and single trust fund project, no need to provide information for this table. PMC amount from Table B should be included proportionately to the focal area amount in this table.

<sup>2</sup> Indicate fees related to this project.

**F. CONSULTANTS WORKING FOR TECHNICAL ASSISTANCE COMPONENTS:**

Component	Grant Amount (\$)	Cofinancing (\$)	Project Total (\$)
International Consultants	0	0	0
National/Local Consultants	1,065,600	2,115,000 <sup>11</sup>	3,180,000

**G. DOES THE PROJECT INCLUDE A "NON-GRANT" INSTRUMENT? NO**

(If non-grant instruments are used, provide in Annex D an indicative calendar of expected reflows to your Agency and to the GEF/LDCF/SCCF/NPIF Trust Fund).

**PART II: PROJECT JUSTIFICATION**

**A. DESCRIBE ANY CHANGES IN ALIGNMENT WITH THE PROJECT DESIGN OF THE ORIGINAL PIF<sup>12</sup>**

**A.1 National strategies and plans** or reports and assessments under relevant conventions, if applicable, i.e. NAPAS, NAPs, NBSAPs, national communications, TNAs, NCSA, NIPs, PRSPs, NPFE, Biennial Update Reports, etc.

The project is still in alignment with national strategies and plans as described in the PIF. The National Good Living Plan 2009-2013 mentioned in the PIF has been extended for the period 2013-2017, which covers the project's lifetime.

**A.2. GEF focal area and/or fund(s) strategies, eligibility criteria and priorities.**

The project is consistent with the following GEF strategic objectives:

<sup>11</sup> The Government of the Province of Napo will provide co-financing in the form of provincial short-term staff, given that the provincial regulations do not envisage consultancy as a possible contractual modality.

<sup>12</sup> For questions A.1 –A.7 in Part II, if there are no changes since PIF and if not specifically requested in the review sheet at PIF stage, then no need to respond, please enter "NA" after the respective question

- Biodiversity Focal Area – Objective 2 (BD-2): *Mainstream Biodiversity Conservation and Sustainable Use into Production Landscapes, Seascapes and Sectors*;
- Land Degradation Focal Area - Objective 1 (LD-1): *Maintain or improve flow of agro-ecosystem services to sustaining the livelihoods of local communities*;
- Land Degradation Focal Area - Objective 3 (LD-3): *Reduce pressures on natural resources from competing land uses in the wider landscape*; and
- Sustainable Forest Management Focal Area / Reduction of emissions from deforestation and forest degradation, foster conservation, sustainable management of forests, and enhancement of forest carbon stocks – Objective 1 (SFM/REDD+-1): *Reduce pressures on forest resources and generate sustainable flows of forest ecosystem services*.

Component 1 will support objective BD-2 through: i) mainstreaming, implementing and monitoring biodiversity conservation principles and integrated natural resources management measures in six Land Use Development Plan (LUDPs) of provincial, municipal and parochial Decentralized Autonomous Governments (DAGs); ii) the design of an Inter-institutional Strategy for conservation, integrated management of landscapes and ecological corridors in the Province of Napo; iii) strengthening of an information system for the Province of Napo that compiles and systematizes information about the biodiversity and natural resources in the region, collected from local, national, and international institutions; iv) supporting PES schemes. Component 1 will also contribute to the objectives LD-3 and SFM/REDD+-1 through: iv) capacity development and implementation of a package of incentives for integrated landscape management at provincial level; v) creation of a Sustainable Development Fund; vi) establishment and start-up of two Thematic Roundtables (Protected Areas and Livestock) and vii) capacity building of the stakeholders in land use under a natural resources governance approach.

Component 2 will support objectives LD-1 and SFM/REDD+-1 by: i) introducing good NRM practices in traditional productive systems managed by small and medium-scale rural producers in the pilot areas of the Province of Napo (1,720 ha) and conservation of 1,764 ha of forests located in farms; ii) implementing SFM in 40,927 ha to reduce the pressure on the Sumaco Biosphere Reserve (SBR) forests; iii) promoting the ecological and/or productive restoration of 2,500 ha of degraded areas with high connectivity potential that are important for biodiversity, climate change resilience, and recovering ecosystem services in the province; iv) designing, implementing and monitoring an agreed strategy for SFM in the province; and v) designing and piloting a traceability system for legal timber in the province.

Component 3 seeks to reduce pressure on natural resources in buffer zones, enhance food security and increase incomes of the local population (see Section 2 of the Project Document for a detailed description of project outputs). It is consistent with objective BD-2 since it will pilot five (5) biotrade enterprises and seven (7) sustainable community-based ecotourism initiatives with the potential of being replicated elsewhere. Biotrade and community-based ecotourism are strategies for sustainable natural resources management and biodiversity conservation, which will also improve the livelihoods of rural communities in the Province of Napo. Rural small-holders will shift from unsustainable practices to sustainable production practices that enhance biodiversity conservation while obtaining economic benefits and improving their livelihoods

#### ***Project contribution to Aichi Targets***

The project will contribute to the following Aichi Biodiversity Targets: Target 7 “*By 2020 areas under agriculture, aquaculture and forestry are managed sustainably, ensuring conservation of biodiversity*”; and Target 18 “*By 2020, the traditional knowledge, innovations and practices of indigenous and local communities relevant for the conservation and sustainable use of biodiversity, and their customary use of biological resources, are respected, subject to national legislation and relevant international obligations, and fully integrated and reflected in the implementation of the Convention with the full and effective participation of indigenous and local communities, at all relevant levels.*”

#### **A.3 The GEF Agency’s comparative advantage:**

As in the PIF

#### **A.4. The baseline project and the problem that it seeks to address**

The baseline project and barriers that the project seeks to address have been further analyzed and detailed during the full project preparation. Please see the FAO-GEF Project Document section 1.1.1 *Baseline projects and investments for the next 3-5 years addressing the identified GEB threats (main co-financing sources of the project), and b) Remaining barriers to address threats on GEB.*

#### **A. 5. Incremental /Additional cost reasoning: describe the incremental (GEF Trust Fund/NPIF) or additional (LDCF/SCCF) activities requested for GEF/LDCF/SCCF/NPIF financing and the associated global environmental benefits (GEF Trust Fund) or associated adaptation benefits (LDCF/SCCF) to be delivered by the project:**

The incremental investment of GEF resources will, in Component 1, finance the strengthening of the institutional framework and the capacities of stakeholders in the province through: i) technical assistance by specialists in land use, capacity building, GIS, incentives, value chains, protected areas (PA) and co-management plans; ii) participatory elaboration of the environmental governance strategy; iii) assessments and studies for: a) a gender strategy; b) a participation strategy; c) the ecological zoning as input to update the LUDPs; and d) the identification of synergies between LUDPs and PA management plans; iv) training of government and civil society stakeholders to increase their knowledge and managerial capacities through training workshops in LUDPs, environmental governance, and GIS; meetings of the PA and livestock thematic roundtables, and workshops for dissemination of incentives; and v) procurement of equipment to support the technical assistance and training activities (see detailed descriptions in Sections 2.3 and 2.4 of the FAO-GEF Project Document). Co-financing will be provided by the Napo Provincial Government (NPG), the Ministry of Environment (MAE), the Decentralized Autonomous Governments (DAGs), GIZ, and COCASINCLAIR EP Hydroelectric. For further details on co-financing, please see the FAO GEF Project Document, Section 1.1.1 *c) Incremental reasoning (added value of the GEF financing).*

The incremental resources of the project will, in Component 2, finance the promotion of the sustainable management of water, soils and forests through: i) technical assistance by specialists in agricultural and livestock production, forestry, value chains, timber traceability and promoters for farm planning, conservation agreements and agro-forestry extension; ii) studies and assessments to design the component's gender and participation strategies, studies on livestock and *naranjilla* supply chains, for implementation of conservation agreements, design of a SFM strategy, multi-temporal land use and coverage studies, and a study for identification of areas with restoration potential; iii) technical support for elaboration of 10 co-management plans in La Cascada PF, 9 co-management plans in Cerro Sumaco PF and 3 co-management plans in Colonso PF; iv) training of cocoa, *naranjilla* and livestock producers through workshops on best practices, farm planning, conservation agreements, SFM, ecological restoration and traceability; v) support for implementation of fair and green trade within the framework of value chains; vi) elaboration of information and training materials on best practices and sustainable production; vii) establishment of tree nurseries for promotion of reforestation and restoration; and viii) procurement of equipment to support the promotion of sustainable agricultural and livestock production and forestry. Co-financing will be provided by the NPG, the MAE, municipal DAGs, GIZ, COCASINCLAIR EP Hydroelectric, Rainforest Alliance, and FAO. For further details on co-financing, please see the FAO GEF Project Document, Section 1.1.1 *c) Incremental reasoning (added value of the GEF financing).*

The incremental resources of the project will, in Component 3, finance the support of comprehensive strategies of sustainable community-based ecotourism and biotrade in the NP, through: i) technical assistance by specialists to institutional and civil society stakeholders in community-based tourism and biotrade; ii) studies and assessments to design related gender and participation strategies; iii) elaboration of a sustainable community-based tourism best



practice manual; iv) preparation of management plans for five biotrade products; v) technical assistance to design an eco-label for the province, including certification criteria and field demonstration areas; vi) studies for tourism and biotrade value chains; vii) support for realization of trade fairs for biotrade products; viii) training in tourism best practices, biotrade management plans and eco-labels; ix) preparation of information and training materials; and x) procurement of equipment to support tourism and biotrade activities. Co-financing will be provided by the NPG, the MAE, municipal DAGs, and GIZ. For further details on co-financing, please see the FAO GEF Project Document, Section 1.1.1 *c) Incremental reasoning (added value of the GEF financing)*.

### ***Changes in the results framework compared to the PIF***

Regarding certification, after conducting market analysis, during full project preparation, project proponents have concluded that: a) certification under international standards (e.g. FSC) has high costs that are not likely to be covered by the government or private sector partners after project termination; b) GIZ co-financing has been reduced, reducing the likeliness of ensuring certification schemes' longevity and fee payment after project termination; c) certified timber products are not likely to be sold in Ecuador's domestic market, since it lacks differentiated prices that could compensate high certification costs; d) good agricultural and livestock practices are in their early stage in the Napo Province. The opportunity cost of shifting to sustainable options in addition to applying an international certification standard is too high for this context and stage. In light of this, the project will not support the application of international certification schemes but national incentives mechanisms (SocioBosque)<sup>13</sup>, to mainstream biodiversity conservation into production landscapes, incentivize SFM in buffer zones and PAs declared in areas where population already lived before the declaration, and to support the signature of new conservation agreements. Incentives are expected to generate the same GEBs as the FSC certification. For further explanation, please see Section 2.5 of the FAO GEF Project Document.

The SocioBosque incentive is being applied since 2008 in Ecuador. The function of SocioBosque is to assure that biodiversity considerations have been mainstreamed into production landscapes with different land uses. More biodiversity-friendly forest management practices are expected at provincial level in Napo, and GEF funds will support local forest land users in accessing the already available funds under SocioBosque at national level<sup>14</sup>.

Some outcomes and outputs have been regrouped and/or reformulated for several reasons: i) better management of implementation and measurement of achievements; ii) as the result of conclusions of analysis and assessments undertaken during the full project preparation; and iii) in response to the STAP's recommendation to reformulate outputs to better reflect products, services or changes to be brought about by the project<sup>15</sup>. The adjustments made are described as follows:

Component 1: The four original outcomes under this component have been reformulated into two outcomes for better management of project implementation. Considering that PIF Outcomes 1.1, 1.2 and 1.3 are strongly linked to environmental governance they have been grouped into a single outcome that reflects the expected improvement in the participatory environmental governance of the Province of Napo. Outcome 1.4 remains with a minor change in wording.

For the reasons above, the PIF outputs have been reformulated as follows:

- Outputs 1.1.1, 1.1.3 and 1.2.1 deal with the development of capacities and therefore have been reformulated into a single output that reflects the capacity building of all the relevant stakeholders of the province.
- Output 1.1.2: The output remains but the number of Land Use and Development Plans has been reduced from 8 to 6 taking into account the cofinancing capacity of the local governments (6 local governments have provided cofinancing letters) and the existence of a minimum staff in each government to update the plans.

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<sup>13</sup> SocioBosque is a Government Programme that pays people for conserving forests and is as such a PES incentive mechanism. It is not a certification scheme because it does not include an independent third party, that verifies the compliance with sustainability standards.

<sup>14</sup> For a full description, see Section 1.1.1, 2.3 and 2.4 of the FAO GEF Project Document, and responses to GEFSEC's and STAP's comments in Annex B of this CEO Endorsement request.

<sup>15</sup> See Annex B. STAP comment #1

- Outputs 1.2.2, 1.2.3 and 1.2.4 have been replaced by a single output for the establishment of two roundtables for protected areas and sustainable livestock production. These roundtables currently do not exist in the province and have therefore been prioritized by the provincial government and stakeholders, thus replacing the roundtable for Integrated Watershed Management (Output 1.2.2) and Sumaco Biosphere Reserve Management Committee (Output 1.2.4), both of which already exist.
- Output 1.4.1: The output has been split into two outputs for better management of implementation and measurement of achievements. The first one aims at strengthening the six incentive mechanisms that are implemented by the central government institutions and the provincial government; and the second one aims at the establishment of the sustainable development fund.

The table below summarizes the new numbering of Outcomes and Outputs as a result of the above-mentioned changes in Component 1:

PIF	CEO Endorsement
Outcomes 1.1, 1.2 and 1.3	Outcome 1.1
• Outputs 1.1.1, 1.1.3 and 1.2.1	• Output 1.1.4
• Output 1.1.2	• Output 1.1.2
• Outputs 1.2.2, 1.2.3 and 1.2.4	• Output 1.1.3
• Output 1.2.5	• Output 1.1.1
• Output 1.3.1	• Output 1.1.5
Outcome 1.4	Outcome 1.2
• Output 1.4.1	• Outputs 1.2.1 and 1.2.2

Component 2: The following adjustments have been made in the outcomes:

- Outcome 2.1 remains with a minor change in wording in response to STAP's recommendation.
- Outcomes 2.2 (SFM) and 2.4 (restoration) have been merged into one outcome given that restoration is considered an aspect of a wider SFM strategy that will contribute to reduce the pressures on the Sumaco Biosphere Reserve.
- Outcome 2.3 has been removed. The project design no longer includes forest certification as detailed assessments during the full project preparation concluded that the market for timber products in Ecuador is mainly domestic. Therefore, certification is not incentivized due to the high costs involved and the lack of differentiated prices within the country for certified timber products.

The PIF Outputs have been adjusted as follows:

- Outputs 2.1.1, 2.1.2 and 2.1.3 have been merged into a single output given that they all similarly refer to the adoption of sustainable agricultural practices by producers of cocoa, naranjilla and livestock.
- Output 2.1.4 remains but the number of value chain plans has been reduced to two (cocoa and naranajilla). The value chain plan for milk has been disregarded given that the commercialization of milk faces sanitary issues and their resolution would not be within the scope of this project.
- Output 2.1.5 on community-based ecotourism has been moved to Component 3. This is more appropriate as community-based ecotourism is considered a viable strategy for biodiversity conservation and improvement of livelihoods.
- Output 2.2.2 remains with minor changes. The target has been refined during the full project preparation and is now slightly lower. SFM will be implemented through the development of co-management plans of Protective Forests, which currently do not exist, filling in a gap that will ensure SFM at community level.
- Output 2.2.3 remains and will focus in piloting a provincial timber traceability system to reduce illegal harvesting and commercialization of timber as part of the project's wider SFM strategy.

- Output 2.2.4 has been removed as an output and is now an activity under Output 2.2.2. The project will not establish a carbon sequestration monitoring system as such, but will undertake multi-temporal studies to update the deforestation baseline and carbon estimates in Project Year 1 and will repeat the studies and estimates in Project Year 4 to monitor project achievements in terms of carbon benefits.
- Output 2.3.1 has been removed given that the project no longer includes forest certification as explained above.
- Output 2.4.1 remains with a change in wording, and became output 2.2.3.

The table below summarizes the new numbering of Outcomes and Outputs as a result of the above-mentioned changes in Component 2:

PIF	CEO Endorsement Request
Outcome 2.1	Outcome 2.1
• Outputs 2.1.1, 2.1.2 and 2.1.3	• Output 2.1.1
• Output 2.1.4	• Output 2.1.2
• Output 2.1.5	• Moved to Component 3
Outcomes 2.2 and 2.4	Outcome 2.2
• Output 2.2.1	• Output 2.2.1
• Output 2.2.2	• Output 2.2.2
• Output 2.2.3	• Output 2.2.4
• Output 2.2.4	• Output 2.2.3
Outcome 2.3	Removed
• Output 2.3.1	• Removed
Outcome 2.4	Included in the SFM strategy of Outcome 2.2
• Output 2.4.1	• Output 2.2.3

Component 3: Outcome 3.1 has been reformulated to reflect the inclusion of community-based ecotourism in the Component.

The Outputs have been reformulated to reflect the two main focuses of the component, sustainable community-based tourism and biotrade products:

- Output 3.1.1 on biotrade products remains with a slight change in wording.
- Output 3.1.2 is no longer an output and is now part of the activities under the biotrade output.
- Output 3.1.3 has been removed. The project design no longer includes certification schemes for agricultural/livestock products. As a result of further assessments during the full project preparation, the project will emphasize the promotion of good practices given their low level of adoption in the province (Component 2) but will not promote certification because sufficient funding for certification costs over time cannot be guaranteed. Nevertheless the project will support the Provincial Government in the development and piloting of an eco-label for the so-called *chakra* system, a traditional agro-forestry system widely disseminated in the province. This will be done to generate this biotrade output 3.1.1.
- An output for community-based ecotourism has been added.

The table below summarizes the new numbering of Outcomes and Outputs as a result of the above-mentioned changes in Component 3:

PIF	CEO Endorsement
Outcome 3.1	Outcome 3.1
• Outputs 3.1.1 and 3.1.2	• Output 3.1.2
• Output 3.1.3	• Removed
	• Output 3.1.1

Please refer to Sections 2.2 *Project Objectives*, 2.3 *Expected Project Outcomes* and 2.4 *Project Components and Outputs* of the FAO GEF Project Document for a detailed description. Please refer to Section 2.5 *Global Environmental Benefits* of the Project Document for a full description of GEBs. The Project Results Framework in Annex A includes GEB indicators and targets at outcome level.

#### **A.6 Risks, including climate change, potential social and environmental risks that might prevent the project objectives from being achieved, and measures that address these risks:**

The PIF identified the following risks: 1) Biodiversity conservation and INRM not prioritized at the regional level; 2) Owners' resistance to adopt sustainable production practices; 3) Climate change impact on key ecosystems in landscapes and in agriculture/livestock production (e.g. water availability); and 4) The State prioritizes that public resources, including those from fossil fuel and mineral extraction, are invested in other sectors.

Project design additionally recognizes the following risks: 1) Duplication, lack of complementarity, coordination and exchange of information due to insufficient will and commitment of the main stakeholders (MAE, MAGAP and NPG); 2) Lack of sensitivity to subscribe conservation agreements without providing incentives that are effective and provide direct and immediate benefit to producers; 3) Lack of fulfillment of conservation agreements by providers and users of environmental services; 4) Potential change of local government authorities due to elections could disarticulate the commitments made under the Sustainable Development Fund; 5) Change in MAE and MAGAP policies regarding implementation and/or financing of incentive mechanisms for conservation, ecological restoration and sustainable production (e.g. reduction of resources in the national Budget for the Socio-Bosque Program); 6) Poor producers are not capable of making productive investments.

In order to ensure reducing these new risks, key mitigation measures for each one include: 1) development of an inter-institutional participatory strategy for integrated natural resources management that will foster stakeholder participation and coordination, as well as a clear identification of roles and responsibilities of the institutions participating in project implementation; 2) strengthening and articulating the existing incentive mechanisms that currently have a low level of implementation in the Province to facilitate access by the beneficiaries; 3) monitoring of compliance of conservation agreements; 4) awareness-raising and advocacy with the newly elected authorities to promote their engagement and support to project implementation; 5) reinforcement of linkages between the Provincial institutions and the Central Government institutions in the Province through the inter-institutional strategy (which includes the incentive mechanisms); and 6) promoting access to long-term financing (incentive mechanisms and sustainable development fund) to enable producers to invest in good practices. Please refer to Appendix 4 *Risk Matrix* of the FAO GEF Project Document for a full risk assessment.

#### **A.7. Coordination with other relevant GEF financed initiatives**

The project will coordinate actions with the following GEF projects identified during the PPG:

- 1) The GEF Small Grants Programme (SGP), which focuses on communities that live in buffer zones of protected areas. During the Fifth Operational Phase, the SGP implements the FSP "*Our Corridors for Good Living*" (#4375) with the objective of promoting social and economic connectivity. In the Amazon, the SGP is currently working in the identification of project proposals that support the management of sustainable livelihoods of communities.
- 2) The FAO/GEF project "*Promotion of Climate-smart Livestock Management Integrating Reversion of Land Degradation and Reduction of Desertification Risks in Vulnerable Provinces*" (#4775) currently in preparation phase (PPG) aims to reduce soil degradation, increase adaptive capacity to climate change and mitigate GHG emissions by implementing cross-sectorial policies and climate-smart livestock management, with emphasis in the vulnerable provinces. The province of Napo has been selected as one of the seven project provinces.
- 3) The UNDP/GEF project "*Advancing Landscape Approaches in Ecuador's National Protected Area System to Improve Conservation of Globally Endangered Wildlife*" (#4731) executed by MAE. The project addresses a paradigm change in the PAs management, and the adoption of a landscape approach to improve habitats and connectivity. This project promotes the development of programs that reduce the human-wildlife conflicts associated to agriculture. It is especially focused on the real or perceived threat

on livestock represented by carnivore species (bears and jaguars). Conflicts usually take place in buffer zones of protected areas due to colonization and forest conversion. In the NP, the selected areas are Antisana Ecological Reserve and Cayambe-Coca Ecological Reserve. Component 2 under this FAO/GEF proposed project will coordinate actions and information exchange with this UNDP project.

## **B. ADDITIONAL INFORMATION NOT ADDRESSED AT PIF STAGE:**

### **B.1 Describe how the stakeholders will be engaged in project implementation.**

Active participation of the diverse stakeholders will be promoted through several mechanisms.

Key project participants include the central and provincial governments as well as local communities and local organizations. The Decentralized Autonomous Government (DAG) of the Province of Napo (NPG) will be the Project Executing Partner. The central government institutions include the Ministry of Environment (MAE), Ministry of Agriculture, Livestock, Aquaculture and Fisheries (MAGAP) and Ministry of Tourism (MINTUR) and their respective provincial offices. Local governments that participate in the project are the NPG, the municipal and parochial DAGs. FAO will participate as implementing agency, providing technical backstopping and financial/administrative services for project execution. Other strategic partners include the German Cooperation Agency (GIZ), The Nature Conservancy, Rainforest Alliance, the hydroelectric project COCASINCLAIR EP, and the Andean Amazon Conservation Initiative (ICAA) Support Unit.

The project management structure will ensure the participation of key stakeholders during project planning, implementation and M&E through its decision-making structures:

- The **Project Steering Committee (PSC)** will take decisions on the overall project management and will be in charge of ensuring the project's strategic approach for the operational tasks. The PSC will be chaired by the Prefect of the NPG, and with the participation of the Director of the MAE Napo Provincial Directorate (or his/her delegates) and the FAO Representative (or his/her delegates). The PSC will meet at least twice a year and its responsibilities will include: (i) overall oversight of project progress and achievement of planned results as per the project document; (ii) take decisions in relation to the practical organization, coordination and implementation of the project; (iii) facilitate cooperation between NPG, MAE Napo Provincial Directorate and project participating partners and project support at the local level; (iv) advise the National Project Director (NPD) on other on-going and planned activities facilitating collaboration between the Project and other programmes, projects and initiatives; (v) facilitate that co-financing is provided in a timely and effective manner; and (vi) review and approve the six-monthly Project Progress Reports and the Annual Work Plan and Budget (AWP/B).
- The **Project Management Committee (PMC)** will be responsible for: (i) guiding project implementation as per the AWP/B; (ii) timely achievement of project outcomes and outputs; (iii) effective and efficient use of resources allocated as per the project document; (iv) planning project activities, giving guidance and advice to the NPD; (v) provide technical advice to the Project Steering Committee; (vi) advise the NPD on other on-going and planned activities facilitating collaboration between the Project and other programmes, projects and initiatives. The PMC may also be involved in technical evaluation of project progress and outputs, and eventual development of an agreed adjustment plan in project execution approach, if needed. The PMC will comprise the NPG Planning, Environment and Socioeconomic Development Directorates, the NPD, the Natural Heritage Responsible of the MAE Napo Provincial Directorate, the Forestry Area Responsible of the MAE Napo Provincial Directorate, with the cooperation of FAO and GIZ. The PMC will meet on a bi-monthly basis, as minimum.
- The **Partners Coordination and Support Group (PCG)** will have the objectives of: (i) facilitating coordination among project partners; (ii) supporting the Project Management Committee with technical recommendations and guidance regarding project activities; and (iii) socializing and providing timely information on implementation of co-financed activities. The PCG will be comprised by representatives of the project partners, the NPD and the PTC and will meet on a quarterly basis, as a minimum.

FAO, NPG and MAE will collaborate with the GEF implementing agencies of other GEF-supported programs and projects to identify and facilitate synergies, as well as with other agencies that support projects financed by

other donors. Collaboration will be undertaken through: (i) informal communications; and (ii) exchange of information. In order to guarantee an effective coordination and collaboration between different initiatives, specific coordination responsibilities have been assigned to the Project Management Committee.

The project includes diverse community-based organizations and local communities (see Sub-section 1.1.3 of the Project Document for a full list of communities and organizations), which participate in existing thematic roundtables (forestry, tourism, cocoa, *naranjilla* and the Quijos Valley Corridor roundtables). Project interventions will be agreed and socialized through the existing roundtables as well as the two additional roundtables to be established under the project (protected areas and sustainable livestock), thereby allowing the participation of a wide range of stakeholders linked to these roundtables.

Additionally, participation will be fostered in formal and informal spaces through: i) timely and transparent access to information on project implementation; ii) project messages adapted to the different target audiences; iii) use of existing spaces for dialogue (councils, thematic roundtables) and/or establishment of specific spaces for consultation with the beneficiaries and civil society; iv) timing for training and meetings adapted to producers' timings; v) trainings, meetings and workshops in Spanish, *Kichwa* and *Wao* languages; vi) establishing in meetings and workshops an enabling environment for horizontal dialogue between all the participants; vii) project incentives provided to settlers, *Kichwas*, *Waorani*, men, women and youths, among others; and viii) project activities that promote the self-development of the beneficiaries and the sustainability of project results.

Moreover, the rural population will participate in project implementation through: i) the development and implementation of sustainable alternatives for land use and biotrade value chains; ii) participatory monitoring of economic and environmental factors in production systems (conservation agreements); iii) implementation of demonstration projects; and iv) systematization of experiences. The ethno-cultural specificities of the communities will be taken into account in all project interventions, creating opportunities for income and sustainable livelihoods that are concomitant with their realities and that deliver socio-economic benefits to them, while generating GEBs.

**B.2 Describe the socioeconomic benefits to be delivered by the Project at the national and local levels, including consideration of gender dimensions, and how these will support the achievement of global environment benefits (GEF Trust Fund/NPIF) or adaptation benefits (LDCE/SCCF):**

The main driver of biodiversity loss and land degradation in the province is poverty. Forest harvesting and agriculture and livestock production are the only income sources in rural areas. Therefore, the long-term solution to the problem consists in making adjustments in the productive sector by mainstreaming principles of economic and environmental sustainability in the productive systems, the development of value chains based on sustainable production, sustainable forest management, and the promotion of biotrade and sustainable community tourism as new sources of revenue, as well as the incorporation of incentives for conservation of biodiversity, and food security.

Through these actions, rural communities will access opportunities for income, thereby reducing rural poverty without harming the natural resources and contributing to attaining global environmental benefits. The project will incorporate 1,720 ha under intensification and INRM, adapted to the local context (additional 120 ha of *naranjilla*, 400 ha of cocoa and 1,200 ha of livestock) and 40,927 ha under sustainable forest management thereby generating incomes from sustainable agricultural production and timber harvesting. The project will also support the sustainable production of 5 native species (orchids, vanilla, palms and *guayusa*) stimulating generation of alternative incomes. Moreover, the project will support 7 community-based ecotourism initiatives, which through the adoption of good practices will increase tourist visits and incomes. The project will support the financial sustainability of environment-friendly production alternatives through the strengthening and articulation of the financial and non-financial incentive mechanisms, which will contribute to up-scaling of good practices to the whole province after project termination. Furthermore the project will also support the development of a *chakra* system eco-label to designate the Province of Napo as a "clean production territory". The eco-label will allow, in the long-term, the adoption of production best practices throughout the whole province, contributing to achieving sustainable production and incomes to greater numbers of rural producers and communities.

Approximately 10,000-12,000 rural families and indigenous communities of the Napo Province will benefit from the project. 70% of the direct beneficiaries are indigenous Kichwa who generate their subsistence incomes through a traditional agricultural system called *chakras*. 80%-90% of the *Kichwa* population is suffering Unmet Basic Needs (UBN). The other 30% of beneficiaries are *mestizos*, whose livelihoods are mainly related to livestock activities. 50-60% of this group is suffering from poverty.

The project mainstreams gender issues throughout its whole cycle. Participation of women and their organizations will contribute to their successful empowerment as social stakeholders. The project will promote timely participation of women beneficiaries in all project activities, such as: i) generation of income opportunities for female heads of households, especially under Component 3 (biotrade and community tourism); ii) a special line within the province's sustainable development fund targeting women; iii) specific technical assistance for women beneficiaries that request one of the current incentives in the province; iv) promotion of participation of women in trainings, meetings and technical assistance under the project (at least 25% of female community leaders and/or producers); v) mainstreaming a cross-cutting gender approach in the LUDPs and the Inter-institutional Strategy for INRM; vi) timely dissemination of lessons learned to female beneficiaries; vii) promotion of participation of women in planning and decision making at provincial, municipal, community and family levels.

Specific field interventions under project components 2 and 3 are expected to benefit rural populations as follows: i) Conservation agreements with forest dependent people: 200 producers (100 women), meaning 200 households, 5 people/household, 1000 people (50% women); ii) poor rural population: a) working in the cacao sector: 400 hectares, 1.5 hectare/family, meaning 267 families; b) in the *naranjilla* sector: 120 hectares, 1.5 hectare/family, meaning 80 families; c) in the livestock sector: 1200 hectares, 12.5 hectare/family, meaning 96 families. Total direct beneficiaries: 643 families, 5 people/family, meaning 3125 people.

### **B.3. Explain how cost-effectiveness is reflected in the project design:**

During full project preparation diverse strategies and methodologies were analysed with a view in their cost/effectiveness and suitability for the provincial context. Three types of key interventions have been identified: i) one institutional; ii) one regarding landscapes and agro-silvopastoral production systems; and iii) one regarding the promotion of biotrade and community ecotourism. The project will build upon existing baseline activities, capacities and infrastructure in the province. In order to reduce soil, water and forest degradation, the following strategies and methodologies have been selected for project implementation:

- i. Capacity development will improve inter-institutional and intersectoral coordination, which in turn will avoid duplication of efforts and reduce project implementation costs.
- ii. Decision-making mechanisms and project activities will be aligned with local development priorities, and other ongoing initiatives. Stakeholder participation is key for these purposes.
- iii. SLM will be promoted to raise awareness on the best land uses in the Amazonian context.
- iv. Training and awareness-raising of individual producers and communities will be supported to achieve a shift in attitude that favours the sustainable management of soils, water and forests, and implementation of appropriate technologies.
- v. Fostering sustainable intensification adapted to the local context (e.g. farm planning, conservation and management of soils, water and forests, use of native species and varieties -cocoa and *naranjilla*-, and pasture management for livestock production).
- vi. Promoting agro-silvopastoral systems, including the combination of trees with pastures and trees with crops within the *chakra* system, and the strengthening of tree nurseries for production of tree seedlings that will be used in reforestation and ecological restoration.
- vii. Promotion of financial and non-financial incentive mechanisms to stimulate the adoption of sustainable production systems that also conserve forest areas in farms and community lands. Incentives will support the long-term financing of activities initiated by the project.
- viii. Fostering a value chain approach that links production to markets. Generating alternative incomes and

livelihoods for project beneficiaries.

- ix. Systematization of experiences and lessons learned will contribute to a cost-effective replication of project results throughout the province, and other Amazonian provinces in South America.

The proposed strategies are cost-efficient: they will allow small-scale producers to maintain their production levels and yields with a low level of use of external technologies, thereby reducing production costs. This, coupled with a strategy of accessing differentiated markets, will let obtain better prices and improve family incomes, hence reducing pressures over pristine forests and biodiversity in the Napo Province (NP).

### **C. DESCRIBE THE BUDGETED M & E PLAN:**

The below is the summary of the budgeted M&E plan for further details please see the FAO Project Document Sections 4.5 and 4.6

<b>Type of M&amp;E Activity</b>	<b>Responsible Parties</b>	<b>Time-frame</b>	<b>Budget</b>
Inception Workshop	NPD, PTC, FAO (PTM supported by LTO, BH, and the FAO GEF Coordination Unit)	Within two months of project start up	USD 3,000
Project Inception Report	NPD, PTC and FAO PTM, cleared by LTO, BH, and the FAO GEF Coordination Unit	Immediately after the workshop	-
Field-based impact monitoring	PTC, institutions and indigenous and small-scale farmers organizations participating in the project	Continually	USD 10,800 (9% of project coordination time, technical workshops for identification of indicators, M&E workshops)
Supervision visits and rating of progress in PPRs and PIRs	NPD, PTC and FAO (PTM, LTO and FAO GEF Coordination Unit)	Annual or as required	FAO visits will be financed through GEF agency fee. Project coordination visits will be financed by the project travel budget
Project Progress Reports (PPR)	NPD, PTC with inputs by NPG, MAE R2 and other participating partners	Six-monthly	USD 4,200 (3,5% of project coordination time)
Project Implementation Review report (PIR)	FAO (LTO and PTM) supported by the NPD and PTC. PIRs cleared and submitted by the FAO GEF Coordination Unit to the GEF Secretariat	Annual	Financed through GEF agency fee
Co-financing Reports	NPD, and PTC with inputs from other co-financiers	Annual	USD 1,200 (1% of project coordination time)
Technical reports	NPD, PTC, and FAO (LTO, PTM)	As appropriate	
Mid-term Evaluation	External Consultants, FAO independent Evaluation Office in consultation with the project team including the GCU and other partners	At mid-point of project implementation	USD 40,000 for independent consultants and associated costs. In addition the agency fee will pay for expenditures of FAO staff time and travel



Type of M&E Activity	Responsible Parties	Time-frame	Budget
Final evaluation	External Consultants, FAO independent Evaluation Office in consultation with the project team including the FAO GEF Coordination Unit, and other partners	At the end of project implementation	USD 40,000 for external, independent consultants and associated costs. In addition the agency fee will pay for expenditures of FAO staff time and travel
Terminal Report	NPD, and PTC, LTO, TSCR Report Unit	At least two months before the end date of the GCP Agreement	(As completed by the NPD and PTC)
<b>Total Budget</b>			USD 99,200

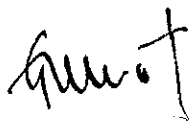
**ART III: APPROVAL/ENDORSEMENT BY GEF OPERATIONAL FOCAL POINT(S) AND GEF AGENCY(IES)**

**A. RECORD OF ENDORSEMENT OF GEF OPERATIONAL FOCAL POINT(S) ON BEHALF OF THE GOVERNMENT(S):** (Please attach the Operational Focal Point endorsement letter(s) with this form. For SGP, use this OFF endorsement letter).

NAME	POSITION	MINISTRY	DATE (MM/dd/yyyy)
Marcella Aguiñaga Vallejo	Minister of Environment	Ministry of Environment of Ecuador	15 March 2012

**B. GEF AGENCY(IES) CERTIFICATION**

This request has been prepared in accordance with GEF/LDCF/SCCF/NPIF policies and procedures and meets the GEF/LDCF/SCCF/NPIF criteria for CEO endorsement/approval of project.

Agency Coordinator, Agency Name	Signature	Date (Month, day, year)	Project Contact Person	Telephone	Email Address
Gustavo Merino Director, Investment Centre Division Technical Cooperation Department FAO Viale delle Terme di Caracalla 00153, Rome, Italy		July 10, 2014 (resubmission)	Jorge Meza, Senior Forestry Officer - FAO Regional Office for Latin America & the Caribbean.  and Valeria Gonzalez Riggio, Technical Officer FAO GEF Coordination Unit	+56-2 2923- 2181          +39 06 57055473	Jorge.meza@fao.org          Valeria.gonzalezrigg io@fao.org
Jeffrey Griffin Officer-in-Charge for daily matters FAO GEF Coordination Unit. Investment Centre Division. FAO				+3906 57055680	GEF- Coordination- Unit@fao.org

## ANNEX A: PROJECT RESULTS FRAMEWORK

### Project outcomes and impacts:

Objective/Impact	Baseline	Outcome Indicators	Assumptions
<p><b>Global Environmental Objective:</b> To promote conservation and sustainable use of globally important biodiversity, reduce and revert land degradation and deforestation, and improve forest management in the Province of Napo.</p> <p><b>Project Development Objective:</b><sup>16</sup> To increase and improve the provision of goods and services from agricultural, livestock and forestry production in a sustainable manner</p> <p><b>Specific Project Objective:</b> To promote biodiversity conservation, sustainable management of soil, forests, and water, through the strategic investment of public resources, participative environmental governance, incentive mechanisms, community-based tourism, and biotrade in the Napo Province.</p>	<p><b>Component 1:</b></p> <p><b>Outcome 1.1</b> No provincial policies for integrated natural resources management</p> <p><b>Outcome 1.2</b> Indicator <u>LD-3.iii</u>) Increase in investments for integrated landscape management: US\$476,000 in 2013; expected BAU investment by PY4: US\$ 2,200,000 (including SocioBosque, Forest Management, and Reforestation)</p> <p>Indicator <u>BD-2 II.3</u>: Foreseen PES: Biodiversity conservation in forests. 46,081has. USD 35/ha/yr</p>	<p><b>Component 1:</b></p> <p><b>Outcome 1.1:</b> Environmental thematic axes<sup>17</sup> mainstreamed into at least 6 LUDPs for conservation and sustainable use of natural resources.</p> <p>Indicator <u>BD-2 II.1</u>: Foreseen extent of landscape where project contributes directly to BD conservation/sustainable use of its components: 47,911 has</p> <p>Indicator <u>BD-2 II.2</u>: PAs within the landscape covered by the project: 15</p> <p><b>Outcome 1.2</b> Indicator <u>LD-3.iii</u>) Increase in investments for integrated landscape management: Increase in investments for integrated landscape management: +21.5% in investments for incentive mechanisms: US\$ 2,676,000 by PY4</p> <p>Indicator <u>BD-2 II.3</u>: Foreseen PES: Biodiversity conservation in forests. 48,845has. USD 43/ha/yr</p>	<p><b>Component 1:</b></p> <p>Political will to mainstream biodiversity conservation and integrated natural resources management in strategic instruments and policies.</p> <p>Political will to channel financial resources for INRM and SFM to the Province of Napo.</p>
	<p><b>Component 2:</b></p> <p><b>Outcome 2.1</b> Indicator <u>LD-3.ii</u>) Spatial coverage of integrated natural resources management practices in the wider landscape: 1,720 ha under sustainable intensification, adapted to the local context (additional 120 ha of</p>	<p><b>Component 2:</b></p> <p><b>Outcome 2.1</b> Indicator <u>LD-3.ii</u>) Spatial coverage of integrated natural resources management practices in the wider landscape: 1,720 ha under sustainable intensification, adapted to the local context (additional 120 ha of</p>	<p><b>Component 2:</b></p> <p>Producers are willing to learn and engage actively in the adoption of good practices for biodiversity conservation and INRM.</p>

<sup>16</sup> In line with FAO's Strategic Objectives

<sup>17</sup> Axes will comprise sustainable forest management, ecological restoration, sustainable agricultural practices (cocoa in chakra, clean naranjilla, sustainable livestock), promotion of community-based tourism in natural areas, biotrade through bio-initiatives, and improvement of ecosystem services in river basins (see more in Section 2).

<b>Objective/Impact</b>	<b>Baseline</b>	<b>Outcome Indicators</b>	<b>Assumptions</b>
	<p>criteria; 30 ha of clean <i>naranjilla</i>, 1000 of cocoa under good practices</p> <p>Indicator LD-1.iii) Land area of production systems with increased vegetation cover (conservation agreements): 0</p> <p><b>Outcome 2.2</b> Rate of deforestation: 2,735 ha/yr in the Province of Napo for the 2000-2008 period, and estimated in 3,905 ha/yr in 2014</p> <p>Preliminary data estimation with information provided by MAE indicates that the Napo Province's emissions for the 4-years project lifetime could be of 7,681,426 t CO<sub>2eq</sub> considering 125 t C/ha.</p>	<p><i>naranjilla</i>, 400 ha of cocoa, and 1,200 of livestock production)</p> <p>Indicator LD-1.iii) Land area of production systems with increased vegetation cover (conservation agreements): 1,764 ha of forests conserved by producers of <i>naranjilla</i> (400 ha), cocoa (1,000 ha) and livestock (364 ha).</p> <p><b>Outcome 2.2</b> No increase in the deforestation rate after 2014 as direct impact of the project and decrease in 15% in four years project lifetime as indirect impact)</p> <p>Avoided emissions during the 4-years project lifetime due to sustainable forest management in amount of 535,275 t CO<sub>2eq</sub> and due to forests conserved by producers, inside or around the agricultural systems, in amount of 807,030 t CO<sub>2eq</sub>)</p>	<p>Political will to channel financial resources for INRM and SFM to producers for adoption of good practices and conservation.</p>
	<p><b>Component 3:</b></p> <p><b>Outcome 3.1</b> 0</p> <p><i>Current average income baseline to be defined at inception/PY1</i></p>	<p><b>Component 3:</b></p> <p><b>Outcome 3.1</b> 1,000 ha of forests (community-owned or private) conserved through conservation agreements and destined to community-based ecotourism or sustainable biotrade practices</p> <p>10% increase in the current average income of 200 producers (100 women) working in community tourism and sustainable biotrade</p> <p>Indicator BD-2 II.2: PAs within the landscape covered by the project: 15</p>	<p><b>Component 3:</b></p> <p>Producers are willing to learn and engage actively in generating alternative livelihoods that contribute to biodiversity conservation.</p> <p>Political will to channel financial resources to the Province of Napo for conservation purposes.</p>
	<p><b>Component 4:</b></p> <p><b>Outcome 4.1</b> Project implementation based on results-based management</p>	<p><b>Component 4:</b></p> <p><b>Outcome 4.1</b> Project implementation based on results-based management</p>	<p><b>Component 4:</b></p> <p>Project M&amp;E system designed, including follow-up of activities, mechanisms to verify compliance of outcome and output indicators, and M&amp;E responsibilities, timelines and budgets.</p>

Project outputs and outcomes:

Outcomes and Outputs	Baseline	Target	Milestones towards achieving output and outcome targets				Data Collection and Reporting	
			Year 1	Year 2	Year 3	Year 4	Means of verification	Responsible for Data Collection
<b>Component 1: Institutional strengthening to mainstream biodiversity conservation and integrated natural resource management into participatory land-use planning and management, based on an ecosystem approach</b>								
<b>Outcome 1.1:</b> Improved participatory environmental governance in the Province of Napo.	Articulated policies between government levels are non-existent. Low capacity of DAGs to regulate natural resources management and agricultural/livestock use  <u>Indicator BD-2 II.1:</u> Foreseen extent of landscape where project contributes directly to BD conservation/sustainable use of its components: 0	Environmental thematic axes <sup>18</sup> mainstreamed into at least 6 LUDPs for conservation and sustainable use of natural resources.  <u>Indicator BD-2 II.1:</u> Foreseen extent of landscape where project contributes directly to BD conservation/sustainable use of its components: 47,911 has	Environmental thematic axes <sup>19</sup> mainstreamed into at least 6 LUDPs  <u>Indicator BD-2 II.1: to be determined at inception</u>  <u>Indicator BD-2 II.2: to be determined at inception</u>	Environmental thematic axes <sup>20</sup> mainstreamed into at least 6 LUDPs, monitored  <u>Indicator BD-2 II.1:</u> Foreseen extent of landscape where project contributes directly to BD conservation/sustainable use of its components: 47,911 has	Policy documents  Approval regulations  External evaluation reports; PPR; PIR	Project Technical Chief  NPG		

<sup>18</sup> Axes will comprise sustainable forest management, ecological restoration, sustainable agricultural practices (cocoa in chakra, clean naranjilla, sustainable livestock), promotion of community-based tourism in natural areas, biotrade through bio-initiatives, and improvement of ecosystem services in river basins (see more in Section 2).

<sup>19</sup> Axes will comprise sustainable forest management, ecological restoration, sustainable agricultural practices (cocoa in chakra, clean naranjilla, sustainable livestock), promotion of community-based tourism in natural areas, biotrade through bio-initiatives, and improvement of ecosystem services in river basins (see more in Section 2).

<sup>20</sup> Axes will comprise sustainable forest management, ecological restoration, sustainable agricultural practices (cocoa in chakra, clean naranjilla, sustainable livestock), promotion of community-based tourism in natural areas, biotrade through bio-initiatives, and improvement of ecosystem services in river basins (see more in Section 2).

Outcomes and Outputs	Baseline	Target	Milestones towards achieving output and outcome targets				Data Collection and Reporting	
			Year 1	Year 2	Year 3	Year 4	Means of verification	Responsible for Data Collection
	Indicator BD-2 II.2: PAs within the landscape covered by the project: 0	Indicator BD-2 II.2: PAs within the landscape covered by the project: 15				Indicator BD-2 II.2: PAs within the landscape covered by the project: 15		
<b>Output I.1.1:</b> Participatory Institutional Strategy for Natural Resources Management designed, implemented and monitored	There are spaces for dialogue and participation <sup>21</sup> . Need to articulate the work of these spaces around natural resources management	Participatory Inter-institutional Strategy for Natural Resources Management, designed, implemented and monitored	Participatory Inter-institutional Strategy for Natural Resources Management, designed	Participatory Inter-institutional Strategy for Natural Resources Management, implemented and monitored	Participatory Inter-institutional Strategy for Natural Resources Management, implemented and monitored	Participatory Inter-institutional Strategy for Natural Resources Management, implemented and monitored	Strategy document Project reports Institutional reports by Project partners (DAGs, MAE, MAGAP, etc.)	Project Technical Chief Chief Technical Advisor NPG
<b>Output I.1.2:</b> LUDPs with environmental criteria, implemented and monitored	24 DAGs have LUDPs without environmental criteria	6 LUDPs with included environmental criteria, implemented and monitored (1 provincial LUDP and 5 municipal and parochial LUDPs)	6 LUDPs with included environmental criteria (1 provincial LUDP and 5 municipal and parochial LUDPs)	6 LUDPs with included environmental criteria, implemented and monitored (1 provincial LUDP and 5 municipal and parochial LUDPs)	6 LUDPs with included environmental criteria, implemented and monitored (1 provincial LUDP and 5 municipal and parochial LUDPs)	6 LUDPs with included environmental criteria, implemented and monitored (1 provincial LUDP and 5 municipal and parochial LUDPs)	LUDPs Project reports List of participants for each training event Training materials Training evaluation	Project Technical Chief LU Specialist DAGs

<sup>21</sup> E.g. thematic roundtables, planning councils, among others.

Outcomes and Outputs	Baseline	Target	Milestones towards achieving output and outcome targets				Data Collection and Reporting	
			Year 1	Year 2	Year 3	Year 4	Means of verification	Responsible for Data Collection
							forms completed by all participants (gender disaggregated data)	
<b>Output 1.1.3:</b> Roundtables (protected areas and sustainable livestock) established and functioning	Existing thematic roundtables: cocoa, <i>naranjilla</i> , tourism, forestry, Quijos Valley Committee	2 roundtables (protected areas and sustainable livestock) established and functioning	2 roundtables (protected areas and sustainable livestock) established and functioning	2 roundtables (protected areas and sustainable livestock) established and functioning	2 roundtables (protected areas and sustainable livestock) established and functioning	2 roundtables (protected areas and sustainable livestock) established and functioning	Minutes of constitution of roundtables Minutes of meetings Project reports Institutional reports by Project partners (DAGs, MAE, MAGAP, etc.)	Project Technical Chief Value Chain Expert Biology Expert MAE MAGAP NPG
<b>Output 1.1.4:</b> Stakeholders' capacities strengthened for natural resources governance	At least 50 individuals have been trained with international cooperation support, although in isolated processes	178 government staff and community leaders trained in land use planning based on a natural resources governance approach	100 institutional staffs and community leaders trained in land use planning based on a natural resources governance approach	140 institutional staffs and community leaders trained in land use planning based on a natural resources governance approach	178 institutional staffs and community leaders trained in land use planning based on a natural resources governance approach	178 institutional staffs and community leaders trained in land use planning based on a natural resources governance approach	Training methodology List of participants for each training event Training materials Training evaluation forms completed by all participants	Project Technical Chief Capacity Development Specialist

Outcomes and Outputs	Baseline	Target	Milestones towards achieving output and outcome targets				Data Collection and Reporting	
			Year 1	Year 2	Year 3	Year 4	Means of verification	Responsible for Data Collection
<p><b>Output 1.1.5:</b> Information management of natural resources, developed and managed by MAE and NPG</p>	<p>NPG has a GIS Unit insufficiently staffed, outdated equipment and systems for an adequate management of information to support decision-making</p>	<p>1 Information management system for planning and management of natural resources, developed and managed by MAE and NPG</p>	<p>1 Information management system for planning and management of natural resources, developed and managed by MAE and NPG</p>	<p>1 Information management system for planning and management of natural resources, developed and managed by MAE and NPG</p>	<p>1 Information management system for planning and management of natural resources, developed and managed by MAE and NPG</p>	<p>Procurement minutes of hardware and software List of participants for each training event Training materials Training evaluation forms completed by all participants (data disaggregated by gender) GIS Unit reports Project reports</p>	<p>Project Technical Chief GIS Specialist NPG</p>	
<p><b>Outcome 1.2:</b> Increased investments for natural resources management</p>	<p>Indicator LD-3.iii) Increase in investments for integrated landscape management: US\$476,000 in 2013; expected BAU investment by PY4: US\$ 2,200,000</p>	<p>Indicator LD-3.iii) Increase in investments for integrated landscape management: +21.5% in investments for incentive mechanisms: US\$ 2,676,000 by PY4</p>	<p>20% increase in investments for incentive mechanisms over the baseline: US\$ 535,200</p>	<p>60% increase in investments for incentive mechanisms over the baseline: US\$ 1,605,600</p>	<p>100% increase in investments for incentive mechanisms over the baseline: US\$ 2,676,000</p>	<p>MAE, MAGAP and NPG reports on implementation of incentives Sustainable Development</p>	<p>Project Technical Chief Incentives Specialist MAE</p>	

Outcomes and Outputs	Baseline	Target	Milestones towards achieving output and outcome targets				Data Collection and Reporting	
			Year 1	Year 2	Year 3	Year 4	Means of verification	Responsible for Data Collection
	(including SocioBosque, Forest Management, and Reforestation)  <u>Indicator BD-2 II.3:</u> Foreseen PES: Biodiversity conservation in forests. 48,845has. USD 43/ha/yr	<u>Indicator BD-2 II.3:</u> Foreseen PES: Biodiversity conservation in forests. 48,845has. USD 43/ha/yr		<u>Indicator BD-2 II.3: to be determined at inception</u>		<u>Indicator BD-2 II.3:</u> Foreseen PES: Biodiversity conservation in forests. 48,845has. USD 43/ha/yr	Fund reports  External evaluation reports; PPR; PIR	MAGAP  NPG
<u>Output 1.2.1:</u> Incentive mechanisms for biodiversity conservation and sustainable use strengthened, articulated, and operational	Incentives: i) Socio Bosque - conservation (MAE); ii) Socio Bosque - restoration (MAE); iii) Reforestation for commercial purposes (MAGAP); iv) Agro-forestry extension (MAE-MAGAP); v) Productive NPG; and vi) National Concurrent Plan for Reforestation. Limited access in the province due to lack of information and socialization.	6 incentive mechanisms for biodiversity conservation and sustainable use strengthened, articulated, and operational	6 incentive mechanisms strengthened for biodiversity conservation and sustainable use	6 incentive mechanisms strengthened and articulated for biodiversity conservation and sustainable use	6 incentive mechanisms strengthened, articulated, operational for biodiversity conservation and sustainable use of biodiversity	6 incentive mechanisms for biodiversity conservation and sustainable use of biodiversity, operational and monitored	MAE, MAGAP and NPG reports on implementation of incentives	Project Technical Chief  Incentives Specialist  MAE  MAGAP  NPG
<u>Output 1.2.2:</u> Provincial Sustainable Development Fund established and operational	Preliminary design of the Fund	1 Provincial Sustainable Development Fund established and operational	Feasibility study and Fund design, carried out	1 Provincial Sustainable Development Fund, established	1 Provincial Sustainable Development Fund operational	1 Provincial Sustainable Development Fund operational and monitored	Fund implementation arrangements  Fund implementation reports  Project reports	Project Technical Chief  NPG  Trust Fund Board



Outcomes and Outputs	Baseline	Target	Milestones towards achieving output and outcome targets				Data Collection and Reporting	
			Year 1	Year 2	Year 3	Year 4	Means of verification	Responsible for Data Collection

Outcomes and Outputs	Baseline	Target	Milestones towards achieving output and outcome targets				Data Collection and Reporting	
			Year 1	Year 2	Year 3	Year 4	Means of Verification	Responsible for Data Collection
<b>Component 2: Design and promotion of landscape and agro-forestry production systems that include the sustainable management of water, soil, and forests, while improving local population livelihoods in the Province of Napo.</b>								
<b>Outcome 2.1:</b> Production systems incorporate good practices for conservation and management of natural resources in four priority sites of the Province of Napo.	<b>Indicator LD-3.ii)</b> Spatial coverage of integrated natural resources management practices in the wider landscape: 250 ha of livestock production with sustainable criteria; 30 ha of clean <i>naranjilla</i> ; and 1000 ha of cocoa production under good practices.	<b>Indicator LD-3.ii)</b> Spatial coverage of integrated natural resources management practices in the wider landscape: 1,720 ha under sustainable intensification, adapted to the local context (additional 120 ha of <i>naranjilla</i> , 400 ha of cocoa, 1,200 of livestock production)	344 ha under sustainable intensification, adapted to the local context (24 ha of <i>naranjilla</i> , 80 ha of cocoa, 240 ha of livestock production)	1032 ha under sustainable intensification, adapted to the local context (72 ha of <i>naranjilla</i> , 240 ha of cocoa, 720 ha livestock production)	1.720 ha under sustainable intensification, adapted to the local context (120 ha of <i>naranjilla</i> , 400 ha of cocoa, 1.200 ha of livestock production)	Institutional reports (MAE, MAGAP, GADPN, cocoa, <i>naranjilla</i> and sustainable livestock roundtables)  External evaluation reports; PPR; PIR	Project Technical Chief  Agricultural Specialist  MAE  MAGAP  NPG	
	<b>Indicator LD-1.iii)</b> Land area of production systems with increased vegetation cover (conservation agreements): 1,764 ha of forests conserved by producers of <i>naranjilla</i> (400 ha), cocoa (1,000 ha) and livestock (364 ha)	<b>Indicator LD-1.iii)</b> Land area of production systems with increased vegetation cover (conservation agreements): 1,764 ha of forests conserved by producers of <i>naranjilla</i> (400 ha), cocoa (1,000 ha) and livestock (364 ha)	353 ha of forests conserved by producers of <i>naranjilla</i> (80 ha), cocoa (200 ha) and livestock (73 ha) through incentives	1058 ha of forests conserved by producers of <i>naranjilla</i> (240ha), cocoa (600 ha) and livestock (218 ha) through incentives	1.764 of forests conserved by producers of <i>naranjilla</i> (400 ha), cocoa (1.000 ha) and livestock (364 ha) through incentives			

Outcomes and Outputs	Baseline	Target	Milestones towards achieving output and outcome targets				Data Collection and Reporting	
			Year 1	Year 2	Year 3	Year 4	Means of Verification	Responsible for Data Collection
<b>Output 2.1.1:</b> Technology packages for cocoa, <i>naranjilla</i> and livestock and conservation agreements signed with small- and medium-scale producers	Indicator LD3. ii) Number of INRM tools and methodologies introduced: 0	Indicator LD3. ii) Number of INRM tools and methodologies introduced: 3 technology packages for cocoa, <i>naranjilla</i> and livestock designed, implemented and monitored 593 producers sign conservation agreements: 120 <i>naranjilla</i> producers, 400 cocoa producers, and 73 livestock producers	Diagnosis of good practices and technology packages for <i>naranjilla</i> , cocoa and livestock production elaborated  Farm planning implemented in 300 farms	3 technology packages of good practices for cocoa, <i>naranjilla</i> and livestock implemented and monitored  118 producers sign conservation agreements: 24 <i>naranjilla</i> producers, 80 cocoa producers, and 14 livestock producers	3 technology packages of good practices for cocoa, <i>naranjilla</i> and livestock implemented and monitored  356 producers sign conservation agreements: 72 <i>naranjilla</i> producers, 240 cocoa producers, and 44 livestock producers	3 technology packages of good practices for cocoa, <i>naranjilla</i> and livestock implemented and monitored  593 producers sign conservation agreements: 120 <i>naranjilla</i> producers, 400 cocoa producers, and 73 livestock producers	Diagnosis documents of good practices in <i>naranjilla</i> , cocoa and livestock production  Conservation agreements  Project reports  List of participants for each training event  Training materials  Training evaluation forms completed by all participants (data disaggregated by gender)	Project Technical Chief  Agricultural Specialist  MAE  MAGAP  NPG
<b>Output 2.1.2:</b> Cocoa and <i>naranjilla</i> value chain plans, updated, implemented and monitored	Cocoa and <i>naranjilla</i> plans exist but are outdated. FAO and GLZ have value chain methodologies	2 cocoa and <i>naranjilla</i> value chain plans, updated, implemented and monitored	2 cocoa and <i>naranjilla</i> value chain plans, updated	2 cocoa and <i>naranjilla</i> value chain plans, implemented	2 cocoa and <i>naranjilla</i> value chain plans, implemented and monitored	2 cocoa and <i>naranjilla</i> value chain plans, implemented and monitored  Cocoa value chain plan  Naranjilla value chain plan  Project reports  MAGAP and NPG institutional reports	Project Technical Chief  Value Chain Specialist  MAGAP  NPG	

Outcomes and Outputs	Baseline	Target	Milestones towards achieving output and outcome targets				Data Collection and Reporting	
			Year 1	Year 2	Year 3	Year 4	Means of Verification	Responsible for Data Collection
<b>Outcome 2.2:</b> Reduced pressure over the forests of the Sumaco Biosphere Reserve through the implementation of a SFM strategy	Rate of deforestation: 2,735 ha/yr in the Province of Napo for the 2000-2008 period, and estimated in 3,905 ha/yr in 2014	No increase in the deforestation rate after 2014 as direct impact of the project and decrease in 15% in four years project lifetime as indirect impact	Deforestation rate: 3,905 ha/yr	Deforestation rate: 3,905 ha/yr	Deforestation rate: 3,905 ha/yr	Deforestation rate: 3,905 ha/yr	Institutional reports (MAE) Multi-temporal study on land use and coverage External evaluation reports; PPR; PIR	Project Technical Chief Forestry Specialist MAE
<b>Output 2.2.1:</b> A Provincial SFM Strategy developed	Forestry roundtable has a basic strategy	Provincial SFM Strategy designed, agreed, implemented and monitored	Provincial SFM Strategy designed and agreed	Provincial SFM Strategy implemented	Provincial SFM Strategy implemented and monitored	Provincial SFM Strategy implemented and monitored	Strategy document	Project Technical Chief Forestry Specialist MAE NPG
<b>Output 2.2.2:</b> Co-management plans for La Cascada, Cerro Sumaco and Colonso PFs elaborated, implemented and monitored (40,927 ha)	<u>SFM-REDD+</u> Indicator 1.2: Area covered by management plans: Colonso, La Cascada and Cerro Sumaco PFs have global management plans but lack of community co-management plans	<u>SFM-REDD+</u> Indicator 1.2: Area covered by management plans: 23 co-management plans for the La Cascada, Cerro Sumaco and Colonso PFs elaborated, implemented and monitored (10 co-management plans in 27.784 ha of La Cascada PF)	13 co-management plans elaborated (3 co-management plans in 386 ha of Colonso PF and 10 co-management plans in 12.757 ha of La Cascada PF)	10 co-management plans in 27.784 ha of Cerro Sumaco PF elaborated 13 co-management plans implemented and monitored (3 co-management plans in 386 ha of Colonso PF and 10 co-management plans in 12.757	23 co-management plans implemented and monitored (40,927 ha)	23 co-management plans implemented and monitored (40,927 ha)	Co-management plans List of participants for each training event Training materials Training evaluation forms completed by all participants (data disaggregated by gender)	Project Technical Chief Forestry Specialist MAE NPG

Outcomes and Outputs	Baseline	Target	Milestones towards achieving output and outcome targets				Data Collection and Reporting	
			Year 1	Year 2	Year 3	Year 4	Means of Verification	Responsible for Data Collection
<b>Output 2.2.3:</b> Restored hectares with analogue forestry, reforestation or natural regeneration techniques under conservation agreements and incentives	SFM-REDD+ Indicator 1.2 Restoration/ rehabilitation of degraded forests: 145 ha reforested in 2012	SFM-REDD+ Indicator 1.2 Restoration/ rehabilitation of degraded forests: 2,500 ha restored with analogue forestry, reforestation or natural regeneration techniques under conservation agreements and incentives	Restoration criteria defined and intervention areas identified	500 ha restored with analogue forestry, reforestation or natural regeneration techniques under conservation agreements and incentives	1500 ha restored with analogue forestry, reforestation or natural regeneration techniques under conservation agreements and incentives	2,500 ha restored with analogue forestry, reforestation or natural regeneration techniques under conservation agreements and incentives	Conservation agreements Reports on implementation of incentives (MAE, MAGAP) List of participants for each training event Training materials Training evaluation forms completed by all participants (data disaggregated by gender)	Project Technical Chief Forestry Specialist MAE NPG
<b>Output 2.2.4:</b> Provincial timber traceability system, designed and piloted in Cerro Sumaco (Wamani and Akoki communities)	0 Timber traceability system	One provincial timber traceability system, designed and piloted in Cerro Sumaco (Wamani and Akoki communities)	1 provincial timber traceability system designed	1 provincial timber traceability system piloted in Cerro Sumaco (Wamani and Akoki communities)	1 provincial timber traceability system piloted in Cerro Sumaco (Wamani and Akoki communities)	1 provincial timber traceability system implemented and monitored in Cerro Sumaco (Wamani and Akoki communities)	Traceability system procedures List of participants for each training event Training materials Training evaluation forms	Project Technical Chief Traceability Specialist MAE NPG

Outcomes and Outputs	Baseline	Target	Milestones towards achieving output and outcome targets				Data Collection and Reporting	
			Year 1	Year 2	Year 3	Year 4	Means of Verification	Responsible for Data Collection
							completed by all participants (data disaggregated by gender)	

Outcomes and Outputs	Baseline	Target	Milestones towards achieving output and outcome targets				Data Collection and Reporting	
			Year 1	Year 2	Year 3	Year 4	Means of Verification	Responsible for Data Collection
<b>Component 3: Promotion of biotrade and community-based ecotourism as strategies for biodiversity conservation, sustainable management of natural resources, and improvement of livelihoods for local communities</b>								
<b>Outcome 3.1:</b> Biodiversity conserved, natural resources sustainably managed and livelihoods of local communities improved through promotion of community-based ecotourism and biotrade.	0  <i>Average income baseline to be defined at inception/PYI</i>	1,000 ha of forests (community-owned or private) conserved through conservation agreements and destined to community tourism or sustainable biotrade practices  10% increase in the current average income of 200 producers (100 women) working in community tourism and sustainable biotrade  Indicator <u>BD-2</u> II.2: PAs within	200 ha of forests (community or private) conserved through conservation agreements  2% increase in the current average income of 50 producers (30 women)  <u>Indicator BD-2</u> <u>II.2: to be defined at inception/PYI</u>	600 ha of forests (community or private) conserved through conservation agreements  6% increase in the current average income of 100 producers (70 women)	1,000 ha of forests (community or private) conserved through conservation agreements  10% increase in the current average income of 200 producers (100 women)	Institutional reports (MAE, MAGAP, GADPN)  External evaluation reports; PPR; PIR	Project Technical Chief  Tourism and Biotrade Specialist  MAE  NPG	

Outcomes and Outputs	Baseline	Target	Milestones towards achieving output and outcome targets				Data Collection and Reporting Means of Verification	Responsible for Data Collection
			Year 1	Year 2	Year 3	Year 4		
		the landscape covered by the project: 15						
<b>Output 3.1.1:</b> Conservation agreements and good practices in sustainable community-based ecotourism, implemented	Only 1 initiative has been legalized with MINTUR. Deficiencies in implementation of good practices.	7 sustainable community-based ecotourism initiatives and conservation agreements covering 500 ha implemented	7 sustainable community-based ecotourism initiatives implemented and monitored	7 sustainable community-based ecotourism initiatives implemented and monitored	7 sustainable community-based ecotourism initiatives implemented and monitored	Manual of good practices in community tourism Conservation agreements List of participants for each training event Training materials Training evaluation forms completed by all participants (data disaggregated by gender)	Project Technical Chief Tourism and Biotrade Specialist MAE NPG	
<b>Output 3.1.2:</b> Biotrade goods produced under management plans and/or <i>chakra</i> eco-labelling in areas under conservation	0	5 biotrade products <sup>22</sup> with management plans and/or <i>chakra</i> eco-label produced in 2 priority areas	2 biotrade products with management plans and/or <i>chakra</i> eco-label produced in 2 priority areas	4 biotrade products with management plans and/or <i>chakra</i> eco-label produced in 2 priority areas	5 biotrade products with management plans and/or <i>chakra</i> eco-label produced in 2 priority areas	Management plans <i>Chakra</i> eco-label Conservation	Project Technical Chief Tourism and Biotrade Specialist	

<sup>22 22</sup> Biotrade goods are native species as follows: i) orchids; ii) palm; iii) guayusa; iv) vanilla; and v) tikaso. For a detailed description, see sections 1.1 and 2.4 of the FAO GEF Project Document.

Outcomes and Outputs	Baseline	Target	Milestones towards achieving output and outcome targets				Data Collection and Reporting	
			Year 1	Year 2	Year 3	Year 4	Means of Verification	Responsible for Data Collection
agreements		(Archidona and Tena) with conservation agreements	management plans and/or <i>chakra</i> eco-label produced in 2 priority areas (Archidona and Tena) with conservation agreements	(Archidona and Tena) with conservation agreements	(Archidona and Tena) with conservation agreements	(Archidona and Tena) with conservation agreements	agreements List of participants for each training event Training materials Training evaluation forms completed by all participants (data disaggregated by gender)	MAE NPG

Outcomes and Outputs	Baseline	Target	Milestones towards achieving output and outcome targets				Data Collection and Reporting	
			Year 1	Year 2	Year 3	Year 4	Means of Verification	Responsible for Data Collection
<b>Component 4: M&amp;E and information dissemination</b>								
<b>Outcome 4.1:</b> Project implementation based on RBM and lessons learned/good practices documented and disseminated		Project implementation based on RBM and demonstrating sustainability	33% progress in achievement of outcomes	64% progress in achievement of outcomes	82% progress in achievement of outcomes	Project outcomes achieved and demonstrating sustainability	PIR PPRs Mid-term and final evaluations	Project Technical Chief NPG FAO
<b>Output 4.1.1:</b> Project M&E system established and operational		M&E plan developed and operational	2 six-monthly reports (1 PPR y 1 PIR)	2 six-monthly reports (1 PPR y 1 PIR)	2 six-monthly reports (1 PPR y 1 PIR)	2 six-monthly reports (1 PPR y 1 PIR)	PPR PIR	Project Technical Chief NPG

Outcomes and Outputs	Baseline	Target	Milestones towards achieving output and outcome targets				Data Collection and Reporting	
			Year 1	Year 2	Year 3	Year 4	Means of Verification	Responsible for Data Collection
<b>Output 4.1.2:</b> Midterm and final evaluations		1 mid-term evaluation and 1 final evaluation		Mid-term evaluation report		Final evaluation report	Mid-term and final evaluation reports	Project Technical Chief External evaluator FAO
<b>Output 4.1.3:</b> Project best practices and lessons learned published		At least 3 publications on best practices and lessons learned			1 publication on best practices and lessons learned	3 publications on best practices and lessons learned	Publications PPR; PIR	Project Technical Chief NPG MAE FAO
<b>Output 4.1.4:</b> Webpage for information-sharing and exchange of experiences		Webpage for information sharing and exchange of experiences	Project web page in NPG web site	Web page updated	Web page updated	Web page for information sharing and exchange of experiences	Web page	Project Technical Chief NPG



**ANNEX B: RESPONSES TO PROJECT REVIEWS** (from GEF Secretariat and GEF Agencies, and Responses to Comments from Council at work program inclusion and the Convention Secretariat and STAP at PIF).

**Responses to GEFSEC comments**

Review Criteria	Questions	GEFSEC comments	Responses
Project Consistency	<b>14. Is the project framework sound and sufficiently clear?</b>	<p>March 05, 2012</p> <p><b>a) Please ensure that STAP guidance on PES is incorporated at time of CEO Endorsement</b></p>	<p>a) The proposed project is well-aligned with and has followed the criteria detailed by "Payments for Environmental Services and the GEF. A STAP guideline document".</p> <p>The project proposes two type of PES: 1) government-financed incentives mechanisms (SocioBosque), already in place at national level but poorly implemented in the Napo Province; and 2) the set up of a Sustainable Development (Trust) Fund with a pre-identified Environmental Service (ES) buyer, which is also providing co-financing to the project: the COCOSINCLAIR Hydroelectric EP.</p> <p>In the case of the four government-financed incentive mechanisms<sup>23</sup> for conservation of forests and moorlands, rehabilitation of degraded lands, reforestation for conservation purposes, and reforestation for commercial purposes, the GEF incremental financing will co-finance these PES for multiple services, under the <i>bundling</i> type. The same single user (the State) will buy multiple ES from the same plot (i.e. farmers in the Napo Province that are capable to present their proposals to the SocioBosque MAE<sup>24</sup> or the MAGAP<sup>25</sup> mechanisms through the Napo Provincial Government). The ES involved are: carbon storage and sequestration in forests, watershed protection by Protective Forests<sup>26</sup>,</p>

<sup>23</sup> Output 1.2.2 – see Table B of this CEO Endorsement request form. Four of them are considered PES, the additional two are non-financial incentives (Forestry Advisory Services, and Assistance for agricultural and livestock production). For a detailed description of the incentives, see the FAO GEF Project Document, pp. 17-18.

<sup>24</sup> For a detailed description of SocioBosque, please see the FAO GEF Project Document, Section 1.1.1 *Rationale*. SocioBosque is managed by the Ministry of Environment (MAE) of Ecuador.

<sup>25</sup> For a detailed description of the Reforestation for Commercial Purpose incentive, please see the FAO GEF Project Document, Section 1.1.1 *Rationale*. This incentive is managed by the Ministry of Agriculture and Livestock (MAGAP) of Ecuador.

<sup>26</sup> Protective Forests are natural or cultured forests and vegetation that meet one or more of the following requirements: a) Have as key function the conservation of soil wildlife; b) Are located in areas that allow the control of torrential rainfall

			<p>biodiversity conservation, and the protection of landscape beauty (for eco-tourism purposes – see Component 3). Forest/landscape restoration, and activity-reducing conservation are also included.</p> <p>Under Component 1, the project will support the setting up and short-term pilot payment of a Sustainable Development Fund aimed at ensuring the conservation and recovery of relevant ES, the management of micro-basins supplying drinking water and water for hydroelectrical purposes, and the protection of the Quijos river basin, among others<sup>27</sup>. COCASINCLAIR Hydroelectric EP, the Napo Provincial Government and its strategic partners have been identified as ES users that are considering long-term payments and that will provide co-financing for the initial capitalization of the Trust Fund.</p> <p>GEF capacity-building investments for PES start-up will be realistic, strategic and tailored to this specific case. In the case of SocioBosque, GEF funds will be invested in developing capacities of the NPG staff and the local communities/landholders who will have to submit proposals for getting financing from the SocioBosque incentive. The function of SocioBosque is to assure that biodiversity considerations have been mainstreamed into production landscapes and other land uses. More biodiversity-friendly practices are expected at provincial level, and GEF funds will support forest users in accessing the already available funding at national level (SocioBosque – operating since 2008 in Ecuador).</p> <p>The four threats to PES effectiveness have been addressed: i) to avoid the non-</p>
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events, or the preservation of watersheds, especially in areas of low-level rainfall; c) Occupy eyebrows or mountain areas adjoining water sources, streams or reservoirs; d) Represent windbreaks or barriers to protect the environmental equilibrium; e) Be in hydrological-forestry research areas; f) Be located in strategic areas for national defence, g) Constitute a defence for natural resources and public infrastructure. For a detailed description, please see the FAO GEF Project Document, Section 1.1.1 *Rationale*.

<sup>27</sup> For a detailed description, please refer to the FAO GEF Project Document, Section 2.4 *Project Components and outputs*.

			<p>compliance with contractual conditions, SocioBosque and the incentive mechanisms implemented by MAE and MAGAP are based on conservation or land-use agreements. Additional conservation agreements will be signed during project implementation, in order to increase their geographical scope in the province; ii) the poor administrative selection seems not be a high risk in this case, since GIZ and FAO have identified targeted areas with potential to deliver GEBs in the province, one dedicated to livestock production that is putting deforestation pressures, and another one producing cocoa and naranjilla, that is fueling land degradation processes and affecting related ES due to land erosion<sup>28</sup>; iii) the spatial demand spillovers are addressed by the integrated landscape management approach that underlines the whole project. No additional pressures onto natural resources are expected due to the project intervention; iv) adverse self-selection does not seem to be a risk, since counterfactual analysis (what would have happened with SocioBosque and the other incentives without GEF) is the reality indeed. The Province of Napo has until now only to a very limited extend accessed these funds, even though the mechanism have been available since 2008<sup>29</sup>.</p> <p>In general terms, given the State's and private sector's interest in spreading and/or setting up these incentives and Trust Fund, the long-term funding of PES seems to be assured in this case. Payments will be made after performance (i.e. effective conservation, effective deforestation avoided) will have been proven<sup>30</sup>. ES and land uses are well-</p>
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<sup>28</sup> For a detailed explanation of the Napo Province's sub-regions addressed by the project, please refer to the FAO GEF Project Document Section 1.1.1 *Rationale*, and Section 2.4 *Project Components and outputs*.

<sup>29</sup> For a detailed explanation please refer to the FAO GEF Project Document Section 1.1.1 *Rationale*.

<sup>30</sup> SocioBosque is already operating in this way. The project will help increase the scope of this incentive in the Province and the amount paid by hectare considering the opportunity costs of livestock and agricultural farmers. See baseline and target indicators in outcome 1.2, Table B of this CEO Endorsement request.

		<p><b>d) By CEO Endorsement please include identification of the specific measures to be undertaken which will ensure the longevity of the certification and incentives activities.</b></p>	<p>defined. Please see Section 1.1.1 and 2.4 of the FAO GEF Project Document for details.</p> <p>Regarding M&amp;E, the project design includes specific indicators to evaluate PES impacts: foreseen PES: biodiversity conservation in forests<sup>31</sup>; foreseen extent of landscape where the project contributes directly to biodiversity conservation/sustainable use<sup>32</sup>; hectares of forests (community-owned or private) conserved through conservation agreements<sup>33</sup>; reduction of deforestation rate; and tons of avoided CO<sub>2eq</sub> emissions.</p> <p><b>d)</b> As extensively described above, the project will support four monetary incentives and two non-monetary incentives (for details, please see the FAO GEF Project Document Section 1.1.1 <i>Rationale</i>). Given the State's and private sector's interest in spreading and/or setting up these incentives and Trust Fund, the longevity of funding for PES seems is likely to be assured.</p> <p>Regarding certification, after conducting market analysis during full project preparation, project proponents have concluded that: a) certification under international standards (e.g. FSC) has high costs that are not likely to be covered by the government or private partners after project termination; b) GIZ co-financing has been reduced, reducing the likeliness of ensuring certification schemes' longevity and fee payment after project termination; c) certified timber products are not likely to be sold in the Ecuador's domestic market, since it lacks differentiated prices that could compensate high certification costs; d) good agricultural and livestock practices are in their early stage in the Napo Province. The opportunity cost of shifting to sustainable</p>
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<sup>31</sup> See outcome 1.2, Table B of this CEO Endorsement

<sup>32</sup> See outcome 1.1, Table B of this CEO Endorsement

<sup>33</sup> See outcome 3.1, Table B of this CEO Endorsement

		<p><b>e) At CEO Endorsement please add information on how (EX-ACT) is expected to be used as the basis for a monitoring system, and describe the set of measurements which are expected.</b></p>	<p>options in addition to applying an international certification standard is too high for this context and stage.</p> <p>In light of this, the project will not apply international certification schemes but national incentives mechanisms<sup>34</sup>, to mainstream biodiversity into production landscapes, incentivize SFM in buffer zones and PAs that were declared in areas where population already lived, and to support the signature of new conservation agreements. Incentives are expected to generate the same GEBs as established in the Section 2.5 of the FAO GEF Project Document.</p> <p>Furthermore, the project will support MAE's efforts to establish a timber traceability system in the Napo Province. Assuring that timber is legally harvested and traded at local and national level is the first step for the implementation of a full certification system in the future. For a detailed description of baseline and project activities on this regard, please see Section 1.1.1 and 2.4 of the FAO GEF Project Document.</p> <p>e) EX-ACT was used to set the preliminary baseline data and project targets at PIF level (2012). In parallel to this full project preparation (late 2012-2014), the MAE (supported by FAO and the Finnish Cooperation) has created country carbon values for different forest covers (instead of using IPCC default values), and measured carbon stocks in the forest sector both at national and provincial levels. National data has been consolidated and published through the Forest National Evaluation and the National Inventory. In November 2013, the</p>
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<sup>34</sup> According to FAO and project partners, SocioBosque is considered an incentive mechanism but not a certification scheme because it does not include a Third part, independent, that verifies the compliance with sustainability standards. SocioBosque is a Government Programme that pays people for conserving forests. Given that it is the State who pays to forest land owners and forest communities, it is not a Third that certifies.

			<p>MAE created a Monitoring Unit which will monitor carbon stocks in the forest sector, as well as deforestation rates and vegetation cover in Ecuador. It is expected that similar monitoring units will be established at each province, including Napo.</p> <p>Carbon stocks data at provincial level are being consolidated and are expected to be published in 2014. The project baseline data for carbon stocks in the Province has been provided by the MAE<sup>35</sup>. More updated provincial data will be made public by MAE later in 2014 and incorporated in the project results framework at inception/PY1. As well, the project baseline data for deforestation rate (2000-2008) has been provided by the MAE. Baseline data for the period 2008-2013 will be made public by MAE later in 2014 and incorporated in the project results framework at inception. Project targets related to avoided CO<sub>2</sub> emissions from deforestation reduction and increase in carbon stocks will be built upon MAE's data at provincial level in PY1<sup>36</sup>. Further details are described in the FAO GEF Project Document sections 1.1.1, 2.3 and 2.4.</p>
Project Consistency	<b>15. Are the methodology and assumptions for the description of the incremental benefits sound and appropriate?</b>	<p>March 05, 2012</p> <p><b>At CEO Endorsement details of how the project builds has utilized STAP guidance will be expected.</b></p> <p><b>CO2 benefits are estimated in the region of 415,000 tCO2 over the project lifetime, however clearer estimates are expected at time of</b></p>	<p>Kindly see response to GEFSEC's comment #14 a) above.</p> <p>As detailed in response #14 above, the MAE has established national carbon values (instead of using Tier 1 IPCC default values), through two projects and programmes: i) the preparation of the National Forest Inventory; and ii) the UN REDD Programme (readiness phase), both technically supported by FAO. In order to keep one harmonized methodology and forest carbon measurement within the</p>

<sup>35</sup> See outcome 2.2 in the Annex A of this CEO Endorsement request.

<sup>36</sup> See outcome 2.2 in the Annex A of this CEO Endorsement request.

		<b>CEO Endorsement.</b>	territory of Ecuador, the MAE has decided not to use other values neither at national nor at provincial level. National forest carbon data was published in November 2013. Provincial forest carbon data is being consolidated at present. Project targets will be based on this harmonized and territory-based data at inception/PY1.
Project Financing	<b>24. Is the funding and co-financing per objective appropriate and adequate to achieve the expected outcomes and outputs?</b>	March 05, 2012  <b>At time of CEO Endorsement please incorporate details of co-finance from those organizations interested in the certification-related activities in Component 2.</b>	As detailed in response to GEFSEC's comment #14 d) above, the project will not apply international certification schemes but national incentives mechanisms.  Organizations that will provide co-financing for incentive-related activities in Component 2 include: MAE, MAGAP, the Napo Provincial Government, the municipal DAGs, COCASINCLAIR, Rainforest Alliance, and GIZ. Kindly see more details in the FAO GEF Project Document , Section 1.1 c) <i>Incremental reasoning</i> , and Section 4.3.
Recommendation at PIF stage	<b>31. Items to consider at CEO Endorsement/approval</b>	<b>1. Clear description of PES and incorporation of STAP guidance</b>  <b>2. Co-finance potential from organizations interested in certification-related activities in Component 2.</b>  <b>3. Improved estimates of CO<sub>2</sub> benefits and clear description of carbon monitoring system.</b>	<b>1.</b> Kindly see response to GEFSEC's comment #14 a) above.  <b>2.</b> Kindly see response to GEFSEC's comment #24 above.  <b>3.</b> As described in the response to GEFSEC's comment #14 e), the estimates of the project CO <sub>2</sub> benefits will be based on the MAE's default values for the Napo Province - to be released in late 2014. This data at provincial level will serve to establish territory-based project targets. In addition, two multi-temporal studies on land use and coverage will be used to monitor project carbon benefits, with the technical assistance of FAO and GIZ.  In PY1, a multi-temporal study on land use and coverage (based on MAE's data for the period 2008-2013 <sup>37</sup> ) will be conducted to

<sup>37</sup> This data is not yet available at provincial level, as explained in response #14 above. It will be released by the end of 2014.

			<p>update the deforestation rate baseline<sup>38</sup> and to establish the project deforestation reduction targets. As well, this multi-temporal study, based on MAE's carbon data and MAE validated protocol<sup>39</sup> will update the carbon/CO2 emissions baseline for the project intervention areas<sup>40</sup>, and will establish the target for project carbon benefits<sup>41</sup> in the LULUCF sector. The multi-temporal study will be repeated in PY4 for the period 2013-2017 to update the deforestation rate data in the project intervention area and to estimate carbon stocks/avoided emissions for this new period. The multi-temporal studies will serve as key inputs for monitoring the project progress in forest conservation and SFM. The studies will also support informed decision-making at provincial level.</p> <p>For further details, kindly see the FAO GEF Project Document, section 2.4, Results Matrix (Appendix 1), and Work Plan (Appendix 2).</p>
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**Responses to Council comments:**

Council Comments	Responses
<p>Germany: a) The principal project partners are the Environmental Ministry (MAE) and the Provincial Government. Since the Project has a strong focus on sustainable production we would like to emphasize the importance of including the Agricultural Ministry (MAGAP) as the responsible national authority for agriculture.</p>	<p>a) We thank the Council for the useful comments. The Ministry of Agriculture, Livestock, Aquaculture and Fisheries (MAGAP) is a principal project partner. MAGAP will have a key role in project implementation, including the elaboration of inter-institutional participatory strategies for integrated natural resources management and sustainable forest management; the development of technology packages for sustainable production of cocoa, <i>naranja</i> and livestock; the implementation of value chains for cocoa and <i>naranja</i>. MAGAP will also provide with technical assistance and training services to beneficiary producers through proven methodologies (e.g. farmer</p>

<sup>38</sup> The current baseline in the Project Results Framework (see Annex A) is related to the period 2000-2008

<sup>39</sup> The MAE protocols for assessing carbon stocks and CO2 emissions were validated in 2012-2013 through a wide and participatory national process in Ecuador.

<sup>40</sup> The current baseline provided by MAE is preliminary and will be adjusted when the provincial carbon data will be released by the end of 2014.

<sup>41</sup> Both carbon stocks and avoided CO2 emissions.



<p>b) The German Government through its technical and financial cooperation supports both the Sumaco Reserve and the Yasuni Biosphere Reserve (2013) in the Amazonian area. The full GEF project should include coordination and agreed activities between both programmes in order to share experiences and lessons learnt.</p>	<p>field schools and extension); and will support the promotion of value chains for agricultural products. In addition, MAGAP will be a key player in the Project Partners Coordination and Support Group<sup>42</sup>.</p> <p>b) GIZ is in fact a project partner and has committed co-financing for project implementation. The GEF project will seek coordination and complementarity with GIZ PROCAMBIO Programme 2014-2016 in issues such as: 1) mainstreaming of environmental issues in local development policies and plans; 2) improvement of the implementation of incentive mechanisms in the province; 3) sustainable forest management and promotion of forest conservation agreements; 4) sustainable community-based tourism; and 5) development of bio-trade products.</p>
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#### Responses to STAP comments

STAP Comment	Response
<p>1. The project framework captures well the various interventions described in the proposal narrative. However, STAP recommends a careful revision of the outputs, and their indicators. Several of the outputs appear to be activities rather than major changes brought about by the project. So, in some instances, the outputs do not appear to define what product, or service, will result from the proposed intervention. For example, component 2.1 defines the output as "120 livestock farmers have adopted sustainable livestock practices". In STAP's view, what would constitute a product, or a service, would be the natural resource management practices to be adopted by the farmers (as an example). Its indicator would describe what will be measured (# of practices developed and implemented) and not what is to be achieved (120 livestock farmers adopting sustainable livestock practices).</p>	<p>We thank STAP for the useful comments. The project framework has been adjusted taking into account the suggestions made. Please refer to Annex A: Project Results Framework of this CEO Endorsement request.</p>
<p>2. Currently, the project proposal does not appear to recognize or acknowledge the important work already undertaken some as GEF-funded projects; e.g. the GIAHS project of FAO on agro-biodiversity of small-</p>	<p>The project will use the information and experiences of the Globally Important Agricultural Heritage Systems (GIAHS) project. As GIAHS is defined as "remarkable land use systems and landscapes which are rich in</p>

<sup>42</sup> For a detailed description of the project implementation arrangements, please see Figure 4.1 in the Project Document.

STAP Comment	Response
<p>farm agricultural systems in Ecuador and other countries. The Sumaco Biosphere Reserve, for example, features as a case study in IUCN's 2008 series on Values of Protected Landscapes and Seascapes, Section 1: Protected Landscapes and Agrobiodiversity Values. One aspect brought out in previous studies is the importance of promoting practices that are economically rational to the land user, rather than land uses that are technically efficient. Incentive schemes as mentioned in the proposal have their dangers, including that of unsustainability. Economics or even simple financial accounting needs to be included, along with other lessons from the literature. In the full proposal, these should be fully referenced and the SLM/SFM practices be fully analyzed for their potential to deliver co-benefits for the environment and for local livelihoods.</p>	<p>globally significant biological diversity evolving from the co-adaptation of community with its environment and its needs and aspirations for sustainable development", the GIAHS will serve as basis for the project activities with small-scale farm production of local communities and conservation in the Napo Province, which has a significant biological diversity, including in particular the traditional agro-forestry system (called <i>chakra</i>) used by <i>Kichwa</i> producers and in the Sumaco Biosphere Reserve.</p> <p>Furthermore, the full project document includes and is based on numerous lessons learned from other projects<sup>43</sup> implemented in Ecuador and more specifically in the Province of Napo, namely:</p> <ul style="list-style-type: none"> <li>• <i>Programme for Conservation and Sustainable Management of the Natural and Cultural Heritage of the Yasuni Biosphere Reserve</i> implemented by FAO (2008/2011);</li> <li>• <i>Programme for Sustainable Management of Natural Resources</i> (GESOREN) implemented by GIZ (2003 to 2013);</li> <li>• <i>Project Strengthening of Environmental Governance for territorial planning</i> implemented within the framework of the <i>Programme Regional Biodiversity in the Andean-Amazonian Regions</i> (BioCAN);</li> <li>• <i>Regional Programme for Social Management of Andean Forest Ecosystems – Bolivia-Ecuador-Peru (ECOBONA)</i>, implemented by INTERCOOPERATION (2006-2011);</li> <li>• <i>Project QUIJOS Agricultural practices, conservation and local development strategies for adaptation to climate change in the Quijos River sub-basin</i>, executed by INIAP</li> <li>• The MAE's experience in the implementation of incentive mechanisms at national level, as well as The Nature Conservancy (TNC)'s experience worldwide;</li> <li>• Experience of the Kallari Association and the RUNA Foundation in biotrade products;</li> <li>• Sustainable community-based ecotourism lessons identified by Coria and Calfucura in "Ecotourism and the development of indigenous communities: the good, the bad, and the ugly" in <i>Ecological Economics</i> 73 (2012)" and The Nature Conservancy's Parks in Peril Programme (2002-2007).</li> </ul> <p>Please refer to Section 1, sub-section 1.1.4 <i>Lessons</i></p>

<sup>43</sup> Lessons learned have been drawn from projects that were related to the proposed project's topics: governance, participation and capacity building; sustainable production; community forestry; incentives; biotrade and sustainable community-based eco-tourism.

STAP Comment	Response
	<p><i>learned from past and related work, including evaluations of the Project Document for a full description of the lessons learned that have been included in project design.</i></p> <p>The above-mentioned lessons learned refer to the aspects raised by STAP in the sense of promoting production practices that have been proven in the field, are accepted by the producers, and deliver co-benefits for the environment and livelihoods. For instance, good agricultural practices include: 1) Farm planning; 2) Soil management; 3) Selection and use of native varieties of cocoa and species of <i>naranjilla</i>; 4) Reduction in the use of agro-chemicals and substitution by natural pesticides; 5) Silvo-pastoral systems; 6) Pasture management (improvement of pastures, rotation). Moreover, the project will make use of proven technical assistance and training methodologies and will take into account the ethno-cultural characteristics of the beneficiaries to ensure success in the dissemination of sustainable production practices. It is worth to mention the traditional agro-forestry system used (called <i>chakra</i>) by <i>Kichwa</i> producers, where cash crops such as cocoa and coffee are associated with food crops, natural regeneration of timber trees and medicinal plants. Good practices, especially in the case of cocoa and biotrade products, will be promoted within the framework of the <i>chakra</i> system.</p> <p>These good practices will contribute to the maintenance and conservation of ecosystem services (e.g. nutrient cycles, soil formation, hydrological cycle, water quality) and reduction of the contamination of watercourses; and are expected to improve crop productivity thereby contributing to obtaining better incomes by producers.</p> <p>The Project will support the dissemination of good agricultural practices that are linked to incentives mechanisms, taking into account both the economic and financial viability and sustainability of the SLM/SFM techniques promoted. In this regard, the Project incremental financing will complement the National Incentives Program (MAE)<sup>44</sup> that allocates resources to a broad incentive system<sup>45</sup>. The project aims at strengthening the access to the incentives system by provincial stakeholders. From an institutional perspective, the Project will help enhance coordination among project stakeholders and an enabling</p>

<sup>44</sup> Aligned with the National Development Plan for Good Living 2013-2017

<sup>45</sup> For a detailed description of the incentive system present in the project baseline, please see Section 1 of the Project Document.

STAP Comment	Response
	<p>environment that fosters the incentives in the Napo Province<sup>46</sup>.</p> <p>The Project will also promote capacity development of local organizations, taking into account their different levels of consolidation, strengthening them through information access, training and awareness-raising. Therefore, the organizations accessing incentive mechanisms for SLM/SFM could be capable of maintaining their commitments on the long-term. Signing of forest conservation agreements will be a condition for accessing incentives. The project will support the drafting of agreements and monitoring of their compliance. Moreover, a Provincial Sustainable Development Fund will be established<sup>47</sup>.</p>
<p>3. Furthermore, STAP recommends defining specifically the livestock and agricultural practices and the agroforestry systems to be developed under component 2. Currently, the proposal lacks this information. These practices also need to be specified in the project framework as stated above.</p>	<p>The project will develop technology packages for sustainable production of cocoa, naranjilla and livestock production. The technology packages will comprise the following good practices: 1) Farm planning; 2) Soil management; 3) Selection and use of native varieties of cocoa and species of <i>naranjilla</i>; 4) Reduction in the use of agro-chemicals and substitution by natural pesticides; 5) Silvo-pastoral systems; 6) Pasture management (improvement of pastures, rotation). Please refer to a full description of the implementation of these practices under Output 2.1.1 <i>3 technology packages of good practices for cocoa, naranjilla and livestock production; and conservation agreements signed with small and medium sized producers</i>, section 2.4 <i>Project components and outputs</i> of the FAO GEF Project Document. The Results Framework includes indicators and targets for this output (see Annex A of this CEO Endorsement request: Project Results Framework).</p>
<p>4. STAP welcomes the proposal's explicitness in stating that it will define ex-ante baselines on forest carbon during the proposal development (Component 2 description). In doing so, STAP encourages the project developers to define clearly the methodology that will be used to estimate forest carbon stocks. This is because the proposal is currently unclear whether the Ministry of the Environment's (MEA) methodology will be used in combination with FAO's EX-ACT methodology, or whether only one of these methods will be used.</p>	<p>Please see response to GEFSEC's comments #14 and 15 above.</p>
<p>5. For the design of forest, agriculture and livestock certification schemes (Component 2 and 3), STAP</p>	<p>Component 2 will no longer apply international certification schemes but national incentives</p>

<sup>46</sup> For a detailed description of the causes of uncoordination and lack of access to incentives, please see Section 1 of the Project Document.

<sup>47</sup> See more details on the Sustainable Development Fund in page 33 above, and in Section 2 of the Project Document.

STAP Comment	Response
<p>recommends that the project developers consult STAP's advisory document "Environmental Certification and the Global Environmental Facility". The advisory document summarizes the evidence base on the effectiveness of certification programs in generating global and local benefits. The document also identifies four main threats to eco-certification awareness (including coffee and timber products) that STAP recommends for the design of GEF certification projects or GEF project components.</p>	<p>mechanisms. As detailed in the response to GEFSEC's comment #14 d), a certification feasibility study based on a market analysis conducted during full project preparation demonstrated that: a) certification under international standards (e.g. FSC) has high costs that are not likely to be covered by the government or private partners after project termination; b) GIZ co-financing has been reduced, reducing the likelihood of ensuring certification schemes' longevity and fee payment after project termination; c) certified timber products are not likely to be sold in the Ecuador's domestic market, since it lacks differentiated prices that could compensate high certification costs. Price premiums are not high enough to offset the costs of certification; d) good agricultural and livestock practices are in their early stage in the Napo Province. The opportunity cost of shifting to sustainable options in addition to applying an international certification standard is too high for this context and stage.</p> <p>Regarding Component 3, the Napo Provincial Government (NPG) is planning to declare the province as a "clean territory", which means an environmentally-friendly province where PAs, buffer zones, and protective forests are managed in a sustainable manner. To this end, GEF resources will support the NPG in the creation of an eco-label named "chakra", which will recognize the production of agricultural goods and native species produced under this traditional system<sup>48</sup>. This eco-label will aim the domestic market, at least as initial step. For a detailed description, kindly see the FAO GEF Project Document, Section 1.1, 2.3 and 2.4.</p> <p>Component 3 has been designed considering the four threats to eco-certification: i) in order to address the risk of weak certification standards, FAO and GIZ will provide their knowledge, technical assistance and/or co-financing to the NPG when designing the eco-label in PY1; ii) to reduce the risk of noncompliance with certification standards, selected pilot areas for labeling will have signed conservation agreements<sup>49</sup>; iii) mitigation actions to reduce limited participation, both from supply-side or demand-side, as well as adverse</p>

<sup>48</sup> For a detailed explanation about the "chakra" traditional system, kindly see Section 1.1 of the FAO GEF Project Document  
<sup>49</sup> See output 3.1.2 of in the Annex A of this CEO Endorsement request.

STAP Comment	Response
	self-selection, will be considered by the biotrade specialist when designing the eco-label and awareness-raising strategies in PY1.
<p>6. STAP recommends reviewing the global environmental benefits section. Currently, some of the proposed global environmental benefits are not framed as benefits. For example, the following cannot be considered as benefits but as an activity that may ultimately generate global environmental benefits, i) integrated natural resource management has been introduced in buffer zones; ii) reduced pressures in buffer zones have been achieved; iii) carbon emissions have been reduced by controlling deforestation rates; iv) sustainable water management practices have been introduced; and v) sustainable land management practices have been implemented in degraded lands. Furthermore, because of the multitude of benefits the project intends to generate, it may be useful to illustrate in a table the various benefits, their indicators, and methods for measuring and monitoring these indicators. A table format also will exemplify the global environmental benefits associated with each focal area supporting the proposal. In this regard, the benefits derived from sustainable land management are not as apparent as those obtained from biodiversity conservation and sustainable forest management. Sustainable land management benefits are briefly mentioned only at the end of the incremental reasoning section.</p>	<p>The global environmental benefits have been revised accordingly. Please refer to sub-section 2.5 <i>Global Environmental Benefits</i>, of the FAO GEF Project Document.</p>
<p>7. STAP suggests describing further the proposed sustainable tourism pilot activity, including how the revenues will be distributed equally between the various stakeholders. It also would be valuable to cite references (published or rigorous unpublished documents) supporting the links between tourism, biodiversity conservation and livelihoods. One possible reference synthesizing this literature is as follows Coria, J., Calfucura, E. "Ecotourism and the development of indigenous communities: the good, the bad, and the ugly", <i>Ecological Economics</i> 73 (2012) 47-55. The project developers may wish to refer to this document (and other sources cited in this paper) to strengthen further the scientific rationale and design of the pilot intervention on sustainable tourism.</p>	<p>The Ministry of Tourism (MINTUR) within the framework of its Tourism Plan 2020 fosters sustainable tourism as a means of improving rural population livelihoods. The Napo Province is located along the so-called Water Route of the Amazon Region promoted by the MINTUR, in which several bio-routes have been prioritized (water bio-route, bird bio-route, Amazonian cocoa and chocolate bio-route and cinnamon and <i>guayusa</i> bio-routes). It is worth to mention that there are 21 community tourism initiatives in the province, each of them receiving between 200-400 tourists per year. Within this context, sustainable community eco-tourism has been identified as one of the project interventions to improve the livelihoods of the local population while at the same time conserving the forests and their biodiversity. Hence the project will support existing community tourism initiatives to promote their sustainability as well as their contribution to biodiversity conservation.</p> <p>The project will support 7 sustainable community-based ecotourism initiatives, which have been selected on the</p>

STAP Comment	Response
	<p>basis of their location near protected areas and forest areas, potential contribution to increase biological corridors and functional habitats for conservation, existence of community forests to conserve through conservation agreements and the presence of native ethnic groups.</p> <p>The Project strategy comprises the following key interventions: 1) technical assistance to elaborate a manual of good practices in community ecotourism; 2) training for implementation of good practices and to improve the internal organization and entrepreneurial management of the initiatives; 3) formalization of the initiatives with the Ministry of Tourism and the Ministry of Environment; 4) channeling of incentive mechanisms for investments in infrastructure to improve the quality of services provided to tourists; 5) signing of forest conservation agreements with communities as a condition to be benefited with incentives; and 6) value chain plans, supply chain management studies and strategic partnerships for marketing of community tourism initiatives, seeking niche markets that value nature community tourism. A more detailed description is included under Output 3.1.1 <i>Conservation agreements (500 ha) and good practices in sustainable community tourism implemented</i>, Section 2.4 <i>Project components and outputs</i> of the Project Document.</p> <p>These interventions have been designed taking into account lessons identified by Coria and Calfucura, "Ecotourism and the development of indigenous communities: the good, the bad, and the ugly", <i>Ecological Economics</i> 73 (2012), namely:</p> <ul style="list-style-type: none"> <li>• Indigenous ecotourism does not survive spontaneously without the full involvement of the community and the respect and support of the external agents in the design, implementation and promotion of the ecotourism initiatives.</li> <li>• If the stakeholders have different expectations on the results of ecotourism it is very important to incentivize communication among the stakeholders to align objectives and achieve the conservation and development goals.</li> <li>• In the case of indigenous communities, the lack of managerial capacities and severe infrastructure limitations hinder sustainable ecotourism management.</li> </ul> <p>Moreover, additional lessons from The Parks in Peril Programme implemented by The Nature Conservancy in Latin America (<i>Turismo, áreas protegidas y comunidades</i>,</p>

STAP Comment	Response
	<p><i>Estudios de caso y lecciones aprendidas del Programa de Parques en Peligro 2002-2007, TNC, USAID</i>) have been taken into account. The programme identified the existence of partnerships between community, private sector and public institutions as a success factor. On the other hand, a challenge identified was the need for an efficient sale of the tourist products. The proposed solution was to engage in a partnership with a strategic buyer.</p> <p>These lessons have been incorporated in the Project Document. For further details, please see Section 1, subsection 1.1.4 <i>Lessons learned from past and related work, including evaluations.</i></p>
<p>8. The proposal suggests climate change affects the fragile ecosystems of the Sumaco Biosphere Reserve, and that component 1 will address this challenge through adaptive capacity. To strengthen the scientific reasoning of the implicit adaptive capacity measures, STAP suggests indicating what are the climate change projections, or trends, in the region, as well as defining explicitly the adaptation capacity interventions that will be mainstreamed into the ecosystem land-use planning and management measures. For this data, as well as adaptation measures that could be mainstreamed across the various interventions, the project developers may wish to consult the World Bank Climate Change Knowledge Portal-<a href="http://sdwebx.worldbank.org/climateportal/index.cfm">http://sdwebx.worldbank.org/climateportal/index.cfm</a></p>	<p>The Second National Communication to the UNFCCC concludes that in the short-term multiple areas of the Amazon bordering the Andes will experience both increases and decreases in rainfall, while the Eastern part of the region will experience mostly decreases or very slight increases. In the long-term, rainfall will decrease in the especially the easternmost part. All models agree on the systematic warming of the whole country. The National Plan for Good Living includes specific climate targets to reduce impacts and vulnerability in social, environmental, and economic sectors, with which the GEF project is directly aligned, namely: 1) To increase the territorial areas under conservation or environmental management from 30% to 35% in relation to 2008; 2) To reduce the deforestation rate in 30%; 3) To reduce the ecosystems' high level of vulnerability to climate change to 23% and the level of medium threat level to 69%.</p> <p>Component 1 will address adaptation to climate change by including this issue in public planning. Local governments have developed Land Use and Development Plans (LUDPs) but these do not mainstream environmental issues. Moreover, the province does not have a strategy for integrated natural resources management. The project will support mainstreaming of environmental criteria (including climate change issues) in six LUDPs, as well as implementation and monitoring of implementation. This activity will help develop a mainstreaming methodology that will allow the up-scaling to the remaining local governments. The project will also support the development of a provincial inter-institutional participatory strategy for integrated natural resources management. By reinforcing the environmental governance in the province, the project will help</p>



STAP Comment	Response
	<p>strengthen the capacities to reduce and halt the current trends in degradation of soils, water and forests, which in turn will help climate change adaptation. Component 2 will also address adaptation to climate change. For the design of ecological conservation and restoration tools, an important factor will be their compatibility with climate change. Climate change issues will also be included in the training activities proposed by the project aimed at generating technical capacities of the local governments to implement on the ground activities toward sustainable land and forest management. The adoption of sustainable production systems will contribute to adaptation to climate variability and the expected impacts of climate change. Good practices to be promoted by the project include land use planning, farm planning, soil management, agro-forestry (traditional <i>chakra</i> system), and silvo-pastoral systems, which are recognized adaptation measures.</p>

**ANNEX C: STATUS OF IMPLEMENTATION OF PROJECT PREPARATION ACTIVITIES AND THE USE OF FUNDS<sup>50</sup>**

A. DESCRIBE FINDINGS THAT MIGHT AFFECT THE PROJECT DESIGN OR ANY CONCERNS ON PROJECT IMPLEMENTATION, IF ANY:

N/A

B. PROVIDE DETAILED FUNDING AMOUNT OF THE PPG ACTIVITIES FINANCING STATUS IN THE TABLE BELOW:

<b>PPG Grant Approved at PIF:</b>			
<b>Project Preparation Activities Implemented</b>	<b>GEF/LDCF/SCCF/NPIF Amount (\$)</b>		
	<b>Budgeted Amount</b>	<b>Amount Spent To date</b>	<b>Amount Committed</b>
5011 Salaries Professional (Parent)	3087.00		
5012 Salaries General Service (Parent)			
5013 Consultants (Parent)	19000.00	24851.61	
5020 Locally Contracted Labor		1344.00	
5014 Contracts (Parent)	22088.00	15726.40	
5021 Travel (Parent)	3000.00	3633.06	
5023 Training (Parent)	4486.00	3192.35	5595.66
5024 Expendable Procurement	2884.00	181.44	
5028 General Operating Expenses (Parent)		20.48	
<b>Total</b>	<b>54545.00</b>	<b>48949.34</b>	<b>5595.66</b>

<sup>50</sup> If at CEO Endorsement, the PPG activities have not been completed and there is a balance of unspent fund, Agencies can continue undertake the activities up to one year of project start. No later than one year from start of project implementation, Agencies should report this table to the GEF Secretariat on the completion of PPG activities and the amount spent for the activities.

**ANNEX D: CALENDAR OF EXPECTED REFLOWS (if non-grant instrument is used) N/A**

Provide a calendar of expected reflows to the GEF/LDCF/SCCF/NPIF Trust Fund or to your Agency (and/or revolving fund that will be set up)

