



## GEF-6 GEF SECRETARIAT REVIEW FOR FULL-SIZED/MEDIUM-SIZED PROJECTS THE GEF/LDCF/SCCF TRUST FUND

GEF ID:	9059		
Country/Region:	Guatemala		
Project Title:	Promoting Sustainable and Resilient Landscapes in the Central Volcanic Chain		
GEF Agency:	UNDP	GEF Agency Project ID:	5581 (UNDP)
Type of Trust Fund:	GEF Trust Fund	GEF Focal Area (s):	Multi Focal Area
GEF-6 Focal Area/ LDCF/SCCF Objective (s):	BD-1 Program 1; BD-4 Program 9; LD-2 Program 3; SFM-1; SFM-2;		
Anticipated Financing PPG:	\$0	Project Grant:	\$11,144,497
Co-financing:	\$45,831,202	Total Project Cost:	\$56,975,699
PIF Approval:		Council Approval/Expected:	October 01, 2015
CEO Endorsement/Approval		Expected Project Start Date:	
Program Manager:	Mark Zimsky	Agency Contact Person:	Santiago Carrizosa

PIF Review			
Review Criteria	Questions	Secretariat Comment	Agency Response
<b>Project Consistency</b>	1. Is the project aligned with the relevant GEF strategic objectives and results framework? <sup>1</sup>	<p>March 20, 2015</p> <p>BD: While it is clear how the outcomes relate to BD Program Nine, we are confused by the construction of Component two. The development of management plans for 15 MRPs and financial mechanism for 15 MRPs would seem to indicate a need for the project to reference BD Program 1. Please discuss the</p>	

<sup>1</sup> For BD projects: has the project explicitly articulated which Aichi Target(s) the project will help achieve and are SMART indicators identified, that will be used to track the project's contribution toward achieving the Aichi Target(s)?

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		<p>financing gap that is to be filled, how the MRPs relate to the national system vis a vis ecosystem coverage, finance and management, why this investment is needed as part of this project to fill this gap. Furthermore under component two, an outcome should reflect this focus on PA management and protection, thus we would expect METT measures to be presented as well as reduction of financing gap in table b, as it is presented in the text.</p> <p>April 24, 2015</p> <p>Adequate revision.</p>	
	2. Is the project consistent with the recipient country's national strategies and plans or reports and assessments under relevant conventions?	<p>March 20, 2015</p> <p>Yes.</p>	
<b>Project Design</b>	3. Does the PIF sufficiently indicate the drivers <sup>2</sup> of global environmental degradation, issues of sustainability, market transformation, scaling, and innovation?	<p>March 20, 2015</p> <p>The project discusses the drivers of deforestation, leading to annual loss of 38,957, as due to agricultural expansion and the non-sustainable use of the forests, including fuelwood and mono-crop plantations. However, the project does not clearly articulate how it will address each of the articulated drivers. Please clarify how the</p>	

<sup>2</sup> Need not apply to LDCF/SCCF projects.

## PIF Review

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		<p>proposed project components will address the drivers, including fuelwood. That is, what will the project due to reduce demand for fuelwood? Also, please describe what proportion of the annual loss of 38,957 ha could be addressed by this project.</p> <p>April 24, 2015.</p> <p>The response discusses a certification approach, distribution of energy efficient cookstoves, and conservation agreements. We do not see sufficient explanation for how these measures, which appear limited in scope and lacking in sustainable business models, can address the drivers.</p> <p>The response also notes that of the annual lost of 38,957 ha in Guatemala, only 1,047 ha is attributed to the region prioritized for this project. From the GEF climate change mitigation focal area objective, this small percentage is insufficient to justify the level of CCM resources requested. Before re-submitting a revised project request for CCM funding, a discussion on articulating a more ambitious effort is recommended.</p>	

## PIF Review

Review Criteria	Questions	Secretariat Comment	Agency Response
		<p>July 29, 2015</p> <p>Adequate revisions provided in the project design.</p>	
	4. Is the project designed with sound incremental reasoning?	<p>March 20, 2015</p> <p>Yes, baseline description and project design strategy well articulated, however, assumptions embedded in the project design with regards to the GEF increment require further explanation. Please see comments under question 5 below.</p>	
	5. Are the components in Table B sound and sufficiently clear and appropriate to achieve project objectives and the GEBs?	<p>March 20, 2015</p> <p>No. Please address all issues below.</p> <p>1) The total project cost is \$55 million and only 217,000 hectares will be improved, for a cost of \$253/hectare which is very expensive. Please justify the cost.</p> <p>2) GEF experience with PES is that without identified buyers of an ecosystem service, project success has been limited. Please explain and refer to STAP guidance on PES design on how to increase likelihood of success and describe how project has incorporated this into the design assumptions.</p> <p>3) For coffee certification to be</p>	

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		<p>successful, business sector participation should be critical, but project does not discuss this sufficiently nor is their participation evident in cofinance provided to the project. Please clarify.</p> <p>4) Component one seems very speculative. Please describe confidence level in realization of PES as it appears if this is not successful, the entire enterprise will be undermined. Other than the success achieved in another country and context, why will this work in this context?</p> <p>5) Component two on developing management plans and financial mechanisms at a cost of \$22 million, with \$4 million from GEF seems very expensive. Please explain the cost parameters used.</p> <p>6) It is hard to see how the outputs will lead to responses in species populations that can be discerned in the time frame of the project and from the interventions. Please explain.</p> <p>7) Development and implementation of 15 management plans and 15 financial mechanisms in 5 years seems overambitious. GEF project</p>	

## PIF Review

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		<p>experience, many from the UNDP portfolio, has shown that in a 5-year project PA authorities are only able to identify the funding gap, and prioritize the development of financial mechanisms based on Cost benefit analysis. It is the rare project that has been able to then fully implement them in the same project. Please explain how 15 PA management plans and 15 financial mechanisms will be fully implemented within 5 years.</p> <p>8) Component 1 proposes to use \$1 million in climate change mitigation resources, but the project proposal does not articulate any emissions benefits or carbon stock enhancements from the investments in component 1. Yet the component also articulates the plan to sell carbon credits into the voluntary market, therefore we conclude there are plans to generate emissions benefits. Please articulate the scope for planned emissions benefits and provide a rough estimate of the carbon benefit in tons CO<sub>2</sub>e. Please include this figure in the Table F, along with figures from component 2. Please also clarify the emissions estimate of 202,000 tCO<sub>2</sub>e on page 14 “ which</p>	

## PIF Review

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		<p>component is that related to?</p> <p>9) Component 1 refers to emissions benefits from UNDP project 3590, which also established carbon sequestration plots to sell credits into the carbon markets. Please briefly describe the success or failure of that approach.</p> <p>10) A specific region has been identified for this project. Please identify what proportion of the annual forest loss of 38,957 ha in Guatemala can be attributed to this region.</p> <p>11) Historic and existing government programs were documented in the proposal as helping reduce the loss of 112,341.94 hectares over the period 1998-2012. This is clearly not large enough to address the loss of more than 38,000 ha per year. What about the design of this project will help do better than prior programs? How much of the forest loss will be addressed by component 1 versus component 2?</p> <p>12) Component 2 proposes to restore 4,500 ha of degraded forests, yielding 300,000 tons of emissions benefits. Please clarify if this figure is annually, or over some specific time</p>	

## PIF Review

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		<p>period and indicate the period, and identify the methodology.</p> <p>13) Paragraphs 25 and 26 on page 13 attempt to articulate the alternative scenario and link this to the GEF funding and co-financing. It would be best to label these as component 1 and component 2 to avoid confusion. The baseline investment is quite substantial. Please more clearly articulate how the GEF incremental investment will contribute to an alternative scenario that leads to significant global benefits.</p> <p>14) Paragraph 27 says the GEF alternative has a total cost of \$96,822,685. Please explain this figure as Table A shows total cost as \$56,475,699.</p> <p>April 24, 2015.</p> <p>1) The cost per hectare is still very high and presenting an analysis of a cost per hectare per year does not obviate this fact. It does not seem to be a very cost-effective investment with regards to the biodiversity benefits generated.</p> <p>2) Adequate explanation provided. When presenting final project design at CEO endorsement, please include</p>	



## PIF Review

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		<p>an explanation on how the results gleaned from applying the guiding questions identified by STAP are incorporated into the project design.</p> <p>3) Adequate explanation provided.</p> <p>4) Adequate, please see comment under question two above.</p> <p>5) Adequate explanation.</p> <p>6) The length of the project is not the point in question, it is the choice of species indicators as the measure of project progress and biodiversity outcomes. By the time of submitting the CEO endorsement please consider a wider range of potential indicators to assess biodiversity condition in the project sites.</p> <p>7) First, please clarify the rationale to reduce from 15 management plans to 5 and 15 financial strategies to 5. What was the criteria used to make such a large reduction in such a short time frame in both areas? One could imagine a project doing more management plans (which are rather straightforward) and fewer financial mechanism implementation which are much more challenging.</p>	

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		<p>Second, please clarify the rationale for moving the project to a 7-year time frame. Was a cost-benefit analysis conducted, or an assessment of other similar projects to arrive at this time span for the project? Will more cofinancing be provided to allow for 2 more years of implementation time?</p> <p>8) The agency response proposes changes to the project structure, reducing the CCM request for component 1. We recommend a technical meeting to discuss the components to better understand the relationship between the components and how much funding is needed for each. We should also discuss the plans to sell carbon credits into the voluntary markets which raises complexity and could lead to double-counting of carbon benefits.</p> <p>9) The response is quite helpful in clarifying the achievements of UNDP Project 3590. However, we are quite concerned over the low levels of achievement. In GEF-6, we are looking for projects that address drivers, achieve replication and scale, and lead towards market transformation. It does not appear that this project will move beyond 3590 in</p>	

## PIF Review

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		<p>scope or scale. More discussion needed.</p> <p>10) As noted in the comment in box 3, the amount of 1,047 ha is too small. With such significant loss of forest in Guatemala annually, why does the project only identify an area where its impact is so limited? More discussion needed.</p> <p>11) The activities described appear valuable, but the opportunity to scale and replicate is still insufficient. More discussion needed.</p> <p>12) Thank you for documenting the methodology. The cost-effectiveness seems quite low. More discussion needed.</p> <p>13) Thank you for providing the detailed information which allows for a more informed discussion of the project ambition and components. During the requested discussion we will seek clarification on the provided figures.</p> <p>July 29, 2015</p> <p>Adequate revisions provided to the project design.</p>	
	6. Are socio-economic aspects,	March 20, 2015	

PIF Review			
Review Criteria	Questions	Secretariat Comment	Agency Response
	including relevant gender elements, indigenous people, and CSOs considered?	Yes, this has been discussed in sufficient depth and sophistication for a PIF.	
<b>Availability of Resources</b>	7. Is the proposed Grant (including the Agency fee) within the resources available from (mark all that apply):		
	• The STAR allocation?	March 20, 2015 Yes.	
	• The focal area allocation?	March 20, 2015 Yes.	
	• The LDCF under the principle of equitable access	March 20, 2015 NA.	
	• The SCCF (Adaptation or Technology Transfer)?	March 20, 2015 NA.	
	• Focal area set-aside?	March 20, 2015 NA.	
<b>Recommendations</b>	8. Is the PIF being recommended for clearance and PPG (if additional amount beyond the norm) justified?	March 20, 2015  No. Please revise per suggestions above and resubmit.  April 24, 2015. Recognizing this is an important proposal that offers to use the more than 90% of the Guatemala STAR allocation from all focal areas, while also recognizing significant concerns over the lack of ambition and potential for scaling, a technical	

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		<p>discussion with the Secretariat and the Agency is recommended before further submissions.</p> <p>July 29, 2015</p> <p>Based on discussions held the project was redesigned and the revisions are in fact acceptable.</p> <p>The Program Manager recommends CEO PIF clearance.</p>	
Review Date	Review	March 20, 2015	
	Additional Review (as necessary)	April 24, 2015	
	Additional Review (as necessary)	July 30, 2015	

CEO endorsement Review			
Review Criteria	Questions	Secretariat Comment at CEO Endorsement	Response to Secretariat comments
Project Design and Financing	1. If there are any changes from that presented in the PIF, have justifications been provided?		

## CEO endorsement Review

Review Criteria	Questions	Secretariat Comment at CEO Endorsement	Response to Secretariat comments
	2. Is the project structure/ design appropriate to achieve the expected outcomes and outputs?		
	3. Is the financing adequate and does the project demonstrate a cost-effective approach to meet the project objective?		
	4. Does the project take into account potential major risks, including the consequences of climate change, and describes sufficient risk response measures? (e.g., measures to enhance climate resilience)		
	5. Is co-financing confirmed and evidence provided?		
	6. Are relevant tracking tools completed?		
	7. <i>Only for Non-Grant Instrument:</i> Has a reflow calendar been presented?		
	8. Is the project coordinated with other related initiatives and national/regional plans in the country or in the region?		
	9. Does the project include a budgeted M&E Plan that monitors and measures results with indicators and targets?		
	10. Does the project have descriptions of a knowledge management plan?		

CEO endorsement Review			
Review Criteria	Questions	Secretariat Comment at CEO Endorsement	Response to Secretariat comments
Agency Responses	11. Has the Agency adequately responded to comments at the PIF <sup>3</sup> stage from:		
	• GEFSEC		
	• STAP		
	• GEF Council		
	• Convention Secretariat		
Recommendation	12. Is CEO endorsement recommended?		
Review Date	Review		
	Additional Review (as necessary)		
	Additional Review (as necessary)		

<sup>3</sup> If it is a child project under a program, assess if the components of the child project align with the program criteria set for selection of child projects.