



REQUEST FOR CEO ENDORSEMENT

PROJECT TYPE: Full-sized Project

TYPE OF TRUST FUND: GEF Trust Fund

PART I: PROJECT INFORMATION

Project Title: Delivering multiple global environmental benefits through sustainable management of production landscapes			
Country(ies):	Honduras	GEF Project ID:	4590
GEF Agency(ies):	UNDP	GEF Agency Project ID:	4741
Other Executing Partner(s):	Ministry of Natural Resources and the Environment (SERNA), Tropical Agronomic Centre for Research and Teaching (CATIE), Ministry of Agriculture and Livestock (SAG)	Submission Date:	May 10, 2013
GEF Focal Area (s):	Multi-focal Area, Biodiversity, Land Degradation, SFM/REDD	Project Duration (Months)	60
Name of Parent Program (if applicable):For SFM/REDD+	N/A	Agency Fee (\$):	304,545

A. FOCAL AREA STRATEGY FRAMEWORK:

Focal Area Objectives	Expected FA Outcomes	Expected FA Outputs	Trust Fund	Grant Amount (\$)	Co-financing (\$)
BD-2	Outcome 2.1: Increase in sustainably managed landscapes and seascapes that integrate biodiversity conservation.	Output 1: Policies and regulatory frameworks for production sectors. Output 3: Certified production landscapes and seascapes.	GEFTF	1,013,648	5,836,180.36
	Outcome 2.2: Measures to conserve and sustainably use biodiversity incorporated in policy and regulatory frameworks.		GEFTF	675,766	3,890,790.75
LD-3	Outcome 3.1: Enhanced cross-sector enabling environment for integrated landscape management	Output 3.1 Integrated land management plans developed and implemented Output 3.2 INRM tools and methodologies developed and tested Output 3.3 Appropriate actions to diversify the financial resource base Output 3.4 Information on INRM technologies and good practice guidelines disseminated	GEFTF	130,470	751,194.15
	Outcome 3.2: Integrated landscape management practices adopted by local communities		GEFTF	551,987	3,178,120.70
	Outcome 3.3: Increased investments in integrated landscape management		GEFTF	326,174	1,877,979.63
SFM/REDD	Outcome 1.3: Good management practices adopted by relevant economic actors	Output 1.3. Types and quantity of services generated through SFM	GEFTF	195,704	1,126,785.48
Sub-Total				2,893,749	16,661,051.07
Project Management Cost			GEFTF	151,706	895,857.81
Total Project Cost				3,045,455	17,556,908.88

B. PROJECT FRAMEWORK:

Project Objective: To mainstream biodiversity conservation, sustainable land management and carbon sequestration objectives into production landscapes and sectors in humid broadleaved and dry zone agroecosystems

Project Component	Grant type	Expected Outcomes	Expected Outputs	Trust Fund	Grant Amount (\$)	Co-financing (\$)
<p>Component 1: Favorable enabling conditions (policies, markets and finance) for delivering multiple global environmental benefits in managed landscapes</p>	TA	<p>Enabling policy, institutional and market environment for delivering multiple global environmental benefits (GEBs) in production landscapes, resulting in:</p> <ul style="list-style-type: none"> - A total of \$4.3 million of loans disbursed to 1,030 farmers, managing 44,000ha in two target areas, subject to criteria that promote biodiversity conservation, sustainable land management and carbon sequestration and/or to permit investment in forms of production that generate such benefits - 20% of beef and dairy purchases of retailers and exporters nationwide (1,700t/year of beef and 22 million litres/year of milk) that are subject to environmental sustainability criteria - Commitment by retailers and exporters nationwide to applying environmental sustainability criteria to 25% of their beef and milk purchases by 5 years after project end (approximately 2,100t/year of beef and 28 million litres/year of milk) - Maintenance of policy commitment to sustainable ranching by participants in the Sustainable Ranching Platform (including SAG, SERNA, ICF, private sector, ranchers' organizations, rural development NGOs) 	<p>1.1 National Platform for Sustainable Ranching strengthened for coordination of key stakeholders across the supply chain in order to generate multiple GEBs in production landscapes regarding:</p> <ul style="list-style-type: none"> - The responsible production and trade of commodities (e.g. beef and dairy products) - Harmonization of production and environmental sector policies regarding BD, LD and SFM/REDD in production landscapes, in relation for example to the programmes of incentives, finance, marketing support and technical support of the Government (e.g. SAG, BANADESA) and NGOs, the conservation approaches of the SERNA within the framework of the NBSAP, the protected area planning and management initiatives of the ICF, and the ranching initiatives of FENAGH and its members. <p>1.2 Commitments by national supermarket chains and exporters to certify, source and market beef and dairy products on the basis of environmental sustainability in order to generate GEBs in production landscapes</p> <p>1.3 National programme for promoting the certification of cattle farms according to Sustainable Agricultural Network (SAN) principles, that enable farmers to obtain market benefits (price premiums and secure market access) as a result of committing to the generation of GEBs in production landscapes, and take into consideration the particular characteristics of the biodiversity and natural resources in the target areas, and issues of connectivity at farm and landscape levels.</p> <p>1.4 Loan plans from at least 5 public and private financial institutions that support forms of management of production landscapes that generate multiple GEBs</p>	GEFTF	533,900	2,500,000
<p>Component 2. Multiple global environmental benefits (biodiversity conservation, reduced land degradation, reduced carbon emissions and increased carbon storage) are delivered in production landscapes in the humid broadleaved forest zone (Region 1) and the dry forest</p>	TA	<p><u>Target Area 1:</u> 3,174ha of pastures converted over 5 years to silvopastoral systems and 376km of simple live fences converted to diverse, multi-strata live fences in 650 farms covering 24,319ha, leading to:</p> <ul style="list-style-type: none"> - 45% increase in area-weighted Environmental Service Index based on birds over 3,174ha of pastures, from 0.9375 to 1.3590 - 62% increase in carbon sequestration rates over 3,174ha, from 49,428tCO₂eq/yr to 80,118tCO₂eq/yr, resulting in a net increase in stocks of 36,827tCO₂eq - Reduction from 13% to 6% in seasonal variation in milk production, 	<p>2.1 Permanent multi-stakeholder sustainable ranching platforms in two target areas, providing for:</p> <ul style="list-style-type: none"> - Identification and realization of opportunities for collaboration in channeling external support for sustainable value chains, such as processing facilities, technical assistance or finance. - Pooling of efforts to lobby Government on issues of common interest related to sustainable production and value chains, such as unfair competition from imports of dairy products from neighbouring countries. - Joint negotiation of access to markets (subject to criteria of environmental sustainability) with external actors: - Discussion, management and/or resolution 	GEFTF	2,359,849	14,161,051.07

<p>agroecosystem of the south and southwest (Region 2)</p>	<p>contributing to reducing pressures on natural vegetation</p> <ul style="list-style-type: none"> - 12% increase in beef production and 18% increase in milk production in accordance with principles of environmental sustainability <p>200 farms covering 8,000ha meeting criteria for insertion into sustainable value chains</p> <p>320t/year of beef and 3.5 million kg/year of milk inserted into sustainable value chains</p> <p>Improvements of 11% in nearest neighbour index and 9% (average) in juxtaposition index in key connectivity zones covering 1,200 km²</p> <p>Increased occurrence of jaguars (<i>Panthera onca</i>) in key connectivity zones (baseline and target values to be defined during project year 1)</p> <p>Reduction in area converted annually from forest to pasture, from 100ha/yr to 50ha/yr, resulting in a net avoided deforestation over the project period of 250ha, with a net carbon benefit of 32,250tC.</p> <p>60% of target area is covered by municipal territorial land use plans that take into account considerations of landscape-wide sustainability of ranching landscapes</p> <p>Increase in Knowledge, Attitude, Practices (KAP) indices (to be defined at project start) among 650 target farmers</p> <p><u>Target Area 2:</u></p> <p>3,147ha of pastures converted to silvopastoral systems and 275km of simple live fences converted to diverse, multi-strata live fences in 600 farms covering 18,211ha, leading to:</p> <ul style="list-style-type: none"> - Reductions in assumed soil erosion rates over 3,147ha from 384,019t/ha/yr to 214,800t/ha/yr, (a total avoided erosion of 203,061t) - 66% increase in carbon sequestration rates over 3,147ha, from 25,003tCO₂eq/yr to 41,623tCO₂eq/yr, resulting in a net increase in stocks of 19,994tCO₂eq - Reduction from 41% to 23% in seasonal variation in milk production, contributing to reducing land degradation pressures - 14% increase in beef production and 18% increase in milk production in accordance with principles of environmental sustainability <p>125 farms covering 5,000ha meeting criteria for insertion into sustainable value chains</p> <p>150t/year of beef and 1.8 million kg/year of milk inserted into sustainable value chains.</p> <p>Reduction in numbers of land managers</p>	<p>of conflicts associated with natural resource management in productive landscapes.</p> <ul style="list-style-type: none"> - Discussion of emerging issues with implications for landscape dynamics, such as oil palm, melon and sugarcane expansion, and the generation of joint proposals for responses. - Discussion, interchange of experiences and generation of proposals regarding technical approaches to sustainable ranching. - Discussion and negotiation with municipal governments of proposals for zoning productive and protective initiatives - Channelling of support for the activities of the authorities in applying environmental legislation. <p>2.2 Strengthened local institutions supporting the sustainable management and conservation of production landscapes, including:</p> <ul style="list-style-type: none"> - Training and logistical support to Municipal Environment Units, in relation to the investigation of alleged infractions of environmental regulations and the application of corresponding sanctions, development and application of local regulations regarding environmental threats associated with ranching, and development, refinement and application of spatial land use plans - Advice and facilitation support to local level participation mechanisms (e.g. Municipal Development Councils, Local Protected Area Councils and village-level water committees), to optimize stakeholder participation regarding natural resource management, such as formulation of regulations, support to environmental authorities and declaration of protected micro-catchments. <p>2.3 Farm management plans allowing for the maximisation of environmental benefits and sustainability through the appropriate siting of land uses</p> <p>2.4 Effective, relevant and sustainable support programmes applied by Government, NGOs and/or private sector service providers</p> <p>2.5 Agreements/and or contracts between purchasers and farmers regarding the sourcing of products produced in accordance with the generation of GEBs</p>			
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	using fire from 420 (70% of the 600 target farmers), burning 950ha/year, to 60 (10%), burning 135ha/year Reduction in area converted annually from tree-rich agroecosystem to pasture, from 200ha/yr to 100ha/yr, resulting in a net avoided agroecosystem loss over the project period of 500ha, with a net carbon benefit of 1,305tC. 60% of target area is covered by municipal territorial land use plans that take into account considerations of landscape-wide sustainability of ranching landscapes Increase in Knowledge, Attitude, Practices (KAP) indices (to be defined at project start) among 600 target farmers.			
Sub-Total			2,893,749	16,661,051.07
Project Management Cost		GEFTF	151,706	895,857.81
Total Project Costs			3,045,455	17,556,908.88

C. SOURCES OF CONFIRMED CO-FINANCING FOR THE PROJECT BY SOURCE AND BY NAME (\$)

Sources of Co-financing	Name of Co-financier	Type of Co-financing	Amount (\$)
GEF Agency	UNDP Green Commodities Facility	Grant	100,000.00
GEF Agency	UNDP TRAC funds	Grant	35,000.00
National Government	Ministry of Agriculture and Livestock (IFAD loans to PROMECOM, EMPRENDESUR and Horizontes del Norte rural development projects)	Soft Loan	6,000,000.00
Others	Central American Bank for Economic Integration (CABEI)	Soft Loan	10,300,000.00
Others	ICADE	Cash	1,031,458.88
Others	ICADE	In kind	30,450.00
Others	CATIE	In-kind	60,000.00
Total Co-financing			17,556,908.88

D. TRUST FUND RESOURCES REQUESTED BY AGENCY, FOCAL AREA AND COUNTRY

GEF Agency	Type of Trust Fund	Focal Area	Country Name/Global	(In \$)		
				Grant Amount (a)	Agency Fee (b)	Total c=a+b
UNDP	GEF TF	BD	Honduras	1,777,982	177,798	1,955,780
UNDP	GEF TF	LD	Honduras	686,548	68,655	755,203
UNDP	GEF TF	SFM/REDD	Honduras	580,925	58,092	639,017
Total Grant Resources				3,045,455	304,545	3,350,000

E. CONSULTANTS WORKING FOR TECHNICAL ASSISTANCE COMPONENTS:

Component	Estimated Person Weeks	Grant Amount (\$)	Cofinancing (\$)	Project Total (\$)
Local consultants	55.2	69,000	345,000	414,000
International consultants	48.0	95,200	1,426,000	1,521,200
Total	103.2	164,200	1,771,000	1,935,200

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

PART II: PROJECT JUSTIFICATION

A. DESCRIBE ANY CHANGES IN ALIGNMENT WITH THE PROJECT DESIGN OF THE ORIGINAL PIF

A.1 National Strategies and Plans

1. No change

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

2. No change.

A.3 The GEF agency's comparative advantage

3. No change.

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

4. The focus of the project on two contrasting areas of the country, the humid north (where BD and SFM/REDD funds will be invested) and the seasonally dry south (where LD and SFM funds will be invested), reflects that originally proposed in the PIF. On the basis of exhaustive analyses carried out during the PPG phase, specific areas for the project's operations have now been identified within these two broad zones (without significantly affecting the quantitative targets of the project). In the humid north, it was decided to focus activities on a specific target area in the Department of Yoro, which has the benefits of relatively easy market access for both beef and dairy products, a wide diversity of productive and environmental conditions (thereby maximizing opportunities for generation and replication of lessons), clear opportunities for delivering environmental benefits, and multiple opportunities for collaboration with other initiatives, institutions and local organizations. It was decided not to work directly in the agricultural frontier areas in the eastern part of the humid zone, due to the poorly developed governance conditions there which would constitute a risk to the achievement of project goals (when working with market instruments such as environmental certification and corporate responsibility schemes, it is essential to ensure rapid attainment of a critical mass of products inserted into markets). In the seasonally dry south, it will focus on the hilly areas of the Departments of Choluteca and Valle: compared to the alternative of working in the Departments of Lempira, Intibucá and/or La Esperanza further to the west, this area is relatively manageable in operational terms, has a high level of opportunity for collaboration with other projects and local organizations, and has relatively easy market access.

A.5 Incremental/additional cost reasoning

5. Differences in targets between PIF and Project Document:

PIF	Project Document
Conversion of 6,338ha of conventional pasture to silvopastoral systems	6,321ha: - Region 1: 3,174ha of pastures converted over 5 years to silvopastoral systems and 376km of simple live fences converted to diverse, multi-strata live fences in 650 farms covering 24,319ha - Region 2: 3,147ha of pastures converted to silvopastoral systems and 275km of simple live fences converted to diverse, multi-strata live fences in 600 farms covering 18,211ha)
\$1.5 million of loans disbursed to 1,000 farmers managing 30,000ha, subject to criteria that promote biodiversity conservation, sustainable land management and carbon sequestration and/or to permit investment in forms of production that generate such benefits	- \$4.3 million disbursed to 1,030 farmers managing 44,000ha
<i>Carbon stocks in Region 1</i> : net increase in carbon sink of 47,531tCO ₂ eq in SPS, and avoided deforestation of 3,412ha of forest (containing 204,750tCO ₂ eq)	- 62% increase in carbon sequestration rates over 3,174ha, from 49,428tCO ₂ eq/yr to 80,118tCO ₂ eq/yr (a difference in rate of 30,690tCO ₂ eq/yr), resulting in a net increase in stocks of 36,827tCO ₂ eq ¹ . - Reduction in area converted annually from forest to pasture, from 100ha/yr to 50ha/yr, resulting in a net avoided deforestation over the project period of 250ha, with a net carbon benefit of 32,250tC ² .
<i>Carbon stocks in Region 2</i> : net increase in carbon sink of 190,125tCO ₂ eq in SPS, and	- 66% increase in carbon sequestration rates over 3,147ha, from 25,003tCO ₂ eq/yr to 41,623tCO ₂ eq/yr (a difference in rate of

¹ The 'net increase' is the increase in stock (not the overall increase in annual sequestration rate) and is calculated as the sum of the progressive annual increments in carbon sequestration rates, from the baseline to the end of project rate.

² The 'net avoided deforestation' is the overall area of avoided deforestation (not the overall reduction in annual deforestation rates) and is calculated as the sum of the progressive annual reductions in deforestation rates, from the baseline to the end of project rate..

PIF	Project Document
avoided conversion of 3,169ha of fallow (containing 95,063tCO ₂ eq) to pasture	16,620tCO ₂ eq/yr), resulting in a net increase in stocks of 19,994tCO ₂ eq ³ - Reduction in area converted annually from tree-rich agroecosystem to pasture, from 200ha/yr to 100ha/yr, resulting in a net avoided agroecosystem loss over the project period of 500ha, with a net carbon benefit of 1,305tC.
7,500ha in Region 1 with at least 20% increase in Environmental Service Index values	- 45% increase in area-weighted Environmental Service Index based on birds over 3,174ha of pastures, from 0.9375 to 1.3590.
35% reduction in soil erosion rates over 3,000ha in Region 2	- Reductions in assumed soil erosion rates over 3,147ha from 384,019t/ha/yr to 214,800t/ha/yr (a reduction in rate of 169,294t/ha/year and a total net avoided erosion of 203,061t) ⁴
40% reduction in the numbers of land managers using fire in 8 target municipalities in Region 2	- Reduction in numbers of land managers using fire from 420 (70% of the 600 target farmers), burning 950ha/year, to 60 (10%), burning 135ha/year
20% increase in connectivity indices (on-farm and off-farm) over target areas covering 1,200 km ² in Region 1, leading to sustained population levels of felines (e.g. <i>Panthera onca</i>)	- Improvements of 11% in nearest neighbour index and 9% (average) in juxtaposition index in key connectivity zones covering 1,200 km ² - Increased occurrence of jaguars (<i>Panthera onca</i>) in key connectivity zones (baseline and target values to be defined during project year 1)
Natural resource management plans (covering 7,500 ha in Region 1) that provide for biological connectivity in key areas, through set asides, reforestation and/or natural regeneration.	- 60% of both target areas are covered by municipal territorial land use plans that take into account considerations of landscape-wide sustainability of ranching landscapes
20% and 15% of beef and dairy products respectively marketed from the target landscapes of the project, are subject to market-based instruments (RA and other environmental certification schemes, and sustainability commitments by retailers and exporters) that reward the generation of GEBs	- 20% of beef and dairy purchases of retailers and exporters nationwide (1,700t/year of beef and 22 million litres/year of milk) that are subject to environmental sustainability criteria - Commitment by retailers and exporters nationwide to applying environmental sustainability criteria to 25% of their beef and milk purchases by 5 years after project end (approximately 2,100t/year of beef and 28 million litres/year of milk)

6. The Project Document also introduced the following additional targets not included in the PIF:

Region 1:

- Reduction from 13% to 6% in seasonal variation in milk production, contributing to reducing pressures on natural vegetation
- 12% increase in beef production and 18% increase in milk production in accordance with principles of environmental sustainability⁵
- 200 farms covering 8,000ha meeting criteria for insertion into sustainable value chains
- 320t/year of beef and 3.5 million kg/year of milk inserted into sustainable value chains
- Increase in Knowledge, Attitude, Practices (KAP) indices (to be defined at project start) among 650 target farmers

Region 2:

- Reduction from 41% to 23% in seasonal variation in milk production, contributing to reducing land degradation pressures
- 14% increase in beef production and 18% increase in milk production in accordance with principles of environmental sustainability
- 125 farms covering 5,000ha meeting criteria for insertion into sustainable value chains

³ See explanation for Region 1

⁴ The 'net avoided erosion' is the overall amount of soil saved from erosion (not the overall reduction in annual erosion rates) and is calculated as the sum of the progressive annual reductions in erosion rates, from the baseline to the end of project rate..

⁵To be confirmed during the implementation phase in discussion with private sectors, taking advantage of the Sustainable Ranching Platform as a medium for discussion

- 150t/year of beef and 1.8 million kg/year of milk inserted into sustainable value chains.
- Increase in Knowledge, Attitude, Practices (KAP) indices (to be defined at project start) among 600 target farmers

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:

7. No change.

A.7 Coordination with other relevant GEF-financed initiatives

8. The Project Document (paragraph 139) proposed to build upon and learn from the highly successful trinational GEF/IBRD project 947 “Integrated Silvo-Pastoral Approaches to Ecosystem Management” in Colombia, Costa Rica and Nicaragua, which was not mentioned in the PIF, adapting the strategies and results of that project to the conditions of Honduras, and incorporating complementary strategies necessary to achieve integrated solutions to the threats posed by cattle ranching.

B. ADDITIONAL INFORMATION NOT ADDRESSED AT PIF STAGE

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

9. Active participation of the project’s diverse stakeholders will be promoted through the following mechanisms:

- **Project Board (Steering Committee):** in addition to being a formal mechanism for project oversight and monitoring, required according to UNDP and GEF procedures, the Board will constitute a valuable opportunity for the input of strategic advice into project management decisions by its main stakeholder groups at central level, and for them to express and discuss any concerns or suggestions which they may have about its strategic directions and its implications for their interests. The membership of the Board will be diverse, including the lead Government institutions in relation to environmental and productive (agricultural and ranching) sectors, private sector (retailers) and producers (rancher associations). Given that the Board is formally located at the head of the project’s organizational structure, the project team will be obliged to take the recommendations of the Board into account.
- **Sustainable Ranching Platform:** project advances and strategic directions will be reported and discussed on a regular basis in this platform, in which key Government agencies, national and international research institutions, private sector actors, producers, NGOs and international cooperation agencies will participate.
- **Regional sustainable ranching platforms:** these will be established in each of the project’s two target areas and will allow the participation of local stakeholders. They will be used by the project for the presentation of project strategic directions and advances that are of specific relevance to actors in these two areas, and will at the same time act as forums for them to express concerns, interests and suggestions.

10. Specific strategies in relation to each principal stakeholder group will be as follows:

Stakeholder	Role and participation mechanism
Ministry of Agriculture and Livestock (SAG)	The Vice-Minister with responsibility for the livestock sector (or his/her delegate) will function as Project Director, allowing and requiring regular discussions with the Project Coordinator on strategic aspects of project implementation (subject to the overall guidance of the Project Board). He/she will also sit on the Project Board, and will thereby have joint responsibility for project oversight and guidance, including the approval of project reports, work plans and budgets.
Ministry of Natural Resources and Environment (SERNA)	A Vice-Minister of SERNA, the Director of Biodiversity or their delegate will chair the Project Board and will thereby have joint responsibility for project oversight and guidance, including the approval of project reports, work plans and budgets. The position of the SERNA in the chair of the Board will help to ensure the cross-sector focus of the project, balancing and integrating environmental and productive issues.
Farmers	Farmers owning cattle will constitute the main beneficiary group of the project. In order to maximize coverage and cost-effectiveness, the project will principally work with them through its institutional partners (Government and NGOs). The project will therefore depend to a large extent on the participation mechanisms managed by each of these partners for obtaining feedback and inputs from participating farmers regarding its strategies and impacts. When possible, project staff will participate directly in these mechanisms (such as strategic

Stakeholder	Role and participation mechanism
	<p>planning workshops with beneficiary participation). At project startup, the project will jointly review these provisions for participation with the partner institutions and suggest modifications as necessary in order to ensure their adequacy for its ends.</p> <p>A representative of the National Federation of Ranchers (FENAGH) will sit on the Project Board. Representatives of the Department-level Rancher Associations attached to FENAGH in the two target areas (AGAY and AGAS) will in addition participate in the regional ranching platforms to be established in the two target areas. The membership of FENAGH and its regional member associations tends predominantly to consist of medium-sized to large ranchers.</p> <p>FENAGH will participate in the Sustainable Ranching Platform at national level, which will provide opportunities to provide inputs on the strategic directions of the SAG and related institutions and initiatives, including the present project.</p> <p>Farmer Field Schools (ECAs) will provide the opportunity for farmers of all sizes to participate actively in the development and selection of technologies.</p>
<p>Civil Society/Non-Governmental Organizations (e.g. ADEPES, CARE, Heifer Project)</p>	<p>CSOs/NGOs will play a key role as the link between the project and its target beneficiary groups, channeling project messages and technical/financial support as well as feedback from the beneficiaries regarding its strategies and impacts. The relations between the project and CSOs/NGOs will include the following:</p> <p>Provision of training to CSO/NGO staff on key elements of relevance to the project, including agronomic aspects of silvopastoral and related production systems, the nature and functioning of sustainable value chains and green finance schemes and opportunities for working with them, and the identification and analysis of environmental sustainability issues.</p> <p>Joint funding of the provision of technical assistance to project beneficiaries by the CSOs/NGOs, under the oversight of project staff.</p> <p>Support by project technicians to the development of management and monitoring tools for application by CSO/NGO partners, including environmental checklists for vetting productive proposals and easily-applicable indicators of environmental/sustainability impacts of their interventions.</p> <p>Support by the project to the establishment of links between second-tier financial institutions and those CSOs/NGOs which function as first-tier institutions, leading to their capitalization to finance productive initiatives proposed by beneficiaries which comply with criteria of environmental sustainability.</p> <p>Project staff in each target area will hold six-monthly review meetings/workshops with CSO/NGO partners, to discuss progress and strategies. Project staff will in also involve them in the development of annual work plans and budgets. Additionally, in reflection of the financial support to be provided by the project to these CSOs/NGOs, the project will request periodic (quarterly) progress reports from them.</p>
<p>Rural development projects attached to Government (e.g. EMPRENDESUR, PROMECOM, Horizontes del Norte, Proparque)</p>	<p>The role of these projects, and the interactions of the GEF project with them and their beneficiaries, will be broadly the same as in the case of CSOs/NGOs as described above.</p> <p>Relations between the GEF project and these initiatives will further be promoted through participation in the Sustainable Ranching Platform and, in the case of the projects funded by IFAD (EMPRENDESUR and Horizontes del Norte) and the World Bank (PROMECOM) by discussions and joint planning between the Programme Officers within UNDP responsible for the implementation of the IFAD and GEF projects.</p>

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 environmental benefits

11. The project will contribute to the long term viability of rural livelihoods by promoting stable, robust and diverse livestock production systems, which will protect the natural capital available to farm families and buffer their incomes against climatic shocks and longer term climate change, thereby addressing some of the most significant drivers of livelihood collapse, migration and rural depopulation. By helping to stabilize the dynamics that link immigration, smallholder colonist farming, ranching and land grabbing at the agricultural frontier, the project will contribute to governance, security and the equity of access to land and natural resources between different social strata. The economic

instruments proposed will more than compensate the short term costs to farmers of the transition to sustainable forms of production, given that (as found by the trinational GEF/IBRD project in Colombia, Costa Rica and Nicaragua), in the medium to longer terms the more sustainable production systems tend to be more profitable for farmers than existing practices. Farm certification will motivate the generation of social benefits in accordance with the requirements of the Sustainable Agriculture Network norms and criteria, which cover aspects such as fair pay, adequate living conditions and safe working conditions for workers.

12. The project will recognize and provide for the current diversity of producer types in its target communities, particularly the fact that their poorer members tend to be ineligible for financial support for productive activities, due largely to their inability to provide adequate guarantees. In order to avoid exacerbating these inequities, the project will include in its target group small, medium and large producers, with the intention of applying distinct menus of strategies among each group: larger producers are likely to be easier to involve in finance and market instruments, while attention among poorer producers will focus more on technical and organizational strengthening – which in the longer term has the potential to increase their eligibility for finance and market instruments.,

13. The potential implications of the project for gender relations include the following:

- Improvements in opportunities for women to generate and control financial resources, as a result of the support to be provided by the project and its partners to small-scale processing enterprises (dairy product processing is the area where women tend to have greatest participation in livestock sector value chains)
- Conversely, there is a risk that increasing the insertion of farm families into formal value chains will shift power and benefits from women (who typically participate more in informal, artisan processing activities and value chains) to men. The project will counter this risk by promoting the preferential targeting and strengthening of female-led business, to help them make the transition from the informal to formal value chains.
- Under the baseline scenario, there is a risk that overall support to the male-dominated livestock sector would increase its importance in the landscape and in farm economies, relative to other land uses and productive activities which typically generate greater benefits for women and in which they have a greater proportional participation, such as staple grain production and forests or fallows of importance for the provision of water and fuelwood. Under the GEF scenario, this risk will be mitigated through the use of governance and market instruments to limit the expansion of pastures into the tree-rich agroecosystems where (especially in the south) cyclical production of staple grains is carried out, as well as into forests and fallows.

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

14. The emphasis of the project on the use of market-based instruments and on promoting commercial relations between farmers and purchasers (retailers/exporters) will serve to maximize cost-effectiveness (as well as sustainability, see below) given that, following relatively short-term and limited investment by the project in facilitation, the ongoing transaction costs of these instruments and relations will be absorbed by the stakeholders involved, resulting in major benefits relative to the initial project investment.

15. Cost-effectiveness will further be promoted by working with and through existing institutions that already have organizational and logistical capacities established at local level, thereby limiting the level of investment that the project will need to make in such capacities.

C. DESCRIBE THE BUDGETTED M&E PLAN

MONITORING FRAMEWORK AND EVALUATION

16. Project Monitoring and Evaluation (M&E) will be conducted in accordance with the established UNDP and GEF procedures and will be provided by the project team and the UNDP Country Office (UNDP-CO) with support from the UNDP/GEF Regional Coordination Unit (RCU) in Panama City. The Project Results Framework provides performance and impact indicators for project implementation along with their corresponding means of verification. The M&E plan includes an inception report, project implementation reviews, quarterly and annual review reports, and mid-term and final evaluations. The following sections outline the principle components of the M&E plan and indicative cost estimates related to M&E activities. The project's M&E plan will be presented and finalized in the Project Inception Report following a collective fine-tuning of indicators, means of verification, and the full definition of project staff M&E responsibilities.

Project Inception Phase

17. A **Project Inception Workshop (IW)** will be held within the first three (3) months of project start-up with the full project team, relevant Government of Panama (GoP) counterparts, co-financing partners, the UNDP-CO and representation from the UNDP-GEF RCU, as well as UNDP-GEF headquarters (HQs) as appropriate. A fundamental objective of this IW will be to help the project team to understand and take ownership of the project's goal and objectives, as well as finalize preparation of the project's first annual work plan on the basis of the project results framework. This will include reviewing the results framework (indicators, means of verification, and assumptions), imparting additional detail as needed, and on the basis of this exercise, drafting the Annual Work Plan (AWP) with precise and measurable performance indicators, and in a manner consistent with the expected outcomes for the project.

Monitoring Responsibilities and Events

18. **Day-to-day monitoring** of implementation progress will be the responsibility of the Project Coordinator based on the project's AWPB and its indicators. The Project Coordinator will inform the UNDP-CO of any delays or difficulties faced during implementation so that the appropriate support or corrective measures can be adopted in a timely and remedial fashion. The Project Coordinator will fine-tune the progress and performance/impact indicators of the project in consultation with the full project team at the IW with support from UNDP-CO and assisted by the UNDP-GEF RCU. Specific targets for the first-year implementation progress indicators together with their means of verification will be developed at this workshop. These will be used to assess whether implementation is proceeding at the intended pace and in the right direction and will form part of the AWPB. Targets and indicators for subsequent years will be defined annually as part of the internal evaluation and planning processes undertaken by the project team.

19. **Periodic monitoring** of implementation progress will be undertaken by the UNDP CO through quarterly meetings with the project implementation team, or more frequently as deemed necessary. This will allow parties to take stock of and to troubleshoot any problems pertaining to the project in a timely fashion to ensure the timely implementation of project activities. The UNDP CO and UNDP-GEF RCU, as appropriate, will conduct yearly visits to the project's field sites, or more often based on an agreed upon schedule to be detailed in the project's Inception Report/AWPB to assess first-hand project progress. Any other member of the Steering Committee can also take part in these trips, as decided by the Steering Committee. A Field Visit Report will be prepared by the UNDP CO and circulated no less than one month after the visit to the project team, all Steering Committee members, and UNDP-GEF.

20. **Annual monitoring** will occur through the Tripartite Committee (TPC) Reviews. This is the highest policy-level meeting of the parties directly involved in the implementation of the project. The project will be subject to TPC review at least once every year. The first such meeting will be held within the first twelve (12) months of the start of full implementation. The project proponent will prepare an Annual Project Report (APR) and submit it to UNDP CO and the UNDP-GEF regional office at least two weeks prior to the TPC for review and comments.

21. The **Terminal TPC Review** is held in the last month of project operations. The Project Coordinator is responsible for preparing the Terminal Report and submitting it to UNDP-CO and to UNDP-GEF RCU. It shall be prepared in draft at least two months in advance of the TPC meeting in order to allow review, and will serve as the basis for discussions in the TPC meeting. The terminal TPC review considers the implementation of the project as a whole, paying particular attention to whether the project has achieved its stated objectives and contributed to the broader environmental objective. It decides whether any actions are still necessary, particularly in relation to sustainability of project results, and acts as a vehicle through which lessons learned can be captured to feed into other projects being implemented.

Project Monitoring Reporting

22. The Project Coordinator, in conjunction with the UNDP-GEF extended team, will be responsible for the preparation and submission of the following reports that form part of the monitoring process and that are mandatory. A **Project Inception Report (IR)**, which will be prepared immediately following the IW. It will include a detailed First Year/AWP divided in quarterly timeframes detailing the activities and progress indicators that will guide implementation during the first year of the project. The **Annual Project Report (APR)** is a UNDP requirement and part of UNDP CO central oversight, monitoring, and project management. An APR will be prepared on an annual basis prior to the TPC Review, to reflect progress achieved in meeting the project's AWP and assess performance of the project in contributing to intended outcomes through outputs and partnership work. The **Project Implementation Review (PIR)** is an annual monitoring process mandated by the GEF. It has become an essential management and monitoring tool for project managers and offers the main vehicle for extracting lessons from ongoing projects. The PIR can be prepared any time during the year and ideally prior to the TPC review. **Quarterly Progress Reports** outlining main updates in project progress will be provided quarterly to the local UNDP CO and the UNDP-GEF RCU by the project team. Progress made shall be monitored in the UNDP Enhanced Results Based Management Platform and the risk log should be regularly updated in ATLAS based on the initial risk analysis included in the Project Document.

23. A **Project Terminal Report** will be prepared by the project team during the last three months of the project. This comprehensive report will summarize all activities, achievements, and outputs of the project; lessons learned; objectives met or not achieved; structures and systems implemented, etc.; and will be the definitive statement of the project's activities during its lifetime. It will also lay out recommendations for any further steps that may need to be taken to ensure sustainability and replicability of the project's activities. Reporting may also include

Independent Evaluation

24. An independent **Mid-Term Evaluation** will be undertaken at exactly the mid-point of the project lifetime. The Mid-Term Evaluation will determine progress being made towards the achievement of outcomes and will identify course correction if needed. It will focus on the effectiveness, efficiency, and timeliness of project implementation; will highlight issues requiring decisions and actions; and will present initial lessons learned about project design, implementation, and management. Findings of this review will be incorporated as recommendations for enhanced implementation during the final half of the project's term. The organization, ToRs, and timing of the mid-term evaluation will be decided after consultation between the parties to the project document. The ToRs for this Mid-Term Evaluation will be prepared by the UNDP-CO based on guidance from the UNDP-GEF RCU. The management response of the evaluation will be uploaded to the UNDP corporate systems, in particular the UNDP Evaluation Office Evaluation Resource Center (ERC).

25. An independent **Final Evaluation** will take place three months prior to the terminal Steering Committee meeting, and will focus on the same issues as the Mid-Term Evaluation. The Final Evaluation will also look at impact and sustainability of results, including the contribution to capacity development and the achievement of global environmental goals. The Final Evaluation should also provide recommendations for follow-up activities and requires a management response which should be uploaded to PIMS and to the UNDP Evaluation Office Evaluation Resource Center (ERC). The ToRs for this evaluation will be prepared by the UNDP-CO based on guidance from the UNDP-GEF RCU.

26. The indicative M&E work plan and budget is as follows:

Type of M&E activity	Responsible Parties	Budget US\$ <i>Excluding project team staff time</i>	Time frame
Inception Workshop and Report	<ul style="list-style-type: none"> ▪ Project Manager ▪ UNDP CO, UNDP GEF 	Indicative cost: 3,000	Within first two months of project start up
Measurement of Means of Verification of project results.	<ul style="list-style-type: none"> ▪ UNDP GEF RTA/Project Manager will oversee the hiring of specific studies and institutions, and delegate responsibilities to relevant team members. 	To be finalized in Inception Phase and Workshop. Indicative cost: 46,000 (Satellite images for monitoring of land use changes, and materials for monitoring of impact indicators)	Start, mid and end of project (during evaluation cycle) and annually when required.
Measurement of Means of Verification for Project Progress on <i>output and implementation</i>	<ul style="list-style-type: none"> ▪ Oversight by Project Manager ▪ Project team 	To be determined as part of the Annual Work Plan's preparation. Indicative cost: 184,800 (87 days of international specialist in M&E, spread over years 1, 3 and 5, and 100% of salary of in-house M&E specialist for years 1-5)	Annually prior to ARR/PIR and to the definition of annual work plans
ARR/PIR	<ul style="list-style-type: none"> ▪ Project manager and team ▪ UNDP CO ▪ UNDP RTA ▪ UNDP EEG 	None	Annually
Periodic status/ progress reports	<ul style="list-style-type: none"> ▪ Project manager and team 	None	Quarterly
Mid-term Evaluation	<ul style="list-style-type: none"> ▪ Project manager and team ▪ UNDP CO ▪ UNDP RCU ▪ External Consultants (i.e. evaluation team) 	Indicative cost: 19,103 (30 days of external evaluator plus DSA and tickets)	At the mid-point of project implementation.
Final Evaluation	<ul style="list-style-type: none"> ▪ Project manager and team, ▪ UNDP CO 	Indicative cost : 19,103 (30 days of external evaluator plus DSA and tickets)	At least three months before the


Type of M&E activity	Responsible Parties	Budget US\$ <i>Excluding project team staff time</i>	Time frame
	<ul style="list-style-type: none"> ▪ UNDP RCU ▪ External Consultants (i.e. evaluation team) 		end of project implementation
Project Terminal Report	<ul style="list-style-type: none"> ▪ Project manager and team ▪ UNDP CO ▪ local consultant 	0	At least three months before the end of the project
Audit	<ul style="list-style-type: none"> ▪ UNDP CO ▪ Project manager and team 	15,000 (Indicative cost per year: 3,000)	Yearly
Visits to field sites	<ul style="list-style-type: none"> ▪ UNDP CO ▪ UNDP RCU (as appropriate) ▪ Government representatives 	For GEF supported projects, paid from IA fees and operational budget	Yearly
TOTAL indicative COST Excluding project team staff time and UNDP staff and travel expenses		US\$ 267,903 (8.8% of total budget)	

PART III: APPROVAL/ENDORSEMENT BY GEF OPERATIONAL FOCAL POINT AND GEF AGENCY

A. RECORD OF ENDORSEMENT OF GEF OPERATIONAL FOCAL POINT ON BEHALF OF THE GOVERNMENT: (Please attach the [Operational Focal Point endorsement letter\(s\)](#) with this template).

NAME	POSITION	MINISTRY	DATE (MM/dd/yyyy)
Irina Helena Pineda Aguilar	Director of External Cooperation and Resource Mobilization	Secretariat of Natural Resources and Environment	August 11, 2011

B. GEF AGENCY(IES) CERTIFICATION

This request has been prepared in accordance with GEF/LDCF/SCCF policies and procedures and meets the GEF/LDCF/SCCF criteria for project identification and preparation.					
Agency Coordinator, Agency name	Signature	Date (MM/DD/YYYY)	Project Contact Person	Telephone	Email Address
Adrian Dinu, Officer-in-Charge and Deputy Executive Coordinator, UNDP - GEF		May 10, 2013	Santiago Carrizosa, Regional Technical Adviser, EBD	+507 302-4510	santiago.carrizosa@undp.org

ANNEX A: PROJECT RESULTS FRAMEWORK

<p>This project will contribute to achieving the following Country Programme Outcome as defined in CPAP or CPD: Effect 3.2: The Government of Honduras, the private sector and communities in the areas of intervention adopt a good practices of ecosystem management, solid waste management and climate change mitigation and adaptation, which allow the preservation of natural capital, the reduction of economic losses and the generation of income opportunities for vulnerable sectors of society</p>
<p>Country Programme Outcome Indicators: 3.2.1: Good practices implemented for natural resource management, and generation and use of renewable energy by local communities and local and regional authorities in the area of influence of the United Nations System, which generate benefits and empowerment for communities and increase their resilience to climatic phenomena.</p>
<p>Primary applicable Key Environment and Sustainable Development Key Result Area (same as that on the cover page, circle one): Strengthened national capacities for sustainable management of the environment while ensuring adequate protection of the poor.</p>
<p>Applicable GEF Strategic Objective and Program: BD2: Mainstream Biodiversity Conservation and Sustainable Use into Production Landscapes, Seascapes and Sectors LD3: Integrated Landscapes: Reduce pressures on natural resources from competing land uses in the wider landscape SFM-REDD 1: Reduce pressures on forest resources and generate sustainable flows of forest ecosystem services</p>
<p>Applicable GEF Expected Outcomes: BD2 Outcome 2.1: Increase in sustainably managed landscapes and seascapes that integrate biodiversity conservation. BD2 Outcome 2.2: Measures to conserve and sustainably use biodiversity incorporated in policy and regulatory frameworks. LD3 Outcome 3.1: Enhanced cross-sector enabling environment for integrated landscape management LD3 Outcome 3.2: Integrated landscape management practices adopted by local communities LD3 Outcome 3.3: Increased investments in integrated landscape management SFM-REDD1 Outcome 1.3: Good management practices adopted by relevant economic actors</p>
<p>Applicable GEF Outcome Indicators: BD2 Indicator 2.1: Landscapes and seascapes certified by internationally or nationally recognized environmental standards that incorporate biodiversity considerations (e.g. FSC, MSC) measured in hectares and recorded by GEF tracking tool. BD2 Indicator 2.2: Policies and regulations governing sectoral activities that integrate biodiversity conservation as recorded by the GEF tracking tool as a score. LD3 Indicator 3.1 Policies support integration of agriculture, rangeland, forest, and other land uses LD3 Indicator 3.2 Application of integrated natural resource management (INRM) practices in wider landscapes LD3 Indicator 3.3 Increased resources flowing to INRM and other land uses from diverse sources SFM-REDD1 Indicator 1.1: Effectiveness of policies that integrate SFM principles (score as recorded by tracking tool). SFM-REDD1 Indicator 1.2 (b): Enhanced carbon sinks from reduced forest degradation.</p>

	Indicator	Baseline	Targets End of Project	Source of verification	Risks and Assumptions
<p>Objective: To mainstream biodiversity conservation, sustainable land management and carbon sequestration objectives into production landscapes and sectors in humid broadleaved and dry zone agroecosystems</p>	<p>Improvements in connectivity indices in Texiguat-Pico Pijol (T-PP) and Pico Pijol-Montaña de Yoro (PP-MY) corridors in Target area 1, covering 1,200km².</p> <ul style="list-style-type: none"> - Nearest neighbour index indicates distance between patches (low values are good for connectivity) - Juxtaposition index indicates homogeneity of distribution of vegetation patches throughout the landscape (high values are good for connectivity) 	<p>Nearest neighbour index for patches of woodland and fallow:</p> <ul style="list-style-type: none"> - 27.0 in T-PP - 46.7 in PP-MY <p>Juxtaposition index for patches of woodland and fallow:</p> <ul style="list-style-type: none"> - 83.7 in T-PP - 58.9 in PP-MY 	<p>Nearest neighbour index for patches of woodland and fallow:</p> <ul style="list-style-type: none"> - 24.0 in T-PP - 42.0 in PP-MY <p>Juxtaposition index for patches of woodland and fallow:</p> <ul style="list-style-type: none"> - 90.0 in T-PP - 65.0 in PP-MY 	Satellite imagery	<ul style="list-style-type: none"> - Variations in global commodity prices - Impacts of climate change and variability and extreme weather events on productivity - Weak governance conditions that permit deforestation and reductions in connectivity - Limited interest in farmers in incurring additional levels of effort required to apply sustainable practices and participate in sustainable value chains
	<p>Increased occurrence in Texiguat-Pico Pijol and Pico Pijol-Montaña de Yoro corridors of jaguars (<i>Panthera onca</i>), of importance for trophic conditions in</p>	<p>Baseline values to be determined at project startup</p>	<p>Target values to be determined at project startup</p>	Camera traps	

	Indicator	Baseline	Targets End of Project		Source of verification	Risks and Assumptions
	neighbouring PAs					
	Improvements in area-weighted Environmental Service Index (ESI) based on birds over 3,174ha in 650 farms of <u>Target Area 1</u> (see SECTION IV PART VII of Project Document for explanation)	Year 0 0.9375	Year 4 1.3590	Increase 0.4215	Application of generalized values for ESI, soil erosion rates and carbon sequestration rates per land use to land-use breakdowns determined through farmer interviews and field inspections, in association with local institutional partners	
	Reductions in assumed soil erosion rates in 600 farms in Target Area 2, due to introduction of silvopastoral systems and more sustainable cropping systems (SPS)	Yr. 0-1 (t/year) 384,019	Yr. 5 (t/year) 214,800	Net reduction over years 2-5 (t) -203,061		
	Increases in assumed carbon sequestration (tCO ₂ eq) in 650 target farms in Target Area 1 and 600 target farms of Target Area 2, due to introduction of SPS and more sustainable cropping systems	Yr. 0 (tCO₂eq/year)	Yr. 5 (tCO₂eq/year)	Total net benefit over 5 years (tCO₂eq)		
		Target Area 1: 49,428	80,118	36,827		
		Target Area 2: 25,003	41,623	19,944		
Outcome 1: Favorable enabling conditions (policies, markets and finance) exist for delivering multiple global environmental benefits in managed landscapes	Percentage of beef and milk purchases of retailers and exporters that are subject to environmental sustainability criteria	0%	20% of beef and milk products (1,700t/year of beef and 22 million litres/year of milk)		Interviews with retailers and exporters	-Limited interest among financial institutions in adapting loans to cattle farmers and attaching criteria of environmental and social sustainability -Limited interest among farmers and/or retailers/exporters in schemes that reward the generation of GEBs
	Volume of beef and milk purchases to which retailers and exporters have committed (through private sector policies, publications and written agreements) to apply environmental sustainability criteria by 5 years following the end of the project	0 (Walmart has made general commitments to supporting small farmers and sustainable agriculture in Central America)	Retailers and exporters have committed through publications and written agreements to applying environmental sustainability criteria to 2,100t/year of beef and 28 million litres/year of milk (25% of their purchases by 5 years after project end)		Publications and written agreements expressing commitment	
	Volume of finance provided for ranching that is subject to criteria of environmental sustainability (including non-encroachment on natural ecosystems or tree-rich agroecosystems)	0	Target area 1: - \$2.3 million disbursed to 540 producers covering 23,000ha Target area 2: - \$2.0 million disbursed to 490 producers covering 21,000ha		Databases of financial institutions	
Outputs:						
1.1. National Platform for Sustainable Ranching strengthened for coordination of key stakeholders across the supply chain						
1.2. Commitments as expressed in private sector policies, publications and written agreements by national supermarket chains and exporters to certify, source and market beef and dairy products on the basis of environmental sustainability in order to generate GEBs in production landscapes						
1.3. National programme for promoting the certification of cattle farms according to Sustainable Agricultural Network (SAN) principles						

	Indicator	Baseline	Targets End of Project	Source of verification	Risks and Assumptions
1.4. Loan plans from at least 5 public and private financial institutions that support forms of management of production landscapes that generate multiple GEBs					
Outcome 2. Multiple global environmental benefits (biodiversity conservation, reduced land degradation, reduced carbon emissions and increased carbon storage) are delivered in production landscapes in the humid broadleaved forest zone (Region 1) and the dry forest agroecosystem of the south and southwest (Region 2)	Increase in Knowledge, Attitude, Practices (KAP) indices (to be defined at project start) among target farmers (650 in Target Area 1 and 600 in Target Area 2)	To be determined at start up	To be determined at start up	KAP surveys in collaboration with local institutional partners	- Limited interest among farmers in converting conventional pastures to silvopastoral systems - Apertura de parte de socios - Limited interest among farmers and/or retailers/xporters in schemes that reward the generation of GEBs - Limited governance conditions and commitment by farmers in relation to the use of fire
	Area of pastures in target areas converted to silvopastoral systems (SPS) with on-farm benefits (for habitat and connectivity in target area 1 and sustainable land management in target area 2, and increased carbon content in both)	Target area 1: An estimated 567ha SSP in 650 target farms Target area 2: An estimated 556ha SSP in 600 target farms, covering 18,211ha	Target area 1: An estimated 3,741ha SSP in 650 target farms, (an increase of 3,174ha) Target area 2: An estimated 3,703ha SSP in 600 target farms, covering 18,211ha (an increase of 3,147ha)	Farmer interviews and field inspections, in association with local institutional partners	
	Length of structurally and compositionally diverse live fences in 650 target farms of Target Area 1 in order to deliver BD connectivity benefits and generate productivity benefits for farmers	591km (estimate, to be confirmed at project start)	967km (an increase of 376km)		
	Length of structurally and compositionally diverse live fences in 600 target farms of Target Area 2 to generate productivity benefits for farmers	943km (estimate, to be confirmed to project start)	1,218km (an increase of 275km)		
	Reduction in area of forests or tree rich agroecosystems outside of target farms directly or indirectly affected by expansion of ranching (through displacement, fattening or transhumance), due to insertion in sustainable value chains and improved governance conditions	Target area 1 Approximately 100ha/year of forest (with 130tC/ha) converted to pasture (with 1tC/ha), resulting in loss of 64,500tC stock over project lifetime Target area 2 Approximately 200ha/year of agroecosystem on hills (with 3.6tC/ha) converted to pasture (with 1tC/ha) due to displacement of ranching by commercial crops on lowlands, resulting in loss of 2,610tC stock over project lifetime	Target area 1 Approximately 50ha/year of forest converted to pasture, resulting in avoided loss of 250ha of forest agroecosystem (net benefit of 32,250tC stock) over project lifetime Target area 2 Approximately 100ha/year of agroecosystem on hills converted to pasture due to displacement of ranching by commercial crops on lowlands, resulting in avoided loss of 500ha of agroecosystem (net benefit of 1,305tC stock) over project lifetime	Satellite imagery and interviews with livestock associations, communities and municipalities	

	Indicator	Baseline	Targets End of Project	Source of verification	Risks and Assumptions
	Reduction in seasonal variations in milk production in target farms	Target area 1: 13% seasonal variation in milk production in 650 target farms Target area 2: 41% seasonal variation in milk production in 600 target farms	Target area 1: 6% seasonal variation in milk production in 650 target farms Target area 2: 23% seasonal variation in milk production in 600 target farms	Farmer interviews and field inspections, in association with local institutional partners	
	Increases in productivity of farms due to introduction of SPS	Target area 1: 1,824t/yr of beef and 19 million litres/yr of milk in 650 target farms,	Target area 1: 2,066t/yr of beef (an increase of 242t/year) and 22.5 million litres/yr of milk (an increase of 3.5 million litres/year) in 650 target farms		
		Target area 2: 1,408t/yr of beef and 15.6 million t/yr of milk in 600 target farms	Target area 2: 1,602t/yr of beef (an increase of 194t/yr) and 18.5 million kg/yr of milk (an increase of 2.9 million litres/yr) in 600 target farms		
	Numbers of farms, by area, in the target areas that are meeting criteria for insertion into sustainable value chains	0	Target Area 1 200 farms covering 8,000ha Target Area 2 125 farms covering 5,000ha		
	Amounts of beef and dairy products in target areas that area sold through sustainable value chains	0	Target Area 1 320t/year of beef and 3.5 million kg/year of milk Target Area 2 150t/year of beef and 1.8 million kg/year of milk		
	Reduction in the numbers of farmers using fire in target area 2	70% of the 600 target farmers use fire, over 950ha/year	10% of the 600 target farmers use fire, over 135ha		
	Area covered by municipal territorial land use plans that take into account considerations of landscape-wide sustainability of ranching landscapes	0	60% of both target areas	Review of territorial land use plans	

Outputs:

- 1.1 Permanent multi-stakeholder sustainable ranching platforms in both target areas
- 1.2 Strengthened local institutions supporting the sustainable management and conservation of production landscapes
- 1.3 Farm management plans allowing for the maximisation of environmental benefits and sustainability through the appropriate siting of land uses
- 1.4 Effective, relevant and sustainable support programmes applied by Government, NGOs and/or private sector service providers
- 1.5 Agreements/and or contracts between purchasers and farmers regarding the sourcing of products produced in accordance with the generation of GEBs

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).

1) Secretariat Comment at PIF (PFD)/Work Program Inclusion

Question	Secretariat Comment at PIF (PFD)/Work Program Inclusion August 18 2001	Response
<p>14. Is the project framework sound and sufficiently clear?</p>	<p>1. As certification is a central part of the project please describe more fully the existing/projected market demand and how this will really be capable of driving the necessary uptake of certification.</p>	<p>The certification scheme proposed under this project, for sustainable livestock production, was developed jointly by CATIE and Rainforest Alliance and introduced in 2009. Since that time the two institutions have been working closely and intensively on identifying and cultivating market opportunities. A number of major international purchasers have expressed firm interest in purchasing products certified under this scheme, such as the Zanberg supermarket chain in the Netherlands, and promising discussions are also underway with the UK beef market, other supermarket chains such as Walmart, restaurant chains including MacDonaldis and Burger King, and a number of hotel chains within Central America itself. Companies such as Walmart, McDonalds and major beef traders are already actively engaged in efforts to promote sustainable beef production, and are members of the Global Roundtable on Sustainable Beef and/or the Brazilian roundtable. Studies conducted by CATIE and the World Bank have shown that the demand for environmental friendly or sustainable beef is increasing significantly in Europe, Japan, Norway, Sweden and the Netherlands. Marketing opportunities are further favoured by the fact that Central America has just signed a free trade agreement with Europe, within which the project will promote the marketing of sustainably produced beef. Governments and multilateral agencies will also play a major role in developing demand and it is expected that governments in the EU will begin to demand responsible beef in the same way that they currently insist on certified biofuels, coffee, cocoa and tea.</p> <p>Despite these promising indications, it not as yet possible to make confident or accurate predictions regarding future levels of demand for certified products such as beef, leather and milk. This is normal given the recent introduction of the certification scheme and associated standards for these products, and corresponds closely to the experiences of RA with certified coffee, which show that supply and demand sides need to be developed simultaneously: the magnitude of (currently latent) demand will only become evident once certified products begin to come on stream for consumers to buy, and this progressive emergence of demand will in turn stimulate and permit further growth in supply. With coffee, the experience of RA has been that addressing both supply and demand sides in this way leads eventually to a "tipping point" in the market, where certified products become the norm rather than the exception (at least among major multinational purchasers). This project will primarily address the supply side, while the demand side will be addressed with support from USAID (see response</p>

Question	Secretariat Comment at PIF (PFD)/Work Program Inclusion August 18 2001	Response
		<p>to comment 2 below).</p> <p>The experience of Rainforest Alliance with certified coffee also suggests that future growth in certification of other products such as beef, leather and milk will not only depend on market demand and the availability of premium prices, but also to be producer-driven, given the potential of the application of SAN standards to generate on-farm benefits in the form of improved management, reduced costs and losses, and increased productivity</p>
	<p>2. Experience from other certification processes has highlighted the difficulties in 'creating' demand for certified products - please justify how the level of resource matches the task of developing favourable market conditions.</p>	<p>The project will build on and complement the advances of a current USAID-funded project, which is supporting Rainforest Alliance in the development of markets for sustainable beef and milk products: the existence of that initiative reduces the level of funding that this project needs to assign to demand-side issues. In addition, CATIE is currently working on a number of complementary projects with Rainforest Alliance, for example to study levels of demand for sustainably produced beef and milk and to establish a baseline of farms and estimate investment costs. Complementing those initiatives, the present project will use GEF and local resources to work with local private partners (including Regional Milk Refrigeration Centres, companies such as Land of Lakes and the Leyde milk company, and beef exporters) to target the creation of demand and to develop incentives for promoting certified sustainable livestock products.</p>
	<p>3. Certification of small-scale operations is often prohibitively costly – please explain how certification is going to be maintained without requiring on-going support to cover certification fees.</p>	<p>Firstly, CATIE will work with Rainforest Alliance to certify groups or clusters of farmers in order to reduce costs. Secondly, the project will bundle incentive mechanisms, for example working with local finance and credit institutions to develop 'green credit' packages so that farmers can invest in good practices and thereby maximize their chances of meeting the standards of certification, helping in this way to ensure that they receive adequate returns on their investment in certification. This grouping of farmers will also generate incidental benefits in terms of increased market influence and negotiating power.</p>

2. German GEF Council Member

Comments	Responses
<p>The proposed project aims at intensifying cattle production through sustainable land management practices and enabling favorable conditions regarding policies, markets and finance. Implementing the proposed methods such as planting of trees in pasture, zoning of cattle production, semi-enclosed management of cattle with fodder banks and cut and carry systems or pasture rotation, through a significant number of farmers are very demanding procedures and considered little realistic</p>	<p>The project will achieve its apparently ambitious goals by mostly working with institutional partners in the two target areas as a means of influencing their beneficiary populations, and only to a limited extent by working directly with the producers themselves. It will thereby take advantage of the extension networks and relations already established by the institutional partners in their target communities, having an incremental effect on how these operate and the issues which they</p>

Comments	Responses
<p>in the working regions in Honduras for the time, the financial setting and the concept of the project presented.</p>	<p>cover. Specifically, it will for example:</p> <ul style="list-style-type: none"> - Provide training to the technicians of the institutional partners, and to the service providers on which the technical support model of BCIE depends, regarding environmentally sustainable productive options, in order to enable them to pass these on to their beneficiary populations; - Lever financial support and market opportunities to producers who are interested in carrying out environmentally sustainable forms of production, by raising awareness among producers of the opportunities available, helping them to prepare “bankable” proposals and also helping financial agencies and purchasers to identify reliable clients/suppliers. <p>The project will build upon the highly successful experiences of CATIE (which will be responsible for the activities of the project in the two target areas under component 2) with the promotion of agrosilvopastoral systems to restore degraded pastures in Nicaragua, Honduras and Guatemala. Project targets in terms of area coverage are based on these previous experiences of CATIE.</p>
<p>Market incentives through certified products aiming at better prices in Honduras (and Central America) are related to export products only. Often these are niche products of small farmer groups with only limited impact in area. The local consumer in Central America and especially Honduras does not show capability and willingness so far to reward investments in sustainability. Beef and dairy products in Honduras are principally for domestic consumption with only very limited destination for export.</p>	<p>Market incentives will be generated not only through the channel of eco-certification (for example according to Sustainable Agriculture Network Standard), but also through private sector corporate environmental responsibility programmes. This strategy will be aimed principally at industrial purchasers and processors (such as LACTHOSA), which account for 35% of dairy product purchases in the country, and supermarkets, which are cater largely to the country’s growing middle class and are increasingly dominated by multi-national corporate interests (principally Walmart). Walmart has made strong commitments to social and environmental responsibility, and the project aims to help it (and similar corporate actors) to put these commitments into practice through the establishment and strengthening of ‘green’ value chains based on products sourced from farmers applying environmentally sustainable practices. The project design therefore depends more on the “capability and willingness” of corporate actors to reward investments in sustainability, than that of consumers themselves. That being said, interviews carried out during the PPG phase, the results of which are presented in the Project Document, did suggest there is a significant level of willingness to pay for certification among supermarket customers.</p> <p>The target of the project is that 20% of the beef and milk purchases of</p>

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	<p>these [industrial/corporate] retailers and exporters in the country (1,700t/year of beef and 22 million litres/year of milk) will subject to environmental sustainability criteria within 5 years. Of this, it is estimated that a total of 470t/year of beef and 5.3 million kg/year of milk will be sourced from 325 of the farms working with the project in the two target areas, the remainder being accounted for by replication through the project's institutional partners.</p>
<p>Results of former KfW-projects in the Río Plátano Biosphere Reserve suggest that intensifying the production system for cattle ranching with increasing per area income leads to rising cattle numbers and does not lower the pressure on forest remnants or slow down the advance of the agricultural/ranching frontier without strong governance control. The nearly absence of state authority and the threats and shortcomings in terms of governance and management are the main reasons that the RPBR has been inscribed on UNESCO's World Heritage List in Danger again. The PIF does not show perspectives to improve this situation. We request that these risks are addressed in the final project document.</p>	<p>We share the concern of the German Council member regarding the risk of intensification constituting a “perverse incentive” for the expansion of cattle herds and pasture areas. Kaimowitz and Angelsen (2008)⁶ raise similar concerns, on the basis of a review of empirical evidence from across the region, which suggested inter alia that the productivity increases associated with intensification may lead to the removal of constraints (in the form of labour and capital shortages) on herd and pasture expansion. This contradicts a deeply entrenched assumption, widely held by actors involved in the sector in Honduras, that intensification will “free up” land for the recovery of natural vegetation.</p> <p>This issue is specifically discussed in paragraphs 151-2 of the Project Document (Design Principles and Strategic Considerations). The approach to be adopted by the project is explained in paragraph 152 as follows:</p> <p>“In order to limit this risk, the project will only promote increases in productivity, efficiency and/or market access when these are accompanied by effective safeguards: these will include market instruments (to be defined with support from the Sustainable Ranching Platform), by increasing the proportion of production that is destined to markets which require evidence of environmental sustainability, including avoiding the clearance of new areas for pasture; improved governance mechanisms, to ensure that pasture expansion is not carried out in contravention of national or local regulations or against the interests of the population as a whole in the area; and awareness raising among farmers regarding the long term benefits for them of maintaining an appropriate balance of pasture and other land uses on farm.”</p>

3. STAP

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⁶ Will livestock intensification help save Latin America's tropical forest? Journal of Sustainable Forestry 27(1-2), pp6-24

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<p>1. Some of the outcomes appear to be outputs and vice-versa. For example, in Component 2 Outcomes are specified in terms of increase in ESI values and conversion of pasture to SPS, whereas Outputs are more generalized. Outcomes should be the broad changes to which the project should be able to claim some credit but which may only occur well downstream, whereas Outputs are the project's deliverables within the timeframe of the funding. UNDP may wish to revise the project framework to reflect the difference between Outcomes and Outputs and to guide project managers in what may be directly expected of the project and to what bigger picture the project should contribute.</p>	<p>The logic followed in the PIF Project Framework follows standard practice of UNDP and is accepted by GEFSec. There is some difference in terminology between the PIF Project Framework and the Strategic Results Framework (SRF) of the Project Document.</p> <p>In the PIF, "Outcomes" are understood as quantitative indicator targets of impact, corresponding to each of the thematic components (2 in this case), and are to be achieved during the project's lifetime through the delivery of the concrete deliverables listed in the Outputs column.</p> <p>In the Strategic Results Framework (SRF) of the Project Document, these PIF "outcomes" are then translated into the impact indicators of the horizontal logic and the components are then translated into SRF "outcomes". In practice the SRF of the Project Document is the instrument on which project managers will rely for guidance, and it is here that we believe the terminology and the vertical and horizontal logics to be more intuitive.</p> <p>Given that the SRF is the principal guidance tool for project managers, our understanding is that it should be limited (even at Objective level) to what is directly expected of the project: the higher level programmatic context to which the project will contribute is reflected in the table at the beginning of the SRF annex on the Country Programme Outcome, Key Environment and Sustainable Development Key Result Area, GEF Strategic Objective and Program and GEF Expected Outcomes, and is also explained in the text of the Project Document.</p>
<p>2. The baseline analysis, particularly of the implications of land degradation processes, is somewhat simplistic and vague. In #13, for example, land degradation processes "may include" soil compaction, sheet and gully erosion, and so on. Apart from the fact that erosion is the manifestation of a degradation process, the analysis seems to be uninformed by the considerable literature and evidence on degradation processes in Honduras and more generally in Central America. The analysis does need a more robust and scientifically credible depiction of why land degradation is so pervasive and what factors drive it. The paper by Kammerbauer and Ardon (1999. Land use dynamics and landscape change in central Honduras. Agriculture, Ecosystems and Environment 75 (1-2), pages 93-100) might be a good starting point. During preparation of the full brief,</p>	<p>Please see paragraphs 56-62 of the Project Document for a more detailed overview of land degradation issues in the country, in particular the extent, nature and implications of pasture degradation, based on a number of studies (such as 'Holmann, F; Argel, P; Rivas, L; White, D; Estrada, RD; Burgos, C; Pérez, E; Ramírez, G; Medina, A. 2004. ¿Vale la pena recuperar pasturas degradadas? Una evaluación de los beneficios y costos desde la perspectiva de los productores y extensionistas pecuarios en Honduras. P., AR. Cali, Colombia, CIAT-DICTA-ILRI. 34 p. (196)').</p> <p>The threats analysis for Area 2, presented in paragraphs 82-92 of the Project Document, significantly expands the summarized information presented in the PIF. This section (drawing from e.g. Barrance AJ, Gordon JE and Schreckenberk K (2006). Trends, cycles and entry points in the dry forest landscapes of southern Honduras and coastal Oaxaca. In: Savannas and Dry Forests – Linking People with Nature. J. Mistry and A. Berardi (eds.). Ashgate) explores trends in the landscape and their implications, and also discusses how smallholder agriculture, land degradation and poverty are intricately linked in a vicious circle which is perpetuated by external factors such as inadequate technology transfer, deficient infrastructure and marketing and organizational capacities, and unfavourable topographic and climatic conditions.</p> <p>In the case of cattle ranching and burning, the information presented in the Project Document draws inter alia from recent field research carried out in the west of Honduras (e.g. García 2011 and Rivera 2008), as well as elsewhere in the region (e.g. Ríos et al 2006). Additional data on the spatial distribution, nature and magnitude of land degradation phenomena are provided in the map annex (Map 12, Figures 2 and 3).</p>

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<p>STAP recommends that the considerable evidence-base for land degradation (and to a lesser extent, biodiversity loss) is critically assessed and then used to target resources to where they are needed.</p>	
<p>3. The proposal is unclear as to how the global environmental benefits (biodiversity conservation and carbon sequestration) will be measured and their progress tracked. For carbon measurements, one suggestion is to use the tools from the UNEP-GEF proposal Carbon Benefits Project (CBP). The CBP will be publicly disseminated soon. It is important to define specifically how these measurements will be done as they will be integral to the project's implementation, monitoring and assessment. Furthermore, the project defines repeatedly the expected results as being multiple global benefits (explicit in the project title and project objective); thus, Honduras' and UNDP's commitment to multiple global benefits is apparent from the on-set.</p>	<p>The complexity and multi-focal nature of the project, and its commitment to generate multiple environmental benefits, call for a pragmatic approach to the measurement and tracking of benefits: it would be impractical and prohibitively expensive to carry out repeated measurements of biodiversity, soil erosion rates and carbon sinks/capture rates, of a number and frequency that would allow sound statistical analysis.</p> <p>The proposed approach is rather to use changes in the coverage of different land uses in the farm and landscape as proxies for changes in these variables. Through its extensive research network across the region, and its experience with similar projects, CATIE has generated reliable estimates for soil erosion and carbon sink/capture rates under different land uses under comparable conditions. In the case of biodiversity, during the PPG phase an Environment Service Index (ESI) was developed for the Yoro target area, based on bird species diversity, as explained in Section IV Part VII of the Project Document. Changes in the total values of the ESI, soil erosion and carbon sink/capture rates are therefore assumed to be proportionate to changes in the relative proportions of land uses with different unit values for each of these variables in the landscape and farm. The unit values for each of these variables, and the targets for changes in the areas of different land uses as a result of the project, are set out in detail in Section IV Part II of the Project Document.</p> <p>As set out in the Impact Measurement Template (Table 29 of the Project Document), changes in the relative proportions of different land uses in target farms will be monitored through farmer interviews and field inspections, in association with local institutional partners. A key feature of the project design will be to work through local institutional partners, “training their trainers” on how to support farmers with the introduction of environmentally sustainable land use practices. The same approach will apply for monitoring: the project will support the development of harmonized monitoring systems and capacities among its local partners which will enable the tracking of land use changes (data which will be of value for the partners themselves in monitoring their effectiveness); these systems will be backed up by “ground truthing” in the form of spot checks carried out by the project itself. A dedicated full time monitoring and evaluation specialist will form part of the project team in order to ensure that these provisions are effectively implemented.</p>
<p>4. The concept of permanent multi-stakeholder forums seems a good idea in light of the drivers of deforestation and unsustainable land management in Region 1. STAP wishes for these forums to be more explicitly defined, including the</p>	<p>It is now proposed to establish multi-stakeholder forums in both of the project areas (please see Project Document paragraphs 185-187, description of Output 2.1). The aims of the forums will be to realize opportunities for synergies, and manage conflicts of interest, between the multiple stakeholder groups with actual or potential interest in relation to sustainable ranching. Key stakeholders likely to be involved in these platforms will include the following:</p> <ul style="list-style-type: none"> - Members of regional ranching associations (AGAY in target area 1 and AGACH in target

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<p>following issues:</p> <p>1) what actors will it involve or perhaps more importantly what measures will be taken so the varied stakeholders (with diverse and potentially conflicting interests for example: small-scale cattle ranchers, small-scale farmers, wealthy land owners who are either cattle-ranchers or large agricultural producers) participate at these forums and their input is reflected appropriately in the conflict resolution strategies/policies;</p> <p>2) who will mediate the forums and conflict resolution strategies;</p> <p>3) what process will be put in place so the outcomes are sustained; and,</p> <p>4) how will the participation of women be guaranteed.</p>	<p>area 2)</p> <ul style="list-style-type: none"> - Peasant cooperatives with ranching interests - Municipal governments (municipal environment units or UMAs), especially in target area 1 given the more limited number of municipalities which that area covers - Regional offices of SAG (especially DICTA) and ICF. - NGOs and Government projects working on social development, productive development and natural resource management. - Environmental authorities (ICF, SERNA, police, fiscals). <p>The functions of these platforms may include the following (these will be subject to definition by their members once established, under the advice of the project):</p> <ul style="list-style-type: none"> - The identification and realization of opportunities for collaboration between different stakeholder groups (for example members of AGACH and peasant groups) in channeling support from external agencies (private or public), such as processing facilities, technical assistance or finance. - The pooling of efforts to lobby the Government on issues of common interest, for example how to combat unfair competition which producers in the south face from cheap (often illegal) imports of dairy products from neighbouring countries. - Joint negotiation of access to markets (subject to criteria of environmental sustainability) with external actors: this collaboration between diverse producers will allow purchasers to demonstrate the generation of social benefits (in line with corporate social responsibility programmes) and at the same time be assured of the quantities and consistency of supply which they require. - The discussion, management and/or resolution of conflicts associated with natural resource management in productive landscapes, such as the incursion of ranching activities into forest areas of importance for water supply, the generation of wildfires as a result of pasture burning and, conversely, the imposition of restrictions on the productive activities of ranchers in order limit such impacts. - The discussion of emerging issues with implications for the dynamics of the landscapes in question, such as the growth of the oil palm, melon and sugarcane sectors, and the generation of joint proposals for responses. - Discussion, interchange of experiences and generation of proposals regarding technical approaches to sustainable ranching. - The discussion and negotiation with municipal governments of proposals for the zoning of productive and protective initiatives in the areas, in order to optimize their coincidence with the interests of the diverse members of the platform. - Channelling of support for the activities of the authorities in applying environmental legislation. <p>The project team will include a full time facilitator, whose time will be divided between the two project areas, with the support of the project technicians based in each area. The team will work in</p>

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	<p>collaboration with project partners whose remits also include the strengthening of local processes of governance and participation. The project team (facilitator and technicians) will work closely with local project partners (taking advantage of their local knowledge, experience and contacts) to identify the stakeholders to be invited to the forum meetings, and the facilitator will initially play a key role in mediating the forums and developing and implementing conflict resolution strategies. In consultation with local partners, the facilitator will develop a gender strategy for the forums, which will include, for example, quotas for female participation in forum meetings and proposals of specific gender-related issues to be included in the agendas of forum meetings (using additional specialized external support on a short-term basis as necessary): the strategy will also include indicators of the adequacy and quality of gender-disaggregated participation. The close involvement of local (long term or permanent) partner institutions will be a key factor in helping to ensure the sustainability of the forums and their outcomes.</p>
<p>5. STAP notes UNDP's expectation to strengthen the capacities of Governmental and Non-Governmental institutions so they are able to provide technical and other support to the targeted regions in the long term. STAP wonders to what extent the project also will work with these institutions to strengthen the enforcement of state-owned forests. Better protecting state-owned forests could perhaps contribute to slowing, or halting, the advancement of the agricultural frontier in Region 1, given that it appears to be one of the principal contributors to deforestation.</p>	<p>Governance in State-owned forests is indeed an important factor determining the rate of advance of the agricultural/ranching frontier. It is necessary however to be realistic as to what the project will be able to achieve with its limited resources, even when working through Government and NGO partners. The “off-farm” impacts of the project in relation to enforcement in State-owned forests will be achieved through a three-pronged approach:</p> <ul style="list-style-type: none"> - Support to the role of multi-stakeholder forum in the Yoro target area in promoting the discussion, management and/or resolution of conflicts associated with natural resource management in productive landscapes, such as the incursion of ranching activities into forest areas of importance for water supply (and, conversely, the imposition of restrictions on the productive activities of ranchers in order limit such impacts) (Output 2.1). - Promotion of the role of the forum as a channel for support to the activities of the authorities in applying environmental legislation: this would involve, for example, the planning and execution of joint multi-institutional, multi-stakeholder monitoring operatives, and agreements between local institutions and local communities regarding procedures for detecting and reporting incidences of illegal deforestation. In this way the traditional environmental authorities (police, ICF, SERNA and fiscals) would enjoy receptivity and support in local communities when carrying out their enforcement activities and would benefit from extra “eyes and ears” in local communities (Output 2.1). - The project will provide training and limited logistical support to Municipal Environment Units (UMAs). This will allow UMA representatives to accompany and advise other environmental authorities in the investigation of alleged infractions of environmental regulations and the application of corresponding sanctions (Output 2.2).
<p>6. The proposal implies that burning in Region 2 has increased as a result of labor migration. Did farmers burn substantially less when there was more labor available, or has burning been a traditional practice</p>	<p>The text in the PIF states that labour shortages are making low-labour land clearance methods such as burning more attractive, without actually stating that burning has increased (for which no evidence was found by the PPG team). Burning is indeed a traditional practice in the area, as the reviewer points out. No evidence was found that its occurrence is directly dependent on poverty levels, as it is also carried out by larger producers: it is simply cheaper (in terms of returns per unit</p>

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<p>driven by poverty and other socioeconomic factors influencing Region 2? Further clarification on this issue would be useful. Also, does labor migration entail that more women are involved in the agricultural systems (milpas) in Region 2? If so, the proposal needs to consider substantially women's farming technological needs. At the moment, gender elements are particularly weak in the proposal, especially for Region 2. The single reference to women relates to Region 1.</p>	<p>of paid labour) than manual methods for vegetation clearance, pasture rejuvenation and pest control, so is logically more attractive to all socioeconomic strata. The key point here is that increasingly limited labour availability may pose an obstacle to the introduction of practices involving the avoidance of burning, if these are more labour-intensive.</p> <p>The Project Document pays substantially more attention to gender elements than the PIF. Paragraph 37 highlights that livestock raising practices per se (which will be the primary focus of the project) are traditionally male-dominated, but that “In small farms (with some dairy cattle) [women] are sometimes also involved in feeding and milking, but in general they engage mainly in processing of milk (e.g. fresh cheese, cuajada) for household consumption and local/regional markets. In larger dairy farms with more products the men are usually engaged in production and marketing, whereas the women control inputs, do the financial administration and participate in decision processes on production and marketing”.</p> <p>The potential gender implications of the project, and corresponding strategies to optimize these, are summarized in paragraph 156 of the Project Document: “The project has the potential to improve to the economic and social status of women, but also to increase their marginalization if gender aspects are not adequately addressed, due to the traditional domination of the livestock sector by men. In order to maximize benefits and minimize risks, the project will adopt the following strategies:</p> <ul style="list-style-type: none"> - It will ensure, in agreement with partner institutions, that at least 10% of the beneficiary farms are female-run (reflecting the approximate breakdown in farms as a whole) and where possible specifically and preferentially targeting female-led producer organizations. - It will advise retailers collaborating with the project on strategies for generating gender benefits, for example by stipulating that a minimum percentage of their supplier farms are female-run, providing specific preferential support to female-run small businesses producing, processing and/or commercializing beef and dairy products, and including analyses/audits of the impacts of the direct and indirect impacts of their support on the status of women. - Develop and apply strategies for affirmative action to provide preferential support to women producers, in order to increase their capacities to access technical and financial support and to participate effectively in value chains for beef and dairy products. - It will advise those participating in ECAs on how to analyse the gender implications of the productive options being considered, and actively promote female participation in the ECAs themselves. - It will promote female participation in the processes of preparing farm plans, and advise farmers on how to take into account gender considerations in the plans. <p>There Strategic Results Framework also includes and indicator specifically aimed at monitoring the gender implications of the project, in recognition of the risk that increased formalization of (traditionally male-dominated) cattle raising activities and their increased insertion into the cash economy may marginalize women from control of financial and land resources. The indicator is “Diversity of livelihoods in small and medium farms and equity of benefit distribution between men</p>

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	<p>and women”, and the target is that the project does not result in significant narrowing of livelihood base or exacerbate imbalances of income and power between men and women. The baseline for this indicator will be defined at project start-up, once the specific communities and families in which it will work have been identified.</p>
<p>7. STAP understands the rationale for introducing Payment for Ecosystem Services (PES) as an incentive for sustainable land management/sustainable forest management in Region 1. However, STAP firstly recommends defining more explicitly the PES approach the project will undertake. At the moment, the PES activities are not defined in the proposal. Furthermore, STAP wishes to encourage UNDP to build in STAP's advice on PES, which is articulated in its Advisory Document "Payment for Environmental Services and the Global Environment Facility (The report can be downloaded at STAP's website: www.unep.org/stap/Publications/Advisory Products). In particular, STAP wishes to draw attention to the barriers to PES effectiveness, discussed in the report. Briefly, these are: 1) non-compliance with contractual conditions; 2) poor administrative selection; 3) spatial demand spillovers; and 4) adverse self-selection. STAP highly recommends for the World Bank to describe at length the design choices to minimize these threats, and specify indicators that will permit an evaluation of the importance of these threats in the project. This advice and the barriers are described at length in STAP's PES advisory document. Furthermore, UNDP may wish to consider how to explicitly design the proposal to evaluate the impact of PES. The GEF, as an important investor in PES, can contribute to generating the</p>	<p>The reference to PES schemes (which in the PIF was limited to the mention of SFM-REDD 1 Output 1.1 in table A (Focal Area Strategy Framework) has not been included in the Project Document or the CEO Endorsement Request. It is considered that inclusion of this issue would add undue complexity to the project, which (given the incipient nature or PES experiences in Honduras) would not necessarily be proportional to the environmental benefits that would result. It would require the inclusion of additional technical expertise in the project, which would result in the already scarce resources available being spread even more thinly, thereby potentially jeopardizing other more crucial and potentially effective strategies.</p>

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<p>evidence base for PES effectiveness. STAP provides further guidance on how to explicitly design proposals to generate evidence base for PES effectiveness in the aforementioned advisory document.</p>	
<p>8. STAP recommends for UNDP to refer to its Advisory Document "Environmental Certification and the Global Environment Facility" for the development of the environmental certification for cattle products. The report assesses the evidence base on environmental and socioeconomic impacts of certification programs, mainly of agricultural commodities, tourism operations, fish and forest products. Even though livestock is not covered in the report, STAP's key messages may well apply to sustainably produced beef, and dairy products. STAP's main messages to the GEF on environmental certification are projects are as follows:</p> <p>a) "There are four main threats to eco-certification effectiveness: (i) weak certification standards; (ii) noncompliance with certification standards; (iii) limited participation, which can stem from supply-side or demand-side factors; and (iv) adverse self-selection, whereby actors already engaged in, or intending to engage in, innovative or environmentally-friendly practices disproportionately participate in the program. The first three threats are generally recognized in GEF project designs. However, the threat of adverse self-selection, which has been shown to limit impacts in a wide range of voluntary programs, is typically ignored in project designs. Every GEF certification project proposal should describe design choices to</p>	<p>a) The design of this project draws on lessons learnt by UNDP and its partners with environmental certification of other sectors, most notably coffee, in Latin America. The project will take the four threats mentioned into account as follows:</p> <p>i) <i>Weak certification standards</i>: the project proposes to place most emphasis on the Sustainable Agriculture Network Standard for Sustainable Cattle Production Systems, developed in 2010 by Rainforest Alliance, with support from CATIE. This standard includes a number of clear and strict requirements, adherence to which would generate concrete environmental benefits of relevance to the three focal areas to which the project will contribute (although the magnitude of these would depend on the baseline conditions of the producers involved – see point iv below):</p> <ul style="list-style-type: none"> - 11.1 The farm must have a land use plan, which identifies and maps areas for: a. Cattle: pastures and other feedstock; b. Ecosystem conservation and restoration; c. Restricted and vulnerable areas; d. Other land use. - 12.1 The farm must implement and document a range and pasture management plan. - 12.3 The farm must select forage species for sustainable cattle production that avoid those that negatively affect other ecosystems and include consideration of: a. Agro-ecological conditions; b. Production rates; c. Nutritional value; d. Resistance to pests or adverse climatic conditions. - 12.4 The farm must prevent pasture degradation including consideration of: a. Quantity and quality of vegetative cover; b. Reducing soil erosion, particularly on crossing areas and steep slopes. - 12.5 Grazing on slopes steeper than 30 degrees is permitted only where there are no signs of soil erosion generated by cattle. Otherwise, grazing pressure must be reduced. - 14.1 The digestibility of feed and fodder must be improved and feeding practices must be changed to reduce methane emissions from cattle's enteric fermentation. - 14.2 Cattle effluents produced in farm installations must be controlled, contained and treated to reduce methane emissions. - 14.3 Where a natural climax ecosystem has a tree cover of less than 20%, the farm must have land set aside for conservation or recovery of natural ecosystems that equals no less than 20% of its cattle production area. In all other ecosystems, the farm may meet this requirement by providing a 20% tree canopy cover on all its pastures. - 15.1 Cattle's negative impact on aquatic ecosystems must be effectively reduced by ensuring that cattle receive adequate water and feed within pastures and that there are physical barriers between cattle and aquatic ecosystems. Routes where cattle cross aquatic

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<p>minimize these four threats and specify indicators that will permit one to evaluate the importance of threats (ii) - (iv) during the life of the project.</p> <p>b) Despite the abundance of certification programs operating worldwide, only thirty-seven studies have attempted to measure these programs' environmental or socioeconomic impacts. Of these thirty-seven studies, only fourteen make a serious attempt to elucidate the causal impact of certification by eliminating rival explanations of the observed outcomes (e.g., increased incomes) that have nothing to do with certification (e.g., national trends in economic growth). Twelve of these fourteen studies focus on the banana, cocoa or tourism sectors. Ten focus only on Fair Trade or organic certification. Importantly, only four of the fourteen studies examine environmental impacts and only one of these four detected any impact (five out of ten of the socioeconomic studies detected positive impacts). The evidence base provides, at best, weak evidence for the hypothesis that certification has positive socioeconomic or environmental impacts. GEF agencies proposing a new or expanded eco-certification effort must acknowledge that they are proposing an innovative, but inadequately understood, intervention and carefully explain the pathways through which their project will generate desired environmental (and perhaps socioeconomic) impacts.</p> <p>c) Financing of certification initiatives is consistent with the GEF's mandate to increase the supply of global</p>	<p>ecosystems must be selected and managed in ways that minimize damage.</p> <ul style="list-style-type: none"> - 15.2 The risk of predators attacking the cattle must be minimized through the proper placement of cattle and collaboration with local environmental authorities or specialist groups. <p>It would in theory be possible to introduce stricter requirements with the aim of increasing the environmental benefits generated per unit area. However, in practice it is necessary to strike a balance between making standards sufficiently rigorous in order for them to generate significant environmental benefits, and ensuring that they are achievable by a significant number of farmers. 'Tightening up' the standards too much would be likely significantly to reduce the number of farmers willing to participate, as market benefits may be perceived as being unlikely to justify the extra effort and investment required: this might result in a reduction in the total net environmental benefit delivered (benefit/ha x total area in compliance). Experience with the coffee sector suggests that the sustainability of the uptake of certification is dependent on a 'tipping point' being reached in the market at which certification becomes the norm rather than the exception, on both supply and demand sides. Even if the tightening up of standards resulted in no net loss of total environmental benefit, it would risk undermining stability as it might mean that this 'tipping point' is never reached and that certification remains a niche issue with questionable sustainability.</p> <ul style="list-style-type: none"> ii) <i>Noncompliance</i>: there is sufficient experience in the region with the application of the SAN standard for coffee to suggest that noncompliance is not a significant risk. The SAN/Rainforest Alliance model provides for the costs of initial certification and subsequent auditing to be covered by producers: as necessary, producers would be able to obtain support for these up-front costs through the financing mechanisms with which the project will work (for example BCIE). iii) <i>Limited participation</i>: studies during the PPG phase identified limited market access as a particular issue of concern for many ranchers, and suggested correspondingly significant levels of interest among many producers in new and alternative market opportunities such as those that might be opened up by certification (whether according to SAN or industry's/retailers' own standards). Participation by farmers will be promoted by the project, by ensuring that farmers have access to the technical and financial support required to comply with the SAN standard. A survey was also carried out, which, as reported in the Project Document, suggested significant levels of willingness to pay for certified products, among national consumers. Demand for certified cattle products at global level has yet to be demonstrated; however, as shown with the coffee sector, this is likely to evolve exponentially as volume and reliability of supply increase. iv) <i>Adverse self-selection</i>: it is recognized that this phenomenon (the 'low hanging fruit being picked first') may occur, and may limit the per hectare environmental benefits that may be generated in the short term. This phenomenon also has a positive side, however, as it will increase the volumes of certified products that can be put on the market with relatively little

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<p>environmental benefits. The limited evidence base does not imply that the GEF should avoid investing in certification programs, nor does it imply that past investments in certification have necessarily failed to yield returns. However, it does imply that GEF investments in certification should be made in projects that are deliberately designed to evaluate the environmental impacts of the certification program. Projects must include more than simple monitoring of status and trends of environmental indicators. They must be designed to permit credible inferences to be drawn about whether the program is contributing to changes in the status and trends of the indicators. Examples of such designs are described in Section 6 of this review. The information generated by such designs will also contribute to achieving Learning Objective Three of the GEF-5 Biodiversity Focal Area Strategy: Enhancing Impacts through Improved Understanding of the Causal Relationships between Popular Mainstreaming Approaches and Conservation Outcomes."</p>	<p>effort in the short term, thereby helping to raise the profile of certification among producers at national level and among purchasers at global level – speeding up progress towards the putative ‘tipping point’ at which certification becomes the norm rather than the exception. This will help to prepare the ground for other producers for whom certification may imply greater changes to their practices (and therefore greater environmental benefits).</p> <p>b) Environmental and socioeconomic impacts. Adherence to the provisions of the SAN standard regarding environmental aspects (see point a (i) above) would inescapably result in the generation of environmental benefits. For example, the maintenance of the quality and quantity of vegetation cover, and avoidance of grazing on steep slopes (criteria 12.4 and 12.5), are direct determinants of the reduction of soil erosion (LD), as explained in the Threats section of the Project Document (paragraph 87 and Table 22); 14.1 and 14.2: the reduction of greenhouse gas emissions (in accordance with criteria 14.1 and 14.2) would contribute directly to climate change mitigation (SFM/REDD); provision for set-asides (criterion 14.3) would favour the conservation of habitat and connectivity (BD) and carbon sinks (SFM/REDD); and the avoidance of predator/cattle conflicts (15.2) would further the conservation status of ecologically important predators (BD). The magnitude of these benefits would depend in part on producers’ baseline conditions (see point a (iv) on adverse self-selection), and in part on where in the landscape the producers in question are located. The project will seek to maximize these benefits by, for example, actively targeting producers in locations in target area 1 which are of particular importance for biological connectivity, where set-asides may be of particular value; and producers in target area 2 where there is particular opportunity to, at the same time, reduce land degradation and generate productivity benefits for farmers by relocating grazing to shallower slopes and/or improving pasture and tree management. Delivery of these benefits will be monitored and ensured in two ways: i) application of the project’s own monitoring system (in association with local partner institutions) to track land use changes on-farm and also landscape-level implications (for example through the connectivity indices included in the SRF; ii) certification and auditing of compliance with the standards, and therefore delivery of the related environmental benefits, in accordance with SAN requirements.</p> <p>c) In accordance with STAP recommendations on the monitoring of effectiveness, the monitoring programme of the project will include the following:</p> <ul style="list-style-type: none"> i) Participatory analysis with farmers regarding the factors determining their decisions whether or not to participate in certification and to carry out changes to on-farm management practices; ii) Inclusion of counterfactual groups: this will be made easier (and cheaper) by the strategy of working through institutional partners in the target areas. The project will only specifically target a sub-set of the beneficiary groups of these partners for support in attaining certification – as suggested in the STAP guidance, these will constitute a randomly selected sample of the producers who have expressed interest in certification, meaning that the non-selected sub-set can constitute a counterfactual group. The project will support these

STAP comments	Responses
	institutional partners in developing and applying systems, for application across their whole beneficiary populations, to monitor changes in producer behavior and on-farm conditions. This means that information on performance of both target and counterfactual groups can be generated by the institutional partners, rather than (as is normally the case) the monitoring of the counterfactual group representing an additional cost.

ANNEX C: STATUS OF IMPLEMENTATION OF PROJECT PREPARATION ACTIVITIES AND THE USE OF FUNDS⁷

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

No significant additional issues were identified during the PPG phase, which required modifications to project design or raise concerns for the implementation phase. As proposed in the PPG document, studies and discussions carried out during the PPG phase resulted in the more precise definition of the project’s target areas within the two broad zones identified in the PIF, based on criteria of governance, market access, replication potential and opportunities for institutional partnerships and cofinancing.

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

PPG Grant Approved at PIF: 100,000			
<i>Project Preparation Activities Implemented</i>	<i>GEF/LDCF/SCCF/NPIF Amount (\$)</i>		
	<i>Budgeted Amount</i>	<i>Amount Spent To date</i>	<i>Amount Committed</i>
1. Definition of options of BD-friendly productive systems to be promoted	12,181	12,181	0
2. Definition of geographical priorities of the project on basis of biophysical considerations	11,806	11,806	0
3. Definition of global environmental benefits	11,806	11,806	0
4. Analysis of technology generation and transfer modalities	12,181	12,181	0
5. Analysis of market options	8,556	8,556	0
6. Policy and capacity analyses	6,956	6,956	0
7. Analysis of opportunities to maximize social and gender benefits	6,956	6,956	0
8. Development of key project design elements	29,558	29,558	0
Total	100,000	100,000	0

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

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)

N/A

⁷ 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.