REQUEST FOR CEO ENDORSEMENT

PROJECT TYPE: FULL SIZE PROJECT
TYPE OF TRUST FUND: GEF TRUST FUND
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PART I PROJECT INFORMATION

Project Title: Mainstreaming biodiversity conservation, SFM and carbon sink enhancement into Mongolia's productive forest landscapes.			
Country(ies)	Mongolia	**GEF Project ID**	4744
GEF Agency (ies)	FAO	**GEF Agency Project ID:**	613958
Other Executing Partners	Ministry of Environment and Green Development	**Submission Date**	February 6, 2014
GEF Focal Area (s)	Multi-focal area	**Project Duration (Months)**	60
Name of Parent Program		**Project Agency Fee ($)**	358,636

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 sustainable managed landscapes/sectors that integrate biodiversity conservation.	Output 2.2: National and sub-national land use plans that incorporate biodiversity and ecosystem services valuation. Output 2.3: Production landscapes under sustainable management.	GEF TF	1,679,929	10,350,000
	Outcome 2.2: Measures to conserve and sustainable use biodiversity incorporated in policy and regulatory frameworks.	Output 2.1: Policies and regulatory frameworks for production sectors.	GEF TF	103,816	1,400,000
LD 2	Outcome 2.1: Enhanced enabling environment within the forest sector in semi-arid and sub-humid zones.	Output 2.1: National policies that guarantee smallholder and user group tenure security.	GEF TF	157,895	4,165,000
	Outcome 2.2: Improved forest management in drylands.	Output 2.2: Innovative SFM practices introduced at field level.	GEF TF	473,684	575,000
	Outcome 2.3: Sustained flow of services in forest ecosystems in drylands.	Output 2.3: Sustainable SFM interventions to increase/maintain forest cover in dryland production landscapes. Output 2.5: Information on participatory SFM technologies and good practice guidelines disseminated for national uptake and adoption.	GEF TF	260,293	700,000
SFM/REDD-1	Outcome 1.1:	Output 1.1: Effectiveness of forest policy and related legal and regulatory	GEF TF	68,642	650,000

		frameworks that integrate SFM principles and promote participatory forest management.			
	Outcome 1.2	Output 1.2 (a): Forest area under sustainable management. Output 1.2 (b): Enhanced carbon sinks from reduced forest degradation.	GEF TF	842,105	1,945,000
		Total Project Costs		**3,586,364**	**19,785,000**

B. PROJECT FRAMEWORK

Project Objective: Sustainable forest management in Mongolia's forest landscape secures the flow of multiple ecosystem services and benefits, including biological diversity, reduced degradation, and carbon storage, while enhancing resilience to climate change.					
Project Component	**Grant type**	**Expected Outcomes**	**Expected Outputs**	**Grant Amount ($)**	**Confirmed Co-financing ($)**
Component 1: Strengthened institutional, policy and regulatory framework	TA	Outcome 1: Enabling institutional, policy and regulatory framework for Sustainable PFM (including increased revenue to local communities; reduced carbon emissions/increased carbon stocks, and; biodiversity conservation)	1.1 National policy and decision-makers recognise importance of carbon storage and biodiversity conservation in participatory forest management (PFM). 1.2 Strengthened national policy on co-management. 1.3 Ministerial approved Forestry Planning Guidelines to Soum and Aimag governments (that promote sustainable PFM). 1.4 A Unit in Forest Development and Research Centre (FDRC) empowered to integrate biodiversity conservation and carbon storage into all participatory forestry in Mongolia	483,972	4,400,000
Component 2: Models for participatory SFM that improve livelihoods, conserve biodiversity and reduce emissions/increase	TA	Outcome 2: Sustainable PFM is demonstrated that leads to improved livelihoods, biodiversity conserved and reduced carbon emissions/increased stocks.	2.1 Continually improving forest planning and management in 16 advanced Forest User Groups (FUGs). 2.2 Simple REDD+-type incentives	1,483,076	3,785,000

carbon stocks.			demonstrated in 16 advanced FUGs. 2.3 Biodiversity conservation practices demonstrated in 10 priority, advanced FUGs. 2.4 Increased revenue from timber and non-timber forest products at the 16 advanced FUGs.		
Component 3: Expanding biodiversity friendly, climate friendly participatory SFM.	TA	Outcome 3: Sustainable PFM that conserves biodiversity, reduces degradation and reduces carbon emissions/increases carbon stocks expanded across significant areas of northern forests.	3.1 Eight PFM Extension Offices (established in inter-soum Forestry Units). 3.2 FUG Associations at Soum, Aimag and National Level. 3.3 Formal PFM methodology in Mongolia enhanced with measures to conserve biodiversity and reduce carbon emissions/increase carbon stocks. 3.4 84 simple 3-year PFM Plans approved, 'Certificates' issued and Plans implemented by FUGs (resulting in: revenues increase, forest ecosystems conserved, biodiversity conserved and carbon emissions reduced/sequestration increased). 3.5 84 10-year SFM Plans prepared and approved.	1,274,076	10,000,000
Component 4: M&E and information dissemination	TA	Outcome 4: M&E and information dissemination	4.1 M&E system operating and providing systematic information about meeting project outcome and output targets 4.2 Midterm and final evaluations 4.3 Information dissemination	130,000	600,000
			Subtotal	3,371,124	18,785,000

Project Management Costs (PMC)	215,240	1,000,000
Total Project Costs	3,586,364	19,785,000

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

Sources of Co-financing	Name of Co-financier (source)	Type of co-financing	Amount of co-financing ($)
Government	Government of Mongolia	Grant (investment)	12,825,000
GEF Agency	FAO	Grant	960,000
Bilateral	Government of Germany (GiZ)	Grant	5,400,000
Bilateral	Government of Finland	Grant	600,000
Total			19,785,000

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

GEF Agency	Type of Trust Fund	Focal area	Country Name/Global	Grant amount ($) (a)	Agency Fee ($) (b)	Total ($) (a + b)
FAO	GEF	Biodiversity	Mongolia	1,793,182	179,318	1,972,500
FAO	GEF	LD	Mongolia	896,591	89,659	986,250
FAO	GEF	SFM/REDD	Mongolia	896,591	89,659	986,250
Total Grant Resources				3,586,364	358,636	3,945,000

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

F. CONSULTANTS WORKING FOR TECHNICAL ASSISTANCE COMPONENTS:

Component	Grant Amount	Co-Financing	Project Total
International Consultants	406,100	1,740,000	**2,146,100**
National/Local Consultants	503,300	384,750	**888,050**

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

The PIF provides an accurate description of the Project's alignment to national strategies and plans.

1. More detailed information is provided in the FAO Project Document, Section 1 E.

2. Following PIF approval (in mid-2012), several new and revised laws related to natural resource management and the environment were approved. This included laws pertaining to: Environmental Protection; Fees for using Natural Resources; Soil and Combating Desertification; Forests and; Water. Under the revised forest Law, the government is preparing 23 implementation decrees. Several are pertinent to this Project. Until now, 11 of these have been approved, including: *Regulation of Soum or intersoum Forest Unit* and *Incentives to reforestation and forest protection.* Details are provided in FAO Project Document, Annex 6.

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

3. The PIF provides an accurate description of the Project's alignment to GEF focal areas and strategies.

4. More detailed information is provided in the FAO Project Document, Section 1 E.

A.3 The GEF Agency's comparative advantage

5. The PIF provides an accurate description of the FAO's comparative advantage to implement this Project.

6. More detailed information is provided in the FAO Project Document, Section 1 D.

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

7. The PIF provides a description of the baseline project and the problem to be addressed. This description is valid. However, the FAO Project Document provides a much more detailed description of the baseline project and a more thorough analysis of the problem to be addressed.

8. Section A of the FAO Project Document provides an analysis and details of the biodiversity loss, land degradation trends, forest degradation and carbon loss. It describes the underlying threats and trends. It also describes current forestry management and practices, and latest developments.

9. Section A also describes and analyses the barriers to sustainable forest management and sustainable land management and biodiversity conservation. These are:

- Inadequate capacity amongst the Forest User Groups (FUGs);
- Inadequate capacity in local governments agencies to provide extension services;
- Absence of a complete, comprehensive model of PFM;
- Poor functioning and incomplete markets for forest products and the poor development of the value chain; and,
- Gaps remaining in the national enabling environment and persistent resistance to PFM.

10. These are fully in line with the analysis in the PIF.

11. The baseline project is described in the PIF. It has evolved subsequent to PIF approval. Full and updated details are provided in the FAO Project Document, Section 1 C. The following Table summarizes the developments in the baseline project.

Baseline Project component	PIF baseline	Revised baseline	Revised financial contribution
Government of Mongolia	Support to PFM and FUGs, through national and local government agencies. Support to sustainable forestry	Upscaled support to PFM and FUGs, through national and local government agencies. Upscaled support to sustainable forestry. Support to developing REDD+	12,825,000
FAO	Grant support to the Project and to closely related parallel, linked projects. National Forest Program Facility	Grant support to the Project and to closely related parallel, linked projects.	960,000

		Contribution to UN REDD. The National Forest Program Facility has ended and so cannot co-finance.	
GiZ	A series of investments related to strengthening FUGs, forestry, forest enterprise development, biodiversity conservation and adaptation to climate change.	As in the PIF, except: The focus on strengthening FUGs has been modified to focus on forest business development and enterprise skills; GiZ is contributing greatly to forest monitoring and development of REDD+	5,400,000
Government of Finland	Forest research and forest inventory work.	As in the PIF.	$600,000
Total			19,785,000

12. The total baseline has increased significantly from $14,350,000 to $19,785,000. This is mostly due to the increased investment from the Government in forestry and PFM.

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

13. The PIF provides a description of the activities and strategies to be supported by GEF.

14. The activities and strategies have been greatly elaborated following the detailed studies and consultation during the PIF stage. Full details of the activities are provided in the FAO Project Document, Section 2 A, and Annexes 1 (Results Framework), 2 (Workplan) and 3 (Results Based Budget).

15. The overall approach and the nature of the activities, and of the Outputs, are completely consistent with those set out in the PIF.

16. With regards to Outcome 1, subsequent to PIF approval, the institutional, policy and regulatory framework related to community-based natural resource management has evolved in Mongolia. Notably, in late 2012, several new and revised laws related to natural resource management and the environment was approved. Then, under this revised Law on Forest, the government is preparing 23 implementation decrees. Currently, 11 of these have been approved (details in the Project Document, Annex 6). These developments mean that certain outputs identified in the PIF are no longer pertinent – the Project can focus on helping to operationalize these regulatory instruments rather than preparing new ones.

17. With regards to Outcome 3, it is important to note that the decentralization process has gained momentum in Mongolia subsequent to PIF approval. This has led to two new entry points for mainstreaming global environment issues into forestry. First, the government is establishing Forest Units at the Soum and inter-Soum level. These Units will play a key role in supporting FUGs. This Project will develop the capacity of these Units to mainstream land management, biodiversity and carbon into the work of FUGs. Second, Associations of FUGs are beginning to emerge in many localities. These civil society associations are a good way to promote inter-FUG networking, and for FUGs to interact with the Government at various levels. As these Associations emerge, the Project will lend support and use them as an entry point for developing FUG capacity.

18. Finally, in order to facilitate project management, project internal coordination and external communications, the grouping of activities and Outputs has been revised in the Project Framework (see Annex 1). The linkages between the PIF Outcomes and the new Outputs are presented in the following table.

PIF Outcome	Outputs from the revised Project Framework that contribute to the PIF Outcome	Pertinent Indicator from the revised Project Framework
1.1 Enabling institutional, policy and regulatory framework for SFM and participatory biodiversity conservation	1.1 National policy and decision-makers recognise importance of carbon storage and biodiversity conservation in PFM; 1.2 Strengthened national policy on co-management. 1.3 Ministerial approved Forestry Planning Guidelines to Soum and Aimag governments (that promote sustainable PFM); 1.4 A Unit in FDRC empowered to integrate biodiversity conservation and carbon storage into all participatory forestry in Mongolia.	1.1 Government budgetary support to the forestry and wildlife sectors. 1.2 Issuance of legal or regulatory instruments. 1.3 New Unit established responsible for both biodiversity and carbon in PFM.
2.1 Scaled-up sustainable and participatory forest management systems mainstream biodiversity conservation.	2.1 Continually improving forest planning and management in 16 advanced FUGs; 2.2 Biodiversity conservation practices demonstrated in 10 priority, advanced FUGs. Eight PFM; 3.1 Extension Offices (established in inter-soum Forestry Units); 3.2 FUG Associations at Soum, Aimag and National Level; 3.3 Formal PFM methodology in Mongolia enhanced with measures to conserve biodiversity and reduce carbon emissions/increase carbon stocks; 3.4 84 simple 3-year PFM Plans approved, 'Certificates' issued and Plans implemented by FUGs (resulting in: revenues increase, forest ecosystems conserved, biodiversity conserved and carbon emissions reduced/sequestration increased).	2.1 Increases in population of indicator species (musk deer, saker falcon) at prioritized 10 (FUGs). 2.2 Enhanced biodiversity conservation and management over 80,000 hectares (16 FUGs) of high biodiversity forest. 3.2 Biodiversity conservation objectives mainstreamed into PFM Plans covering at least 454,000 hectares.
3.1 Demonstrated forest recovery and reduced degradation from grazing and browsing pressure by livestock.	2.1 Continually improving forest planning and management in 16 advanced FUGs2.4 Increased revenue from timber and non-timber forest products at the 16 advanced FUGs; 3.4 84 simple 3-year PFM Plans approved, 'Certificates' issued and Plans implemented by FUGs (resulting in: revenues increase, forest ecosystems conserved, biodiversity conserved and carbon emissions reduced/sequestration increased).	2.4 Increased revenue from SFM activities. 3.1 454,000 hectares of forestlands under improved multi-functional management 2).
3.2 Objectives and methods to enhance carbon storage potential of forests integrated in forest management and decision-making.	2.1 Continually improving forest planning and management in 16 advanced FUGs; 2.2 Simple REDD+-type incentives demonstrated in 16 advanced FUGs; 3.1 Eight PFM Extension Offices (established in inter-soum Forestry Units); 3.2 FUG Associations at Soum, Aimag and National Level; 3.3 Formal PFM methodology in Mongolia enhanced with measures to conserve biodiversity and reduce carbon emissions/increase carbon	2.3 Direct avoided emissions and increased absorption of Carbon (in 16 FUGs). 3.4 Direct and indirect avoided emissions and increased absorption of Carbon (in 84 FUGs).

	stocks.	
4.1 Enhanced capacity and knowledge base for forest and wildlife management and monitoring.	1.4 A Unit in FDRC empowered to integrate biodiversity conservation and carbon storage into all participatory forestry in Mongolia; 2.1 Continually improving forest planning and management in 16 advanced FUGs; 3.1 Eight PFM Extension Offices (established in inter-soum Forestry Units); 3.2 FUG Associations at Soum, Aimag and National Level.	3.3 Capacity of local government to support PFM and FUGs (Capacity development scorecard – see Annex 9)

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:

19. The PIF provided an initial risk assessment. The Risk Analysis was validated during the PPG process. The PIF assessment was considered largely valid; however some clarifications and modifications were recorded. The revised risk assessment is provided in the following Table.

Risk/Assumptions	**Rating Impact/ Probability** High-Low (5-1)	**Mitigation Measure**
The scope of forest activities that FUGs are permitted to undertake continue to be so restricted by Government policy that FUGs cannot generate enough revenues from PFM for it to act as an incentive.	Impact: 4 Prob: 2	Currently, national and local governments restrict FUG in-forest economic activities almost entirely to cleaning, NTFP collection and limited grazing. Timber harvesting, even thinning, is not allowed. This means that the large sources of revenue are not accessible to FUGs. The government has good reasons to maintain this restriction, based on past experience and on the current low capacity of almost all FUGs in Mongolia. The Project has several strategies to mitigate this risk: (i) continually increasing capacity of targeted FUGs; (ii) developing co-management mechanisms whereby FUGs do not directly harvest but receive much of the revenue from harvesting; (iii) seeking to pilot thinning and limited harvesting by the most advanced FUGs, and; (iv) undertaking advocacy and policy work at national level. It is strongly believed that significant progress can be made on this measure.

Risk/Assumptions	Rating Impact/ Probability High-Low (5-1)	Mitigation Measure
Climate change impacts may increase to the extent that even if the project implements activities to improve land conditions in forest lands it may not be enough to make a difference. Moreover, new climate change related threats could emerge, such as insect infestations or disease.	Impact: 3 Prob:2	The forests are currently vulnerable to fire and pests – these are two vectors that are likely to be exacerbated by the impacts of climate change. Although the project cannot remove the dangers associated with climate change, by improving management and monitoring, it will directly increase the landscape's resilience and 'climate change adaptive' capacity. That is, the capacities developed under this Project will increase the capacity of FUGs to adapt to climate change, thereby lowering the risks associated with climate change. For example, FUGs will have increased capacity to monitor/mitigate the incidence and impacts of pests and fires. This situation will be monitored in a continuous manner by the Government and FAO. Note: the great deal of deadwood currently lying in Mongolia's forest is a fire risk, which is likely to increase with climate change. The Project should lead to more collection of this wood, thereby reducing this risk associated with climate change.
Financially sustainable models of biodiversity conservation measures in northern forests cannot be developed.	Impact: 2 Prob: 3	To a great extent, improved forest management will equate to improved biodiversity conservation, and the Project will contribute to this. However, in cases where biodiversity is threatened by factors other than poor forest management, sustainable models of biodiversity conservation are required. This applies for example to threats such as poaching, over-grazing and infrastructure development. This is a challenge in all countries. If financially sustainable models are not determined, the biodiversity will be exposed to the threats once the project is finished. In response, the Project has a major activity in Outcome 1 to determine innovative and sustainable financial models (i.e.: *Study and workshop on innovative financing mechanisms of biodiversity conservation in northern forests*). Following this, this situation will be monitored and appropriate management responses implemented.

Risk/Assumptions	Rating Impact/ Probability High-Low (5-1)	Mitigation Measure
Globally, the development of REDD+ is delayed leading to lower enthusiasm for REDD+ activities in Mongolia.	Impact: 1 Prob: 4	To some extent, the Project is based on the premise that in the near future global REDD+ funds will be available to provide an incentive for sustainable forestry in Mongolia (i.e. as part of a post-2020 global climate change agreement that includes REDD+ as a mitigation option for developing countries). However, global negotiations under the UNFCCC related to REDD+ may not advance, and the funds for REDD+ may not materialize. The Project treats REDD+ as one possible source of finance for sustainable forestry. However, it does not pin all hopes on REDD+. Studies show that in most cases sustainable forestry in Mongolia will be financially viable even without large REDD+ funds, and this Project will develop this. This situation will be monitored in a continuous manner by the Government and FAO.

A.7 Coordination with other relevant GEF financed initiatives

20. In line with recent development in the GEF portfolio in Mongolia, the FAO Project Document (Section 4 A) provides an updated description of the approach to coordination with other initiatives in the GEF portfolio.

21. Notably, appropriate coordination will be assured with the following:

- UNDP/GEF *Mongolia's Network of Managed Resource Protected Areas*, a medium-sized project scheduled to start in late 2013;
- UNDP/GEF *Strengthening Protected Area Network In Mongolia* Project, which started in 2011;
- UNDP/UNOPS/UNESCO/GEF *Integrated natural resource management in the Baikal Basin transboundary ecosystem* - a two country (Russia and Mongolia) project focusing on the Baikal basin.

B. Additional information not addressed at PIF Stage

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

22. A study of stakeholders was undertaken as part of the preparation of this Project. The findings are presented in the FAO Project Document (Annex 7). The analysis looked at governmental (national and local), non-governmental, academic, community and international stakeholders and partners. The analysis summarized their pertinent activities, it delineated geographical and thematic overlap with this Project, it provided basic budgetary information, and it identified potential collaboration activities/mechanisms.

23. The most important stakeholders for the success of this project are the FUGs and the Inter-Soum Forestry Units. The Ministry of Environment and Green Development (MEGD), the Ministry of

Industry and Agriculture (MIA) EGD, and the Soum and Aimag governments are also key. To the extent that they emerge naturally, FUG Associations will also be important. Finally, international partners working on PFM are also key partners.

24. Mongolia is moving towards a decentralized governance structure. Accordingly the Aimags (provinces) and Soums (districts) have immediate authority over many natural resource use and access issues. The national government sets broad natural resource use parameters while Aimag and Soum governments have immediate authority over territorial ecosystem management. For example, in most cases, Soums may determine the location and extent of grazing activities, water use and extraction, and the consumption levels of many biological resources. In 2009, MEGD adopted a regulation that makes it mandatory for local government to support communities that are interested in setting up community managed areas under the Forestry Law and the Environmental Protection Law. The maximum duration of related resource management agreement between local governments and community groups was extended from 5 to 10 years, providing a greater incentive for community based natural resource management.

Key government agencies

25. The Ministry of Environment and Green Development (MEGD) has overall responsibility for the management of forests. Its roles and responsibilities include supervising the implementation of forest legislation, making and enforcing rules and regulations for forest protection, ensuring inter-sectoral coordination for forest protection. They also include some practical measures such as setting the Annual Allowable Cut, approving forest management plans for Aimags and issuing or withdrawing licences for Forestry Professional Organizations. MEGD also houses the focal point for the Rio Conventions and GEF. MEGD is also responsible for management of the protected area system. MEGD will lead Project implementation.

26. Within MEGD, the Division of Forest Protection and Coordination of Reforestation in the Department of Policy Implementation Coordination takes the lead for managing and supervising the forestry sector. This Division has a unit responsible for developing PFM.

27. MEGD recently established the Forest Research and Development Centre (FRDC). FRDC is the implementing arm of the Ministry, responsible for operationalizing policy, including PFM. It has the mandate to develop capacity in local government agencies to support PFM, to directly support development of a PFM system, and to prepare and maintain forest databases and inventories.

28. The MEGD is also establishing River Basin Committees for the 29 river basins in Mongolia. It aims to establish these within the forestry units at Aimag, Soum or inter-Soum levels.

29. Another key national agency is the Ministry of Industry and Agriculture (MIA). MIA works closely with herder communities and increasingly with FUGs. It is responsible for supporting economic and livelihood development, including in rural and remote areas, and manages several related large national programmes.

Coordination

30. Coordination will be assured by the MEGD and the FAO office in Mongolia. MEGD will ensure coordination with national initiatives, whereas FAO will facilitate coordination with internationally supported initiatives. Regular meetings between MEGD, FAO and the Project will monitor coordination and seek ways to optimize it.

31. The Project is designed to coordinate closely with ongoing related initiatives. This coordination has several forms: (i) coordination with "baseline programmes or projects" – this refers to projects/programmes that provide critical baseline investments on which this GEF investment is built; (ii) coordination with other, related GEF projects in Mongolia and in the region, and; (iii) coordination with other national and international initiatives with which lessons can be shared. For details, see the Project Document, Section 4 A.

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

32. Recent rapid economic growth in Mongolia has led to many benefits for many of the people of Mongolia. Poverty is on a downward trend: according to the World Bank it decreased from 39.2 percent in 2010 to 29.8 percent in 2011. Substantial progress has been made in achieving the Millennium Development Goals (MDGs). Notwithstanding, Mongolia remains an impoverished country highly dependent upon its natural resource base. The majority of the population is spread across small urban centers and the vast steppes, where the predominant activities are herding cattle, sheep, goats, horses, yaks and camels. Herding, agriculture and community forestry play key roles providing employment, alleviating poverty and enabling marginalized communities to connect into the national economy. Sustainable and participatory forestry is seen as a way to bring rural communities into the market and a way to improve livelihoods in rural areas.

33. Most of the recent economic growth is a result of rapid expansion in the mining sector. Although good for the overall economy, this has tended to focus economic growth into a small part of society. It does not create many jobs. Experience from other countries suggests that such a lack of economic diversity can undermine the equity and sustainability of economic development. On the other hand, the forestry sector is known to create jobs and support a more equitable socio-economic development. In Mongolia, there is the potential to develop the forestry sector, and therefore contribute to diversifying the economy and contributing to increased overall economic health. The Project will contribute to this equitable development.

34. The project is designed to focus first on enabling 16 target Forest User Groups (FUG) to improve sustainable forest and land management practices and to mainstream biodiversity into those practices. These 16 FUG include a total of 442 members of which 212 are women, or 48%. The average size of each FUG is 25 members. Each of these FUGs has a registered management plan and a business plan. The principal activity for each FUG is livestock raising, although all FUGs recognize the potential for high levels of revenue from forestry. A pillar of the participatory forest management approach being promoted by the Project is to increase the economic benefits the FUGs can derive from sustainable forest management.

35. Many project activities aim to develop livelihoods and generate revenue for FUGs. Table 3 in Part I, Section A of the Project Document provides key economic data on the 16 FUGs. As can be seen from Table 3, largely with the support of FAO cofounded work, many of the FUGs have already started generating significant revenue. Moreover, the PPG consultations identified many additional revenue generating activities, which are summarized in Table 6 under Output 2.4 of the Project Document. Output 2.4 seeks to enable stakeholders to remove barriers preventing them from generating greater amounts of revenue from sustainable forest management activities. And indeed this work sets the target of helping the 16 FUG increase their SFM revenues by 100%, from ~$3,161/FUG/year baseline to ~$6,200/FUG/year by end of project (results framework indicator target value).

36. To enable FUGS to achieve this, the Project supports planning, management and skills development related to income-generating forestry practices. Two Project outputs (2.4 and 3.4) focus entirely on developing business skills in the FUGs. Finally, the Project will also help local communities to access regional and national markets, by: (i) facilitating access to transport links; (ii) facilitating access to credit programmes for small-scale technology and; (iii) linking community producers of natural forest products to SME users.

37. Component 3 of the project is designed to upscale good practice to 84 additional FUG, which include approximately 2100 members, of whom approximately 45% are women. This is also expected to have a multiplier effect. For example, once the FUGs have approved management plans, they will be able to hire people from nearby towns and villages to work in the forest, for example collecting wood for use and sale. This can make a substantial contribution to local employment. Overall, the

project expects to have meaningful socio-economic benefits for the target 16+84 FUG and their members.

38. Finally, an important element of social sustainability is the Project's attention to gender issues. A senior expert on gender issues will be recruited (part-time) to develop an approach to gender, to ensure the Project is managed so as to have a positive impact on gender, and to establish the necessary monitoring framework to monitor gender.

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

39. In line with GEF strategy, the GEF finances only the 'incremental costs' of achieving the global environmental benefits. This means that the FAO/GEF project builds on top of a large baseline. With a baseline and co-financing of over $20 million, the FAO/GEF costs are less than 20% of the entire Project. For every $1 invested, FAO/GEF gains over $5 of impact.

40. The Project follows on from previous collaboration between FAO and Mongolia on PFM. Evaluations of these previous projects stated "*the implementation of the Project was efficient and effective*" and the "*approach has proven effective*". The Project will build on the lessons and implementation approach of the previous phases of the support to ensure cost-effectiveness. Moreover, the present Projects builds on the specific implementation arrangements – rather than reconstructing new ones – which include capacity in the MEGD, capacity in the FAO office, a cadre of dedicated and competent staff[1] and capacity in the Aimag and Soum governments.

41. Several alternative designs and approaches were considered for cost-effectiveness during project design. These alternatives included providing more hardware and focusing all capacity development efforts on national government agencies. Ultimately, it was decided that these approaches would not have as much impact per input, hence the chosen focus of developing the capacity of the Forest Units through a learning-by-doing approach[2], i.e. their capacity will be built as they support FUGs, thereby achieving two results with one sets of activities. This approach underlies Outcomes 2 and 3.

42. The Project also intends to minimize the use of international consultants where national expertise is available. This will reduce the travel costs and the costs of consultancy fees. Notwithstanding, where international expertise is unique or exceptionally credible, it will be utilized.

43. At the FUG level, the Project will rely extensively on farmer-farmer and FUG-FUG experience sharing. Not only is this less costly than using national or international experts, but also, if well managed and backed up with global expertise when pertinent, it is can also be the most effective.

C. DESCRIBE THE BUDGETED M&E PLAN

44. The FAO Project Document provides a detailed description of the monitoring, reporting and evaluation to be undertaken during the Project (Sections 4 E and 4 F).

45. Full details of indicators, baseline values and targets are presented in Annex 1 (Results Framework).

46. Monitoring and evaluation activities will follow FAO and GEF monitoring and evaluation policies and guidelines. Monitoring and evaluation of progress in achieving project results and objectives will be done based on the targets and indicators established in the project Results Framework (RF) (Annex 1). The project Monitoring and Evaluation Plan has been budgeted at USD 130,000 (see Table below). Integrated into all Outcomes, the Project monitoring and evaluation approach will also facilitate learning and mainstreaming of project outcomes and lessons learned into international good practice as well as national and local policies, plans and practices.

[1] Notably the four Field Facilitators – see section on implementation arrangements in the Project Document.
[2] GEF support will provide a small amount of hardware – mostly office equipment and simple forestry management and monitoring equipment. Co-financing will lead to investments in larger scale wood processing equipment.

47. A summary of the envisaged M&E activities is provided in the following table.

Type of M&E Activity	Responsible Parties	Time-frame	Budgeted costs
Inception Workshop (IW)	PMO, supported by the LTO, BH, and GCU	Within three months of project start up	USD 10,000
Project Inception Report	PMO, LTO, BH, and GCU	No later than one month post IW.	-
Field based impact monitoring	PMO, MEGD and other relevant agencies to participate.	Periodically - to be determined at inception workshop.	USD 40,000
Supervision visits and rating of progress in PPRs and PIRs	LTO, other participating units and GCU	Annual or as required	The visits of the LTO and the GCU will be paid by GEF agency fee. The visits of the NPC and CTA will be paid from the project travel budget
Project Progress Reports	PMO, with inputs from NPD, PCC and other partners	Semi-annual	USD 0 (as completed by CTA and PMO)
Project Implementation Review report	PMO supported by the LTO and cleared and submitted by the GCU to the GEF Secretariat	Annual	Paid by GEF agency fee
Co-financing Reports	PMO, NPD	Annual	- (as completed by CTA and PMO)
Technical reports	PMO, LTO & Participating Units	As appropriate	-
Mid-term Evaluation	External Consultant, FAO Office for Evaluation in consultation with the project team including the GCU and other partners	At mid-point of project implementation	USD 40,000 for independent consultants and associated costs. In addition the agency fee will pay for expenditures of FAO staff time and travel
Final evaluation	External Consultant, FAO independent evaluation unit in consultation with the project team including the GCU and other partners	At the end of project implementation	USD 40,000 for external, independent consultants and associated costs. In addition the agency fee will pay for expenditures of FAO staff time and travel
Terminal Report	CTA, LTO, TCSR Report Unit	At least two months before the end date of the Execution Agreement	0 (as completed by CTA and PMO)
Total Budget			**USD 130,000**

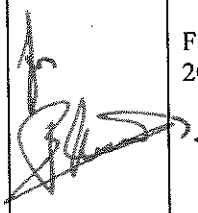
Part III: Approval/Endorsement by GEF Operational Focal Point(s) and GEF Agency(ies)

A. Record of endorsement of GEF operational point(s) on behalf of the government(s): (Please attach the Operational Focal Point endorsement letter with this form. For SGP, use the OFP endorsement letter).

Name	Position	Ministry	Date (mm/dd/yyyy)
Dr. A. Enkhbat	Director of Ecologically Clean Technology and Science Division GEF Operational Focal Point	Ministry of Nature, Environment and Tourism of Mongolia	12/06/2011

B. GEF Agency(ies) Certification

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

Agency Coordinator, Agency Name	Signature	Date (month, day, year)	Project Contact Person	Telephone	Email Address
Gustavo Merino, Director, Investment Centre Division Technical Cooperation Department FAO Viale delle Terme di Caracalla 00153, Rome, Italy		February 06, 2014	Jeffrey Griffin Environment Officer Technical Cooperation Department	+39-06-5705 5680	jeffrey.griffin@fao.org
Barbara Cooney FAO GEF Coordinator Email: Barbara.Cooney@fao.org Tel: +3906 5705 5478					

Annexes

Annex 1 – Project Results Framework

<table>
<tr><th>Objective and Outcomes</th><th>Indicator</th><th>Baseline</th><th>End of Project target</th><th>Source of Information</th><th>Assumptions</th></tr>
<tr><td rowspan="3">Project Objective: sustainable forest management in Mongolia's forest landscape secures the flow of multiple ecosystem services and benefits, including biological diversity, reduced degradation, and carbon storage, while enhancing resilience to climate change.</td><td>Improved SFM and Biodiversity Oriented management</td><td>Less than 100,000 hectares in 5 aimags under PFM, and all without a biodiversity orientation.</td><td>7 aimags or 2.5 million hectares, all managing forests with clear biodiversity conservation orientations.</td><td>Project reports</td><td rowspan="3">PFM program will continue to be priority despite possible changes in Government.</td></tr>
<tr><td>Musk deer population stabilized.</td><td>6525 (2012 census, for all Mongolia – 10 Aimags)</td><td>Population stable or increasing</td><td>National wildlife census</td></tr>
<tr><td>Direct and indirect avoided emissions and increased absorption of Carbon (C)</td><td colspan="2"><table>
<tr><th></th><th>Baseline and Project Values (tCO_2e)</th><th>16 Lead FUGs (project 5 years)</th><th>16 FUGs (post-project years 6-20)</th><th>84 FUG under Outcome 3 (17 years)[3]</th><th>25% of Mongolia's northern Forests (17 years)</th><th>Grand total</th></tr>
<tr><td rowspan="3">Baseline</td><td>Total emissions baseline</td><td>8,476,519</td><td>25,429,557</td><td>19,487,559</td><td>130,466,709</td><td>183,860,344</td></tr>
<tr><td>Total C sequestration baseline</td><td>-1,324,687</td><td>-3,974,061</td><td>-19,890,000</td><td>-133,161,000</td><td>-158,349,748</td></tr>
<tr><td>Total Baseline Emissions/ Removals</td><td>7,151,832</td><td>21,455,496</td><td>-402,441</td><td>-2,694,291</td><td>25,510,596</td></tr>
<tr><td rowspan="3">Project</td><td>Total avoided emissions</td><td>-5,297,517</td><td>-15,892,557</td><td>-27,216,150</td><td>-13,046,671</td><td>-61,452,895</td></tr>
<tr><td>Additional carbon sequestration</td><td>-913,205</td><td>-2,739,615</td><td>-4,690,725</td><td>-6,658,050</td><td>-15,001,595</td></tr>
<tr><td>Total Project Removals</td><td>-6,210,722</td><td>-18,632,172</td><td>-31,906,875</td><td>-19,704,721</td><td>-76,454,490</td></tr>
<tr><td></td><td>Net Totals:</td><td>941,110</td><td>2,823,324</td><td>-32,309,316</td><td>-22,399,012</td><td>-50,943,894</td></tr>
</table></td><td>UN REDD reports and Project reports[4]</td></tr>
</table>

[3] final 2 project years + 15 post project

[4] Direct and indirect project-related carbon benefits will be measured through a combination of spatial analysis (through remote sensing/GIS and participatory mapping) and regular forest carbon stock measurement undertaken as part of Mongolia's new multipurpose REDD+-compatible national forest inventory.

Objective and Outcomes	*Indicator*	*Baseline*	*End of Project target*	*Source of Information*	*Assumptions*
Component 1: Strengthened institutional, policy and regulatory framework Outcome 1: Enabling institutional, policy and regulatory framework for Sustainable PFM (including increased revenue to local communities; reduced carbon emissions/increased carbon stocks, and; biodiversity conservation).	Government budgetary support to the forestry and wildlife sectors.	$9 million to all forestry activities.	$12 million	UN-REDD reports *(Emerton et al for baseline)*	Forest and wildlife sectors will continue to receive planned government support despite periodic pressures to cut government expenditures/ budget.
	Issuance of legal or regulatory instruments	Do not exist for co-management/PFM.	New resolution on co-management. New Guidelines to Aimag and Soum governments.	Project reports	
	New Unit established responsible for both biodiversity and carbon in PFM.	FDRC was recently established – it has a broad mandate for PFM, nothing for biodiversity, and is responsible temporarily for forest inventory.	FDRC has a Unit focussed on PFM, including mandate and capacity for biodiversity and carbon.	Project reports.	
Outputs: 1.1 National policy and decision-makers recognise importance of carbon storage and biodiversity conservation in PFM 1.2 Strengthened national policy on co-management 1.3 Ministerial approved Forestry Planning Guidelines to Soum and Aimag governments (that promote sustainable PFM). 1.4 A Unit in FDRC empowered to integrate biodiversity conservation and carbon storage into all participatory forestry in Mongolia					
Component 2: Models for participatory SFM that improve livelihoods,	Increases in population of indicator species (musk deer, saker falcon) at prioritized 10	Baseline to be established in first six months of project.	Musk deer population to increase by 10%. Salker falcon population to increase by 30%	Participatory monitoring undertaken by FUG.	

<table>
<tr><th>Objective and Outcomes</th><th>Indicator</th><th>Baseline</th><th>End of Project target</th><th>Source of Information</th><th>Assumptions</th></tr>
<tr><td rowspan="4">conserve biodiversity and reduce emissions/increase carbon stocks.

Outcome 2: Sustainable PFM is demonstrated that leads to improved livelihoods, biodiversity conserved and reduced carbon emissions/increased stocks.</td><td>(FUGs).</td><td></td><td></td><td></td><td rowspan="4"></td></tr>
<tr><td>Enhanced biodiversity conservation and management over 80,000 hectares (16 FUGs) of high biodiversity forest.</td><td>Low level awareness and no management activities.</td><td>10-year FUG SFM Plans have clear activities, targets and indicators for biodiversity.</td><td>FUG reports.</td></tr>
<tr><td>Direct avoided emissions and increased absorption of Carbon (C) (in 16 FUGs)</td><td><table><tr><th>Baseline C emissions/ removals from the 16 FUGs</th><th>Emissions and Removals (tCO_2e/yr)</th></tr><tr><td>Emissions from deforestation</td><td>77,370</td></tr><tr><td>Emissions from forest degradation</td><td>1,617,934</td></tr><tr><td>Removals from forests</td><td>-264,937</td></tr><tr><td>Total baseline emissions/ removals</td><td>1,430,366</td></tr></table></td><td>Over the five years of the Project, over 6.2 million tCO2e removed/not emitted.</td><td>Project reports</td></tr>
<tr><td>Increased revenue from SFM activities</td><td>Across the 16 FUGs, the average revenue is $3161/FUG (see table 6)</td><td>100% increase in revenue, to at least $6,200 per FUG on average</td><td>Project reports and FUG business plans</td></tr>
<tr><td colspan="6">Outputs:
2.1 Continually improving forest planning and management in 16 advanced FUGs.
2.2 Simple REDD+-type incentives demonstrated in 16 advanced FUGs.
2.3 Biodiversity conservation practices demonstrated in 10 priority, advanced FUGs.
2.4 Increased revenue from timber and non-timber forest products at the 16 advanced FUGs.</td></tr>
<tr><td>Component 3: Expanding biodiversity</td><td>454,000 hectares of forestlands under improved</td><td>16 FUGs have good but simple forest management, not</td><td>100 FUGs are all implementing 10-year SFM plans, fully covering biodiversity and carbon management.</td><td>Project reports</td><td></td></tr>
</table>

Objective and Outcomes	*Indicator*	*Baseline*	*End of Project target*	*Source of Information*	*Assumptions*
friendly, climate friendly participatory SFM. Outcome 3: Sustainable PFM that conserves biodiversity, reduces degradation and reduces carbon emissions/increases carbon stocks expanded across significant areas of northern forests.	multi-functional management (this includes the 100 FUGs from Outcomes 1 and 2)	including biodiversity and carbon management.			
	Biodiversity conservation objectives mainstreamed into PFM Plans covering at least 454,000 hectares.	No mainstreaming of biodiversity in PFM plans.	100 FUGs are implementing SFM plans that appropriately account for biodiversity	Project reports	
	Capacity of local government to support PFM and FUGs (Capacity development scorecard – see Annex 9)	297 out of 792 total score possible (see score for each Unit in the table below. The complete table is provided in Annex 9. The maximum rating that each unit could have is 33). **Forest Unit** — **Score** Altanbulag soum — 11 Mandal, Kharaa — 18 Turgen soum — 12 Erchimt-Ider — 14 Delgermurun — 15 Nars shinesen tugul — 17 Khovd soum — 10 Khentiin shines — 16 Batshireet — 16 Batsumber soum — 15	To increase by 30% overall, to 386 by end of project.	Project reports	

Objective and Outcomes	*Indicator*	*Baseline*	*End of Project target*	*Source of Information*	*Assumptions*
		Mongonmorti 13 Tosontsengel 9 soum Inter soum 13 Inter-soum 9 Khongor soum 11 Inter soum 11 Inter soum 8 Bulgan soum 12 Khutag-Undor 12 Khyalganat 10 Inter soum 12 Ikh-tamir 9 Erdenemandal 11 Bayanshishged 13 **297**			
	Direct and indirect avoided emissions and increased absorption of Carbon (in 84 FUGs)		Over the five years of the Project, over 8,1 million tCO2e removed/not emitted.		
Outputs: 3.1 Eight PFM Extension Offices (established in inter-soum Forestry Units); 3.2 FUG Associations at Soum, Aimag and National Level; 3.3 Formal PFM methodology in Mongolia enhanced with measures to conserve biodiversity and reduce carbon emissions/increase carbon stocks; 3.4 84 simple 3-year PFM Plans approved, 'Certificates' issued and Plans implemented by FUGs (resulting in: revenues increase, forest ecosystems conserved, biodiversity conserved and carbon emissions reduced/sequestration increased); 3.5 84 10-year SFM Plans prepared and approved.					
Outcome 4: M&E and information dissemination	Number of visitors accessing project website	0	To be determined at project inception	Website information	Project technical, coordination and steering committees are established and project
	Midterm and Final evaluations carried out and recommendation	No midterm or final evaluations implemented	Midterm review carried out by end of third year of project implementation. Final evaluation carried out by 5th year of project implementation	FAO	

Objective and Outcomes	*Indicator*	*Baseline*	*End of Project target*	*Source of Information*	*Assumptions*
	s incorporated into this and future projects				and project has started implementation.
	Number of "lessons learned"/"Best practice" documents published and disseminated	0	At least 4	Number of downloads from project website Information from training sessions	
Outputs: 4.1 M&E system operating and providing systematic information about meeting project outcome and output targets 4.2 Midterm and final evaluations 4.3 Information dissemination					

Annex 2 – Response to Project Reviews.

Response to GEF Secretariat Comment at PIF (PFD) / Work Program Inclusion

The GEF Secretariat Review of the PIF (dated 10 February 2012) made no specific requirements to be addressed through this Request for CEO Endorsement.

Response to STAP Comment at PIF (PFD) / Work Program Inclusion

STAP Comment	Response	Reference in Document
1. Although the project framework is defined well, it could be strengthened further by indicating explicitly in component 3 how, and to what degree, climate change is likely to affect (or is affecting) forest landscapes in Mongolia. This information also needs to be added to the problem statement section and the incremental reasoning of component 3. Addressing these changes will support better the project objective and its intended effect to enhance ecosystem resilience to climate change.	The project design team thank STAP for this comment and notes that, although this is not an adaptation project, climate change will affect forest management in Mongolia. Climate change is considered one of the risks to the project achieving its objective. It is noted that "*Climate change impacts may increase to the extent that even if the project implements activities to improve land conditions in forest lands it may not be enough to make a difference. Moreover, new climate change related threats could emerge, such as insect infestations or disease*". As an adaptive measure, climate change adaptation will be integrated into all components, not only Component 3. It will be integrated into curriculum development and training for national and local officials. It will be integrated into the activities to strengthen the participatory forest management (PFM) process and to the PFM guidelines. It will be integrated into specific PFM plans prepared with the support of this project. Improved forest management will directly increase the resilience of forests to fires and pests, the two main impacts of climate change. In addition, improved forest management planning and monitoring will enable FUGs to better apply adaptive management practices to what will be continuous change in forest type and forest species distribution. Resilience is a concept that the project applies to social systems – to people – as well. And in fact this is the main emphasis of the project – to strengthen the capacity of the forest user groups (FUGs) to better manage forests. Although the project cannot remove the dangers associated with climate change, by improving management and monitoring, it will directly increase the landscape's resilience and climate change adaptive capacity. The capacities developed under this Project will increase the capacity of FUGs to adapt to climate change, thereby lowering	**FAO Project Document (ProDoc)** Section 3b. Paragraph 73. Paragraph 254. Descriptions of Outputs 1.3, 1.4, 2.1, 3.1, 3.3, 3.4 **CEO Endorsement Request (CEO-ER):** Section A6. Para 11. Descriptions of Outputs 1.3, 1.4, 2.1, 3.1, 3.3, 3.4

STAP Comment	Response	Reference in Document
	the risks associated with climate change. By strengthening FUG capacities, the project is also enhancing resilience to climate change. Finally, the project is to be implemented in close cooperation with an initiative funded by the German Government (Project: "*Biodiversity and Adaptation of Key Forest Ecosystems to Climate Change)*. This initiative, with a strong focus on adaptation, provides over $5million of co-financing.	
2. Furthermore, STAP recommends specifying further the resilience enhancement measures the project seeks to achieve through "...a more intensive forest management system." H. Ykhanbai (2010) "Mongolia Forestry Outlook Study", FAO outlines a number of objectives, including measures to address climate change risks that may contribute to the project development. The World Bank Climate Change Knowledge Portal also provides useful information on climate risks and adaptation measures at the country level that could be used to develop the proposal - http://sdwebx.worldbank.org/climateportal/index.cfm	See response to Comment #1 above.	See response to Comment #1 above.
3. Some of the outcomes under components 2 and 3 appear to be outputs (example " avoided emission of 47,500 t C/year through SFM). In addition, some of the outputs appear to be project activities (example - 2.1.4 Development and dissemination of good practice guidelines). Therefore, it would be useful to review these sections during the project development to ensure that outcomes represent the major downstream achievements to which the project will contribute, outputs are the project deliverables by the end of the project period, and activities are the processes leading to outputs.	During the PPG process, the logframe was subject to thorough technical review and consultation and a validation process. As a result, many elements of the logframe (Outcomes, Outputs and Activities) have been revised, and thorough indicators have been developed.	**FAO ProDoc:** Annex 1. **CEO-ER:** Paragraph 11 and accompanying table. Annex 1.
4. Under Component 4, STAP reminds the project developers explicitly to include the tracking of global environmental benefits, the appropriate choice of indicators to measure impact and the methods that are to be used for impact monitoring. Co-benefits for human development and local livelihoods are also important to track, especially as the sustainability of project investments depend on the viability of the FUGs. The GEF is currently stressing the	During the PPG process, strong attention was paid to the development of indicators/targets and baseline values for both global benefits and livelihood issues, and to ensuring that they could be monitored. These are presented in detail in the logframe.	**FAO ProDoc:** Annex 1 (for all indicators/targets and baseline values) Component 4 Annex 8 (for GHG emissions)

STAP Comment	Response	Reference in Document
importance of the quality of arrangements at entry of a project to measure impact.		**CEO-ER:** Annex 1 (for all indicators/targets and baseline values) Component 4
5. STAP is pleased to note that the carbon sequestration benefits are explicitly defined. However, the proposal appears to indicate the biodiversity benefits are mainly to improve, and stabilize, Moschus moschiferus and Hucho taimen populations. STAP recommends, therefore, strengthening further this section by making explicit the global benefits for biodiversity. Furthermore, STAP encourages the project developers to define more clearly what species and habitats the project seeks to address through mainstreaming biodiversity conservation into managed landscapes. Currently, the focus on biodiversity conservation appears defined weakly throughout the proposal.	A separate study on biodiversity was conducted under the PPG. This study is available for review (*Biodiversity status in the area where community is implementing cooperative forest management* prepared by Amgalanbaatar Sukh). As a result of the study and the PPG planning process, the Project will directly implement biodiversity conservation activities over at least 80,000 hectares of unique forest ecosystems. Some of the specific biodiversity benefits include: iincreases in population of key, vulnerable indicator species (i.e.: musk deer, saker falcon); unique northern forest habitats conserved; improved conservation status for the 12 mammals, 20 birds, seven fish, four reptiles and amphibians and 64 plants; and greatly increased knowledge of biodiversity values.	**FAO ProDoc:** Paras 190 – 191. The study is available as a separate report (page 61). The indicators in the logframe in Annex 1. **CEO-ER:** The indicators in the logframe in Annex 1.
6. STAP recommends adding references to support the problem statement, baseline, and project interventions. These could include published articles, or rigorous unpublished evidence. Citing sources would strengthen the scientific underpinning of the proposal.	The project design team thank STAP for this comment and the suggestion to exceptionally use scientific citations in support of project design. The project design process drew heavily on two technical sources (i) a large body of work prepared under the previous Dutch/FAO project (*Capacity building and institutional development for participatory natural resources management and conservation in forest areas of Mongolia).* This project led to the preparation of many guidelines, lessons learnt documents, assessments etc, each of which in turn drew on a large body of scientific and academic work, including many documents prepared by FAO (ii) three studies implemented by the PPG covering: biodiversity, forest carbon; capacity assessment. The former two of these also drew on a large body of scientific and academic work. Hence, the project design is strongly based on a large body of credible scientific and academic work. However, it would not be pertinent to provide long lists of cross-referenced citations in the Project document or in the CEO endorsement. Hence, only the most pertinent and key citations are made in the project document and in Annex 8 (with regards to carbon).	**FAO ProDoc:** Throughout the document. Annex 8 **CEO-ER:** Not applicable.

Annex 3 – Status of Implementation of Project Preparation Activities and the Use of Funds

Provide detailed funding amount of the PPG activities Financing Status in the Table Below

PPG Grant Approved at PIF:			
Project Preparation Activities Implemented	**GEF/LDCF/SCCF/NCIF/ Amount ($)**		
	Budgeted Amount	**Amount Spent to Date**	**Amount Committed**
1. Assessment of legal environment	6,000	6,000	0
2. Baseline project description – mainstreaming biodiversity	5,000	5,000	0
2(a). Biodiversity status and forest ecosystem health assessment	4,000	4,000	0
3. Baseline project description –SFM and enhanced carbon storage	3,000	3,000	0
4. Assessment forest information and data management system	6,000	6,000	0
4(a). Knowledge attitudes and practices	7,000	7,000	0
5. Feasibility analysis and budget	19,000	17,357	1,649
Total	**50,000**	**48,351**	**1,649**