



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

GEF ID:	5516		
Country/Region:	Mozambique		
Project Title:	Payment for Ecosystem Services to Support Forest Conservation and Sustainable Livelihoods		
GEF Agency:	FAO	GEF Agency Project ID:	
Type of Trust Fund:	GEF Trust Fund	GEF Focal Area (s):	Multi Focal Area
GEF-5 Focal Area/ LDCF/SCCF Objective (s):	BD-2; CCM-5; SFM/REDD+-1;		
Anticipated Financing PPG:	\$136,986	Project Grant:	\$3,637,749
Co-financing:	\$37,600,001	Total Project Cost:	\$41,511,722
PIF Approval:	April 01, 2014	Council Approval/Expected:	May 27, 2014
CEO Endorsement/Approval		Expected Project Start Date:	
Program Manager:	Jaime Cavalier	Agency Contact Person:	Rao Matta

Review Criteria	Questions	Secretariat Comment at PIF (PFD)/Work Program Inclusion ¹	Secretariat Comment At CEO Endorsement(FSP)/Approval (MSP)
Eligibility	1. Is the participating country eligible ?	8-20-13 Yes. Mozambique is eligible for GEF funding. Cleared FJ/CCM “ 21 Aug 2013: Yes. Mozambique ratified the UNFCCC on 25 Aug 1995. CLEARED	7-2-16 Cleared
	2. Has the operational focal point endorsed the project?	8-20-13 Yes. There is LoE from the OFP for \$4.1M dated June 7th, 2013 Cleared CLEARED	7-2-16 Cleared

*Some questions here are to be answered only at PIF or CEO endorsement. No need to provide response in gray cells.

¹ Work Program Inclusion (WPI) applies to FSPs only . Submission of FSP PIFs will simultaneously be considered for WPI.

FSP/MSP review template: updated January 2013

Review Criteria	Questions	Secretariat Comment at PIF (PFD)/Work Program Inclusion ¹	Secretariat Comment At CEO Endorsement(FSP)/Approval (MSP)
Resource Availability	3. Is the proposed Grant (including the Agency fee) within the resources available from (mark all that apply):		
	<ul style="list-style-type: none"> the STAR allocation? 	<p>8-20-13 No. The requests for BD, and CC funding are above the allocation after the decisions of the June Council meeting. Mozambique currently has BD \$1,860,637, and CCM \$530,000. If FAO and Mozambique want to pursue this project under this new scenario, please adjust the budget accordingly.</p> <p>1-21-14 From a SFM perspective, the project is using more than \$2 million of STAR allocation from at least two focal areas (\$2,748,859) and can trigger a SFM incentive up to \$916,268 (only 876,712 were requested. Please review \$ figure in Tables A, B and C. if additional resources are sought).</p> <p>CHANGES NEEDED HERE</p> <p>1-30-14 Properly addressed in revised PIF Cleared</p>	7-2-16 Cleared
	<ul style="list-style-type: none"> the focal area allocation? 	<p>8-20-13 No. The requests for BD, and CC funding are above the allocation after the decisions of the June Council meeting. Mozambique currently has BD \$1,860,637, and CCM \$530,000. If FAO and Mozambique want to pursue this project under this new scenario, please</p>	7-2-16 Cleared

Review Criteria	Questions	Secretariat Comment at PIF (PFD)/Work Program Inclusion ¹	Secretariat Comment At CEO Endorsement(FSP)/Approval (MSP)
		<p>adjust the budget accordingly.</p> <p>1-21-14</p> <p>From a SFM perspective, the project is using more than \$2 million of STAR allocation from at least two focal areas (\$2,748,859) and can trigger a SFM incentive up to \$916,268 (only 876,712 were requested. Please review \$ figure in Tables A, B and C.</p> <p>For a \$3.625 million, it is an unnecessary burden to report on three focal areas and the SFM program. We would suggest transferring the LD resources (\$ 164,384) to CC to develop a more balanced project between BD, CC, and SFM. The indicative grant amount for CC would then be \$776,256. This "marginal adjustment" will be reflected in PMIS.</p> <p>CHANGES NEEDED HERE</p> <p>1-30-14 Properly addressed in revised PIF Cleared</p>	
	<ul style="list-style-type: none"> the LDCF under the principle of equitable access 	NA	NA
	<ul style="list-style-type: none"> the SCCF (Adaptation or Technology Transfer)? 	NA	NA
	<ul style="list-style-type: none"> the Nagoya Protocol Investment Fund 	NA	NA
	<ul style="list-style-type: none"> focal area set-aside? 	NA	NA
Strategic Alignment	4. Is the project aligned with the focal area/multifocal areas/ LDCF/SCCF/NPIF results framework and strategic	8-20-13 Yes. BD-2 (and Aichi Targets 5, 7 and 14), CC-5, LD-2, SFM-1.	7-2-16 Yes. See pages 1-2 of Prodoc and at PIF stage. Cleared

Review Criteria	Questions	Secretariat Comment at PIF (PFD)/Work Program Inclusion ¹	Secretariat Comment At CEO Endorsement(FSP)/Approval (MSP)
	<p>objectives? <i>For BD projects: Has the project explicitly articulated which Aichi Target(s) the project will help achieve and are SMART indicators identified, that will be used to track progress toward achieving the Aichi target(s).</i></p>	<p>FJ/CCM “ 21 Aug 2013: Yes. CCM-5.</p> <p>LD From a LD perspective, the project is fully eligible under the LD2 objective. The LD resources are blended with other focal areas in three components. The use of LD resources is welcome to design a PES mechanism, reinforce institutions and capacities, and implement the approach on 400,000 ha of miombos forests ecosystems.</p> <p>SFM The project is compatible with the SFM1 objective with the enhancement of the enabling environment linked to forest management, the reinforcement of capacities in sustainable financing mechanisms for SFM, the establishment of a PES mechanism.</p> <p>CLEARED</p>	
	<p>5. Is the project consistent with the recipient country’s national strategies and plans or reports and assessments under relevant conventions, including NPFE, NAPA, NCSA, NBSAP or NAP?</p>	<p>8-20-12 From the BD point of view, Ministerial Diploma of 2005 establishing mechanisms for channeling of 20% of the rate of harvesting of forest and wildlife for the benefit of local communities living in areas where the exploitation of these resources occurs is a central piece of legislation supporting this project. According to a report of the Government of Mozambique "NATIONAL REPORT TO THE TENTH SESSION OF THE UNITED NATIONS FORUM ON FORESTS", the result of the</p>	<p>7-2-16 Cleared for the CBD and Climate Change strategic documents (including the INDC which identify the forestry sector among the priorities. Addressed.</p>

Review Criteria	Questions	Secretariat Comment at PIF (PFD)/Work Program Inclusion ¹	Secretariat Comment At CEO Endorsement(FSP)/Approval (MSP)
		<p>implementation of this diploma, 1189 beneficiary communities where identified, of which 896 communities were organized into committees for natural resource management. From this total, 861 had benefited with around \$3.7 million). Similar figures were provided in the PIF for the period 2005-2012. In addition, the Ministerial Diploma will allocate 50% of the values from the fines paid by the laws breakers to the law enforcement agents and all those who participated in this process was prepared and is being implemented allowing a better collaboration of the people involved on the patrol chain.</p> <p>FJ/CCM “ 21 Aug 2013: Yes.</p> <p>JMS/LD - 21 January 2014 Please, check the compatibility with the UNCCD National Action Program (NAP).</p> <p>CHANGES NEEDED HERE</p> <p>1-30-14 Properly addressed in revised PIF Cleared</p>	
	<p>6. Is (are) the baseline project(s), including problem(s) that the baseline project(s) seek/s to address, sufficiently described and based on sound data and assumptions?</p>	<p>8-20-13 Ministerial Diploma of 2005 establishing mechanisms for channeling of 20% of the rate of harvesting of forest and wildlife for the benefit of local communities living in areas where the exploitation of these resources occurs, and the allocation of 50% of the values from the fines paid</p>	<p>7-2-16 The baseline project was extensively discussed at PIF stage, and updated in the CEO Endorsement (p.6). Cleared</p>

Review Criteria	Questions	Secretariat Comment at PIF (PFD)/Work Program Inclusion ¹	Secretariat Comment At CEO Endorsement(FSP)/Approval (MSP)
Project Design		<p>by the laws breakers to the law enforcement agents and all those who participated in this process, conform the financial baseline of the project.</p> <p>Questions:</p> <ol style="list-style-type: none"> 1. In the PIF there is reference to payments of \$3.3M to communities in the period 2005-2012, and to \$7.7M available under the 20% decree, for making the payments under the PES schemes (This amount is similar to the \$7M figure presented in the PIF submitted in 2007 (PMIS 3436), as co-financing form the central government. <p>The GEF requires clarification regarding the flow and use of funds collected under the Ministerial Diploma.</p> <ol style="list-style-type: none"> 1. Are the ca. \$7M mentioned in the PIF submitted in 2007 (PMIS 3436), the same as in this new PIF (PMIS513)? 2. What was the impact of the \$3.3M disbursed to the communities for natural resource management between 2005 and 2012? 3. Why \$7.7M has not been disbursed? 4. How much has been collected thanks to the allocation of 50% of the values from the fines paid by the laws breakers to the law enforcement agents and all those who participated in this process? 	

Review Criteria	Questions	Secretariat Comment at PIF (PFD)/Work Program Inclusion ¹	Secretariat Comment At CEO Endorsement(FSP)/Approval (MSP)
		<p>FJ/CCM “ 21 Aug 2013:</p> <p>a) The project list a number of on-going and planned initiatives for forest carbon monitoring, reporting and verification (MRV), but does not identify what is lacking in those initiatives and why additional work on forest carbon MRV would be necessary. Please clarify or adjust the proposal.</p> <p>b) The project also identifies a World Bank project at PIF stage with similar goals. Although the World Bank project and the proposed project will target different areas, the proposed PIF does not clarify why the approach of the GEF project #5225 could not be extended at the national level and why a different approach would be needed. Please clarify or adjust.</p> <p>FJ/CCM - Jan 10 2014: The previous comments from CCM have not been addressed.</p> <p>CHANGES ARE NEEDED HERE</p> <p>FJ/CCM - Jan 27 2014:</p> <p>a) Comment cleared. It is understood that GEF funding will not be used for forest carbon monitoring, reporting and verification since other initiatives (JICA) are covering this aspect.</p> <p>b) The response does not address previous comment b). GEF finance is supposed to support innovative initiatives that may later be replicated and scaled</p>	

Review Criteria	Questions	Secretariat Comment at PIF (PFD)/Work Program Inclusion ¹	Secretariat Comment At CEO Endorsement(FSP)/Approval (MSP)
		<p>up. Proposing a project with a similar approach than project #5225, at a similar scale, only in a different location does not provide a strong justification for the project. One would expect a project additional to the existing ones to propose activities enabling the country to act at a larger scale.</p> <p>CHANGES ARE NEEDED HERE</p> <p>FJ/CCM - 7 Mar 2014: Comment cleared.</p>	
	<p>7. Are the components, outcomes and outputs in the project framework (Table B) clear, sound and appropriately detailed?</p>	<p>8-20-13 This project is basically the same as the project presented by FAO and Mozambique in 2007.</p> <p>Questions:</p> <p>1. In this new PIF (5516) there is no reference to the PIF submitted in 2007 (PMIS 3436). What has happened and changed over the last 5 years to merit the resubmission of the project?</p> <p>2. Why Mozambique wants to put in place a PES scheme to use the funds collected thanks to the 20% decree, if funds have been allocated to the communities working on natural resource management? Is there an independent report describing the process that has been put in place and requesting changes that merit the developing of new schemes like the PES suggested in this project?</p> <p>FJ/CCM “ 21 Aug 2013:</p>	<p>7-2-16 The comment on SFM is partially addressed. Nevertheless, the involvement of local communities and the design of a mechanism for monitoring how local communities would participate in law enforcement activities are not explained. Please be more specific in addressing this comment and note that the appendix 5 referred to in the project document does not correspond to the TORs.</p> <p>The coordination with other initiatives is provided as a response to the comment in a) requesting details on the exact way the PES reward will work based on carbon benefit. The expected details are not provided. Please be more specific regarding the details requested.</p> <p>9-18-16 Addressed in revised CEO Endorsement and in Response Matrix. Cleared</p>

Review Criteria	Questions	Secretariat Comment at PIF (PFD)/Work Program Inclusion ¹	Secretariat Comment At CEO Endorsement(FSP)/Approval (MSP)
		<p>a) The PIF intends to develop a PES mechanism but does not explain how this mechanism will be designed to ensure it will target carbon sequestration and carbon depletion avoidance.</p> <p>b) For the PES mechanism to work, the payment procured by the mechanism would have to provide stakeholders with at least the same amount of income currently provided by unsustainable practices (illegal logging, charcoal productionâ€). The PIF does not explain how it would ensure this. Please provide aen estimation of the income currently provided by unsustainable practices and explain how the PES may be able to shift the focus or stakeholders activities to more sustainable ones.</p> <p>c) Having a PES system work properly supposes a strong monitoring and verification systems with the necessary means to implement it. The PIF does not explain how the means for monitoring and verification activities will be sustained beyond the project implementation. Please clarify.</p> <p>REVIEW OF 21ST JANUARY 2014</p> <p>Below is a complete list of the outstanding questions. Some of the questions were put forward in the previous review and some are new. Please address these issues in a revised PIF and provide an answer to the GEF comments in a separate document. As this project is at the PIF stage, please answer the questions to the extent</p>	

Review Criteria	Questions	Secretariat Comment at PIF (PFD)/Work Program Inclusion ¹	Secretariat Comment At CEO Endorsement(FSP)/Approval (MSP)
		<p>possible and suggest activities to fulfil the information gaps during project preparation. Thanks.</p> <p>1) The PIF intends to develop a PES mechanism but does not explain how this mechanism will be designed to ensure it will target carbon sequestration and carbon depletion avoidance.</p> <p>2) For the PES mechanism to work, the payment procured by the mechanism would have to provide stakeholders with at least the same amount of income currently provided by unsustainable practices (illegal logging, charcoal production). The PIF does not explain how it would ensure this. Please provide an estimation of the income currently provided by unsustainable practices and explain how the PES may be able to shift the focus or stakeholders activities to more sustainable ones.</p> <p>3) Having a PES system work properly supposes a strong monitoring and verification systems with the necessary means to implement it. The PIF does not explain how the means for monitoring and verification activities will be sustained beyond the project implementation. Please clarify.</p> <p>4) Tax collection - with 90% of logging illegal that means 90% of tax is not being collected - what is being done to address this? How can this project link to that? If the tax collection does not increase this</p>	

Review Criteria	Questions	Secretariat Comment at PIF (PFD)/Work Program Inclusion ¹	Secretariat Comment At CEO Endorsement(FSP)/Approval (MSP)
		<p>fund will always be underachieving.</p> <p>5) What is the link between the PES recipients and their "authority" to collect the money? The Government owns the land - logging is done either by long term or short term license. What is the PES recipients' tenure or rights? What is the authority for the recipients to change forest management? What is the capacity to stop illegal activities by 3rd parties (assuming the PES is enough to make them change their own ways)?</p> <p>6). There needs to be some sort of MRV system built into this that connects to the system being developed within the FCPF. This will have to look at the system as a whole (that money is flowing i.e. it is accountable and transparent) but also show that the PES = benefits in terms of BD,CC etc. in the pilots.</p> <p>7) In Table B. please change 4 priority provinces for 1 priority province (Zambezia Province).</p> <p>CHANGES NEEDED HERE</p> <p>From SFM; For CEO Endorsement please address the following issues: 1) the involvement of local communities in identifying and preventing incidences of illegal logging through this project. That will aid in improved fine collection. 2) It is necessary to design a mechanism for monitoring how local communities would</p>	

Review Criteria	Questions	Secretariat Comment at PIF (PFD)/Work Program Inclusion ¹	Secretariat Comment At CEO Endorsement(FSP)/Approval (MSP)
		<p>participate in law enforcement activities, identify and report illegal activities to DNTF, so they receive a fair share of the fines collected. This is related to the MRV system being developed by JICA-DNTF to be linked up to the system developed within the FCPF.</p> <p>FJ/CCM - Jan 27 2014: a) The previous comment a) is not addressed yet. Please clarify how the payments provided through the PES would be linked to increases in carbon stocks or reduced carbon depletion. b) Please see CCM comments of Q8 below. c) Details are expected by CEO endorsement on the means available at the National Directorate of Land and Forests (considering their other duties) to adequately proceed with the monitoring and verification activities needed for the PES during and beyond project completion.</p> <p>CHANGES ARE NEEDED HERE</p> <p>FJ/CCM - 7 Mar 2014: a) Cleared. Details on the exact way the PES reward will work based on carbon benefit are expected at CEO endorsement stage. b) Cleared.</p>	
	<p>8. (a) Are global environmental/adaptation benefits identified? (b) Is the description of the incremental/additional reasoning sound and appropriate?</p>	<p>8-20-13 From the BD point of view, the GEBs would be included in the ca. 12 million ha of Miombo forest ecosystems under sustainable management.</p>	<p>7-2-16 Comments above are properly addressed on pages 33-36 of Prodoc. Nevertheless, the CO2eq benefits needs to be more explained and justified. Can we really</p>

Review Criteria	Questions	Secretariat Comment at PIF (PFD)/Work Program Inclusion ¹	Secretariat Comment At CEO Endorsement(FSP)/Approval (MSP)
		<p>Question: What would be the approximate cash flow needed to incentive the local communities to do sustainable forest management in this area? In the 2007 PIF funds were accumulating at a rate of \$1.4M/year. If that is approx. the same as now, the financial incentives per ha for the 12 million ha would be \$0.1/ha per year. Please use these calculations as illustration of the figures the GEF would like to have to estimate the viability and sustainability of the proposed PES scheme. Thanks.</p> <p>FJ/CCM “ 21 Aug 2013:</p> <p>a) In situation where illegal logging and charcoal production are the main drivers of forest depletion, supporting changes of those unsustainable practices in targeted areas may protect the selected areas but may also lead to shifting the logging and charcoal production to other zones. Since the project does not include activities to reduce the demand for logging and charcoal, it will not be able to avoid such shift. In that case, there would not be any or only limited carbon benefits from the project. Please clarify and consider including activities in the project that would address the drivers of carbon depletion at a proper scale to avoid any risk of leakage.</p> <p>b) Please address Q6 a) and b)</p>	<p>consider 30% of deforestation avoided the first year of the project? Should we take into account the below ground carbon in the calculation? How the carbon sequestration potential of about 4 million tCO₂eq is estimated? In paragraph 2.4.2 page 34 of the prodoc, what is the difference between the 14.9 million tCO₂eq mitigation potential over a period of 8 years and the 5.95 million tCO₂eq over the 5 years? How the share of the GEF project effect (a quarter) is calculated? Please elaborate a clear reasoning and calculation to estimate the CO₂ benefits, using when possible recognized data, references and methodologies (such as exact tool for instance).</p> <p>9-18-16 Addressed in revised CEO Endorsement and in Response Matrix. Cleared</p>

Review Criteria	Questions	Secretariat Comment at PIF (PFD)/Work Program Inclusion ¹	Secretariat Comment At CEO Endorsement(FSP)/Approval (MSP)
		<p>c) Please clarify how Component 3, with an investment co-financing of \$12.5 million may manage to sequester 41.8 million tCO2 eq. This seems very unlikely.</p> <p>FJ/CCM - Jan 10 2014: The previous comments a) and b) have not been addressed. Regarding question a) Please clarify if the demand for charcoal production and illegal logging is local, national or international as this affects the capacity of the project to deliver net CCM benefits (no leakage). Please include activities in the project that would address the drivers of carbon depletion at a proper scale to avoid any risk of leakage.</p> <p>JMS/LD -January 21 2014</p> <p>1. The increase of forest cover would result in increased forest area of 20,000 ha (and not 200,000 ha). Please correct the figure on p. 9.</p> <p>2. We recommend including a list of other benefits (livelihoods, incomes, NTFP, etc), even if they are often difficult to measure at a project scale.</p> <p>CHANGES ARE NEEDED HERE</p> <p>FJ/CCM - Jan 27 2014: The previous comments a) and b) have still not been addressed. Projects have to address carbon depletion drivers to be eligible to GEF CCM-5 funding. Based</p>	

Review Criteria	Questions	Secretariat Comment at PIF (PFD)/Work Program Inclusion ¹	Secretariat Comment At CEO Endorsement(FSP)/Approval (MSP)
		<p>on the response provided, it is understood that (i) the key drivers of carbon depletion are charcoal and illegal logging; (ii) these drivers are linked to urban demand/activities; (iii) the project does not currently include activities to curb these drivers. To justify GEF CCM-5 funding request, the project needs to demonstrate that it will reduce the charcoal and illegal logging demand and hence effectively reduce carbon depletion (instead of seeing carbon benefits in the targeted area being replaced by carbon depletion elsewhere). To justify GEF CCM-5 funding request, please consider (i) setting up and implementing a sustainable mechanism to replicate the proposed PES system at a national level (on all forests); and (ii) adding activities improving charcoal kiln efficiency to reduce charcoal demand. The latter would imply (i) understanding the barriers to the adoption of improved kilns and (ii) activities to support and replicate improved kilns use as replacement of current kilns.</p> <p>CHANGES ARE NEEDED HERE</p> <p>FJ/CCM - 7 Mar 2014: a) In the unforeseen event of the SNV project not following through activities on improved kilns, details are expected on how the GEF project will address and reduce fuel wood demand for charcoal and how the project will ensure the replicability and scaling up of the associated activities beyond project</p>	

Review Criteria	Questions	Secretariat Comment at PIF (PFD)/Work Program Inclusion ¹	Secretariat Comment At CEO Endorsement(FSP)/Approval (MSP)
		<p>completion. b) By CEO endorsement request, details are expected on how the project will ensure that the human and financial resources needed (to monitor and validate the carbon benefits on which the payments will be done) will be identified, put in place and secured for replication and scaling up beyond the proposed pilot.</p> <p>CLEARED: Comments included in CEO Endorsement Requests</p>	
	<p>9. Is there a clear description of: a) the socio-economic benefits, including gender dimensions, to be delivered by the project, and b) how will the delivery of such benefits support the achievement of incremental/ additional benefits?</p>		<p>7-2-16 Yes. Properly addressed on p. 13 of the request for CEO Endorsement, and on "Gender considerations", pages 55-57 of Prodoc. The issue of gender is addressed throughout this document. Cleared</p>
	<p>10. Is the role of public participation, including CSOs, and indigenous peoples where relevant, identified and explicit means for their engagement explained?</p>	<p>8-20-13 The Local Communities of the 4 priority provinces would be the beneficiaries of this program. Not clear what role CSOs (i.e. Centro Terra Viva) or NGOs (i.e. Livangingo and KULIMA) would play in the project.</p> <p>8-20-13 The Local Communities of the 4 priority provinces would be the beneficiaries of this program. Not clear what role CSOs (i.e. Centro Terra Viva) or NGOs (i.e. Livangingo and KULIMA) would play in the project.</p> <p>1-21-14</p>	<p>7-2-16 Yes. The project will help local communities in a total of 26 Natural Resource Management (NRM) Committees in Zambia Province to develop more sustainable agricultural systems and alternative income-generating activities based on sustainable management of forest resources. Cleared</p>

Review Criteria	Questions	Secretariat Comment at PIF (PFD)/Work Program Inclusion ¹	Secretariat Comment At CEO Endorsement(FSP)/Approval (MSP)
		<p>The project has narrowed down the geographical scope of the project. The specific communities and CSOs to be included in the project should be identified at CEO Endorsement.</p> <p>CLEARED</p>	
	<p>11. Does the project take into account potential major risks, including the consequences of climate change, and describes sufficient risk mitigation measures? (e.g., measures to enhance climate resilience)</p>	<p>8-20-13 The risk analysis and mitigation measures are basically the same (in some cases identical) as in the 2007 project. One would have thought that the risks associated with a PES scheme at the National level would have changed in 5 years. The GEF expects a detailed account of the risks associated with the institutional capacity to properly structure and run a PES scheme.</p> <p>1-21-14</p> <p>1. Please address the mitigation measures for "likeage". That is really not addressed in the revised PIF. The issue of leakage was also mention in point 8.</p> <p>2. Please address the risks associated with the financial and institutional sustainability of the PES mechanism and mitigation factors.</p> <p>3. Identify the risk and the measures to maintain sustainable local governance mechanisms beyond the time and budget of the project.</p> <p>At CEO endorsement, please provide a detailed risk assessment.</p>	<p>7-2-16 Yes. Addressed on pages 11-13 of CEO Endorsement. Cleared</p>

Review Criteria	Questions	Secretariat Comment at PIF (PFD)/Work Program Inclusion ¹	Secretariat Comment At CEO Endorsement(FSP)/Approval (MSP)
		<p>CHANGES NEEDED HERE</p> <p>1-30-14 Cleared</p>	
	<p>12. Is the project consistent and properly coordinated with other related initiatives in the country or in the region?</p>	<p>8-20-13 There is no mention to the recent GEF projects in support of PES, like PMIS 2589 UNDP-Institutionalizing Payments for Ecosystem Services and PMIS 3807 UNEP-Project for Ecosystem Services (ProEcoServ). Have you consulted with these two agencies on their experiences in these two projects and the viability of the PES scheme in Mozambique in light of the experiences gained over the last 5 years? There is also the Katomba Group East and Southern Africa. These consultations need to be done prior to PIF approval.</p> <p>FJ/CCM “ 21 Aug 2013: Please address Q6 a) and b)</p> <p>FJ/CCM - Jan 10 2014: The previous comments have not been addressed.</p> <p>1-21-14 Consultations with the developers and implementers of the projects now listed under A.4 are expected at CEO Endorsement.</p> <p>CHANGES NEEDED HERE</p> <p>1-30-14 Cleared</p>	<p>7-2-16 Yes. Properly addressed on pages 61-62 of the Prodoc.</p>

Review Criteria	Questions	Secretariat Comment at PIF (PFD)/Work Program Inclusion ¹	Secretariat Comment At CEO Endorsement(FSP)/Approval (MSP)
		FJ/CCM - 7 Mar 2014: Comments cleared.	
	<p>13. Comment on the project's innovative aspects, sustainability, and potential for scaling up.</p> <ul style="list-style-type: none"> Assess whether the project is innovative and if so, how, and if not, why not. Assess the project's strategy for sustainability, and the likelihood of achieving this based on GEF and Agency experience. Assess the potential for scaling up the project's intervention. 	<p>8-20-13 Innovation: Although the GEF has only supported the development of two national PES scheme projects (Mexico and Costa Rica), with this in Mozambique being a potential third, this PIF has hardly changed since first submitted in 2007. Significant and serious work will be needed to update and beef-up this PIF for consideration by the GEF. If Mozambique wants to have a national PES scheme, it is necessary to carry out exploratory work and consultations with those that have done it before (Mexico and Costa Roca) and with those that have been exploring PES schemes in Africa over the last years (References in the Review Sheet).</p> <p>Sustainability. There are outstanding issues on sustainability under item 6 and 7 of the review.</p> <p>Scaling up. Not an important consideration as the PES scheme needs to be up and running for considering expanding beyond the 4 pilot provinces.</p> <p>1-21-14 Please address the issue of sustainability (Institutional and Financial).</p> <p>1-30-14 Cleared</p>	<p>7-2-16 Yes. Addressed on pages 52-58 of Prodoc. Cleared</p>

Review Criteria	Questions	Secretariat Comment at PIF (PFD)/Work Program Inclusion ¹	Secretariat Comment At CEO Endorsement(FSP)/Approval (MSP)
	14. Is the project structure/design sufficiently close to what was presented at PIF, with clear justifications for changes?		7-2-16 Yes. No significant changes compared to PIF. Cleared
	15. Has the cost-effectiveness of the project been sufficiently demonstrated, including the cost-effectiveness of the project design as compared to alternative approaches to achieve similar benefits?		7-2-16 Yes. See pages 13-14 in Request for CEO Endorsement. Cleared
Project Financing	16. Is the GEF funding and co-financing as indicated in Table B appropriate and adequate to achieve the expected outcomes and outputs?	8-20-13 Please address the co-financing questions under item 6 and item 8 c). 1-21-14 The issue of whether or not the flow of funds per unit area (made under item 8 in the previous review) will be sufficient to make the PES system viable and sustainable is still to be resolved. A key question here is: Is the payment enough to discourage the current behavior of land-owners and move them in the direction of Sustainable Land Management so these investments render Biodiversity, Land and Climate Change benefits? CHANGES NEEDED HERE 1-30-14 Cleared	7-2-16 Yes. The project has a number of co-financiers closely related to the implementation of the project. See comments on co-financing letters below.
	17. <u>At PIF</u> : Is the indicated amount and composition of co-financing as indicated in Table C adequate? Is the amount that the Agency bringing to the project in line	8-20-13 Please address the question on co-financing under item 6 and item 8 c). 1-21-14	7-2-16 The co-financing commitments needs to be clarified: 1) The Ministerial Decree with \$4.8 M

Review Criteria	Questions	Secretariat Comment at PIF (PFD)/Work Program Inclusion ¹	Secretariat Comment At CEO Endorsement(FSP)/Approval (MSP)
	<p>with its role? <u>At CEO endorsement</u>: Has co-financing been confirmed?</p>	<p>The co-financing brought up by FAO (\$200,000 in kind) is very limited. We would like to see a more significant contribution with cash (at least at CEO endorsement).</p> <p>CLEARED</p>	<p>is fine</p> <p>2) What is the status if the JICA support for the info. platform for \$8.0 M? The entry "(Ongoing?)" suggest this is not there yet. This requires a separate letter of co-financing from JICA</p> <p>3) The MOZBIO of the WB for \$1M contains GEF funds and can not be used as co-financing.</p> <p>4) The FCPF for the REDD+ readiness for \$3.6 M appears to be fine but requires a separate Letter of Co-financing.</p> <p>5) The FIP Cabo Delgado and Zambezi projects for \$24 M is only in planning stage and thus, could not be used as a source of co-financing.</p> <p>6) The FIP DGM project for \$4.5 M is for all the country. If relevant to the project, only the amount invested in the target area and theme of the GEF funded project should be included as co-financing.</p> <p>NOTE: Please include ONLY the co-financiers and amounts that relate directly to the GEF funded activities.</p> <p>The level of cofinancing has significantly increased from \$11.5 million to \$46.1 million; but the level of cofinancing in cash has been divided by two. Now, 90% of the financing is in kind, which is surprising from JICA, FCPF, FIP, or the WB. - Can you clarify why the cofinancing from these partners is not in cash/grants/loans? - In which measure, the decrease of cash</p>

Review Criteria	Questions	Secretariat Comment at PIF (PFD)/Work Program Inclusion ¹	Secretariat Comment At CEO Endorsement(FSP)/Approval (MSP)
			cofinancing is affecting the project, with now 90% of the (parallel?) cofinancing in kind? 9-18-16 Addressed in revised CEO Endorsement and in Response Matrix. Cleared
	18. Is the funding level for project management cost appropriate?	8-20-13 Yes. It is 4.7%. Cleared	7-2-16 Yes. It is 5%. Cleared
	19. <u>At PIF</u> , is PPG requested? If the requested amount deviates from the norm, has the Agency provided adequate justification that the level requested is in line with project design needs? <u>At CEO endorsement/ approval</u> , if PPG is completed, did Agency report on the activities using the PPG fund?	8-20-13 The PPG request is within the agreed amount for this FSP. Cleared	7-2-16 Yes. See Annex C in Request for CEO Endorsement. Cleared
	20. If there is a non-grant instrument in the project, is there a reasonable calendar of reflows included?	NA	NA
Project Monitoring and Evaluation	21. Have the appropriate Tracking Tools been included with information for all relevant indicators, as applicable?		7-2-16 Only the SFM TT was included. Please provide BD and CCM Tracking Tools. 9-18-16 Addressed in revised CEO Endorsement. Cleared
	22. Does the proposal include a budgeted M&E Plan that monitors and measures results with indicators and targets?		7-2-16 Yes. See pages 14-16 of Request for CEO Endorsement. Cleared
Agency Responses	23. Has the Agency adequately		

Review Criteria	Questions	Secretariat Comment at PIF (PFD)/Work Program Inclusion ¹	Secretariat Comment At CEO Endorsement(FSP)/Approval (MSP)
	responded to comments from:		
	<ul style="list-style-type: none"> • STAP? 		
	<ul style="list-style-type: none"> • Convention Secretariat? 		
	<ul style="list-style-type: none"> • The Council? 		<p>7-2-16</p> <p>Please provide responses to the Council comments at PIF approval as appropriate for CEO Endorsement</p> <p>FINDLAND'S Comments</p> <p>We consider crucial to manage expectations among all levels (among community members, among Gov. Officials nationally and regionally) regarding the word "payments" (for environmental services). Easily beneficiaries understand that the project will give payments but as far as we understand there is no established funding existing at this point to pay for future performance based offset. Managing expectations toward beneficiaries needs to be taken into account in the way project staff communicates. Another reason why expectation among beneficiaries need to be managed not to raise false hopes of quick money is the fact that it usually takes a long time before payments can be made. This is due to the fact that mechanisms first need to be established and the implemented and funding source found etc. The fact that things tend to take a long time might create frustration among beneficiaries and work against the project. Also the word "Payments" is a bit risky as de facto it might turn out</p>

Review Criteria	Questions	Secretariat Comment at PIF (PFD)/Work Program Inclusion ¹	Secretariat Comment At CEO Endorsement(FSP)/Approval (MSP)
			<p>that the benefits from the performance based offsets are not paid in cash but rather in form of a service, such as for example a school or health services. Generally people prefer hard cash but it might not be the best option.</p> <p>Efforts to find a source of funding for the actual payments (for the environmental services) needs to be done right from the start of the project. It is worth to explore opportunities with the World Banks Carbon Fund. They have a pot of 360 million USD dedicated to pilot REDD+ payment mechanisms.</p> <p>The activities listed in component 3 are not related to piloting PAYMENTS for environmental services but rather related to start up the possibility to sometime in the future be able to generate offsets and then have the right to obtain PES.</p> <p>Connected to the first comment under 3.1. it is expected that communities income will increase. This alludes to that we de facto are aiming for cash payments. This might be worth rethinking. There are a number of challenges in regards to sustainability etc. when it comes to cash payments.</p> <p>There are no references in the logical frame to clarification of land tenure and establishment of community based land tenure schemes. Clear tenure is directly linked to a functioning benefit sharing</p>

Review Criteria	Questions	Secretariat Comment at PIF (PFD)/Work Program Inclusion ¹	Secretariat Comment At CEO Endorsement(FSP)/Approval (MSP)
			<p>system.</p> <p>Regarding component 1. Strong coordination and keeping track of what other REDD+ related projects are ongoing. There are quite a few already ongoing in Mozambique “ not only FCPF.</p> <p>A comment regarding the budget: Component 2 (capacity building) is over budgeted. Recommendation: move funds from component 2 to component 3 (implementation) and slightly to component 1 (design).</p> <p>3.3.1. belongs to component 2 not 3.</p> <p>FRANCE'S Comments</p> <p>The project objective is to promote biodiversity conservation and climate change mitigation in miombo ecosystems, through the development of a payment of ecosystem services (PES) scheme that supports sustainable use and conservation of forests and wildlife and improves local peoples' livelihoods. The project will focus its activity in the Zambezia province and concentrate PES development in two project sites bordering two conservation areas in this Province: the Derra Forest Reserve and the Gile Wildlife Reserve.</p> <p>Comments:</p> <p>We globally support this initiative and its objective to reduce deforestation</p>

Review Criteria	Questions	Secretariat Comment at PIF (PFD)/Work Program Inclusion ¹	Secretariat Comment At CEO Endorsement(FSP)/Approval (MSP)
			<p>through PES scheme.</p> <p>ï,· We would like to raise attention to the FAO and JICA that the French Development Agency and the FFEM are completing a first 3,7 M â,¬ support to the Ministry of Tourism (MITUR) focused in the Gile national reserve and its bordering area (notably with the development of a buffer zone officially established November 1st, 2011 through a decree nÂ°70/2011 over 167,100 ha) and are at the inception of a 5 M â,¬ second phase project dedicated to the development of a REDD + mechanism to finance avoided deforestation in the bordering area of the same Gile Wildlife Reserve.</p> <p>There's clearly important opportunity of complementarity between the new REDD+ project (benefiting from FFEM funding) and this one (with GEF/JICA/FAO funding) if both Mozambican agencies (MINAG and MITUR) improve interministerial coordination to avoid competitive activities or overlaps of activities in the same bordering area of the Gile Wildlife Reserve.</p> <p>The two projects could definitely work synergistically together and generate complementary outcomes, if they work closely together in a coordinated manner.</p> <p>ï,· We urge FAO and JICA to support</p>

Review Criteria	Questions	Secretariat Comment at PIF (PFD)/Work Program Inclusion ¹	Secretariat Comment At CEO Endorsement(FSP)/Approval (MSP)
			<p>MINAG to coordinate this GEF project development with the REDD+ one managed with MITUR, and to associate AFD agency in Maputo to this project development phase to facilitate the final project design and a coordination framework amongst both projects.</p> <p>□</p> <p>Opinion: Favourable, with the above recommendation of coordination with MITUR and the French development agency office in Maputo.</p> <p>JAPAN'S Comments</p> <p>It is highly recommended that FAO coordinate this project with a JICA expert, dispatched to Ministry of Agriculture National Directorate of Land and Forests, as to effective alignment of the project component, especially because this project promotes development of PES schemes targeting ecosystems including forests and JICA supports establishment of national monitoring system of the forests.</p> <p>Paragraph38 : It is true that one of the barriers to promote private sector engagement is the perception of risk and the long payback periods for investment. On the other hand, it is also true that the opportunities for networking and exchanging information on the development needs are not sufficiently provided. The lessons learned from GEF projects should be widely shared in order to stimulate private investments.</p>

Review Criteria	Questions	Secretariat Comment at PIF (PFD)/Work Program Inclusion ¹	Secretariat Comment At CEO Endorsement(FSP)/Approval (MSP)
			<p>GERMANY'S Comments</p> <p>Germany approves the following PIFs in the work program, but asks that the following comments are taken into account:</p> <p>Suggestions for improvement to be made during the drafting of the final project proposal:</p> <p>Germany welcomes the PIF and agrees with the STAP assessment that the PIF provides a very relevant and feasible project design built on a thorough problem analysis. Germany would like to add the following comments for consideration:</p> <p>Experience shows that short-term economic benefits, for example from charcoal production, are an important driver for illegal logging. Germany therefore recommends a very careful consideration of the (short-term) benefits that can be derived from the sustainable production practices introduced by the project.</p> <p>In this context the project's support for the implementing of the National Biomass Energy Strategy providing incentives for the use of alternative energy sources plays a crucial role. Although already mentioned in the PIF (part A.1), Germany recommends to elaborate on this in greater detail in the</p>

Review Criteria	Questions	Secretariat Comment at PIF (PFD)/Work Program Inclusion ¹	Secretariat Comment At CEO Endorsement(FSP)/Approval (MSP)
			<p>project preparation.</p> <p>The described risks for the project implementation do not consider risks associated with political instability and changes in the security situation in the project region. Germany recommends including these risks.</p> <p>ĩ,</p> <p>As part of the regional SADC REDD activities, Mozambique has also been selected as pilot country for the development and testing of a regional approach to measure changes in forest areas and associated carbon stocks in Mopane woodlands in the Tete area (Part A1, page 7). Germany recommends incorporating experiences already made in these regions in the project.</p> <p>9-18-16 Addressed in Response Matrix. Cleared</p>
	<ul style="list-style-type: none"> • Other GEF Agencies? 		
Secretariat Recommendation			
<p>Recommendation at PIF Stage</p>	<p>24. Is PIF clearance/approval being recommended?</p>	<p>8-20-13 No. Please address all outstanding issues. Because this PIF was very much the same as the PIF presented in 2007, the GEF will require SIGNIFICANT improvements in the project. PLEASE DO TAKE THE TIME TO EXPLORE THE ISSUES AND PROVIDE CONVINCING ARGUMENTS IN SUPPORT OF THIS PROPOSITION.</p>	

Review Criteria	Questions	Secretariat Comment at PIF (PFD)/Work Program Inclusion ¹	Secretariat Comment At CEO Endorsement(FSP)/Approval (MSP)
		<p>1-21-14</p> <p>No. While there are significant improvements in the PIF in response to BD comments, most of the questions raised by CCM are still unresolved. Some questions have emerged from SFM that require attention too. Please address them prior to resubmission.</p> <p>The GEFSEC will be happy to convene a conference call with FAO to discuss these questions as required.</p> <p>1-30-14</p> <p>No. Please address outstanding issues under items 6,7 and 8. The GEF Secretariat would be available for consultation over email or teleconference.</p> <p>3-10-14</p> <p>Yes. This PIF is recommended for clearance.</p>	
	<p>25. Items to consider at CEO endorsement/approval.</p>	<p>1-21-14</p> <ol style="list-style-type: none"> 1. Provide detailed carbon calculation 2. Develop the multiple benefits of SFM in addition to the GEB; 3. Develop a comprehensive stakeholder analysis and mapping; explain how the project will work at local level and will help to develop sustainable mechanisms and capacities. 4. Include gender issues. 5. Provide a comprehensive risk assessment and what the mitigation measures are. 6. Address in full the points raised in the PIF review on matters of leakage and 	

Review Criteria	Questions	Secretariat Comment at PIF (PFD)/Work Program Inclusion ¹	Secretariat Comment At CEO Endorsement(FSP)/Approval (MSP)
		<p>sustainability of local governance mechanisms).</p> <p>7. Consult with the developers of the other GEF projects on PES.</p> <p>8. Develop sustainability aspects (PES, distribution mechanisms, local governance, monitoring).</p> <p>9. Address the issue of the involvement of local communities in identifying and preventing incidences of illegal logging through this project. That will aid in improved fine collection.</p> <p>9. Address the issue of the involvement of local communities in identifying and preventing incidences of illegal logging through this project. That will aid in improved fine collection.</p> <p>10. It is necessary to design a mechanism for monitoring how local communities would participate in law enforcement activities, identify and report illegal activities to DNTF, so they receive a fair share of the fines collected. This is related to the MRV system being developed by JICA-DNTF to be linked up to the system developed within the FCPF.</p> <p>FJ/CCM - 7 Mar 2014:</p> <p>a) Details on how the PES will work based on carbon benefit are expected at CEO endorsement stage.</p> <p>b) Details are expected by CEO endorsement on the means available at the National Directorate of Land and Forests (considering their other duties) to adequately proceed with the monitoring and verification activities needed for the</p>	

Review Criteria	Questions	Secretariat Comment at PIF (PFD)/Work Program Inclusion ¹	Secretariat Comment At CEO Endorsement(FSP)/Approval (MSP)
		<p>PES during and beyond project completion.</p> <p>c) In the unforeseen event of the SNV project not following through activities on improved kilns, details are expected on how the GEF project will address and reduce fuel wood demand for charcoal and how the project will ensure the replicability and scaling up of the associated activities beyond project completion.</p> <p>d) By CEO endorsement request, details are expected on how the project will ensure that the human and financial resources needed (to monitor and validate the carbon benefits on which the payments will be done) will be identified, put in place and secured for replication and scaling up beyond the proposed pilot.</p>	
Recommendation at CEO Endorsement/ Approval	26. Is CEO endorsement/approval being recommended?		<p>7-2-16 No. Please address issues raised under items 7,8 17,21 and 23 (Response to Council comments).</p> <p>9-18-16 Yes. This CEO Endorsement is recommended. Cleared</p>
	First review*	August 20, 2013	July 13, 2016
Review Date (s)	Additional review (as necessary)	January 21, 2014	September 18, 2016
	Additional review (as necessary)	January 30, 2014	

* This is the first time the Program Manager provides full comments for the project. Subsequent follow-up reviews should be recorded. For specific comments for each section, please insert a date after comments. Greyed areas in each section do not need comments.