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

GEF ID:	**5440**		
Country/Region:	**Ethiopia**		
Project Title:	**Mainstreaming Incentives for Biodiversity Conservation in the Climate Resilient Green Economy Strategy (CRGE)**		
GEF Agency:	**UNDP**	GEF Agency Project ID:	**4644 (UNDP)**
Type of Trust Fund:	**GEF Trust Fund**	GEF Focal Area (s):	**Biodiversity**
GEF-5 Focal Area/ LDCF/SCCF Objective (s):		**BD-2;**	
Anticipated Financing PPG:	**$0**	Project Grant:	**$3,316,454**
Co-financing:	**$16,000,000**	Total Project Cost:	**$19,316,454**
PIF Approval:	**September 12, 2013**	Council Approval/Expected:	**November 07, 2013**
CEO Endorsement/Approval		Expected Project Start Date:	
Program Manager:	**Jaime Cavelier**	Agency Contact Person:	**Alice Ruhweza**

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**?	6-18-13 Yes. Ethiopia is eligible for GEF funding. Cleared	6-23-15 Yes Cleared
	2. Has the **operational focal point** endorsed the project?	6-18-13 Yes. There is a LoE from the OFP dated 3-4-13 for $4.13M. Cleared	6-23-15 Yes Cleared
Resource Availability	3. Is the proposed Grant (including the Agency fee) within the **resources available** from (mark all that apply):		
	• the STAR allocation?	6-18-13 The budget needs to be reduced by 4% to comply with GEF Council guidance on reduction of countries STAR Allocations.	6-23-15 Yes 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.

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		No need to send revised LoE. Just ensure the OFP is aware of the reduction. 8-7-13 Ethiopia's BD STAR resources available are $3.730,000 as of today. If Ethiopia wants to have this project process, it needs to to reduce the current budget ($3,971,154) to $3.73M or below.	
	• the focal area allocation?	6-18-13 The budget needs to be reduced by 4% to comply with GEF Council guidance on reduction of countries STAR Allocations. No need to send revised LoE. Just ensure the OFP is aware of the reduction. 8-7-13 Ethiopia's BD STAR resources available are $3.730,000 as of today. If Ethiopia wants to have this project process, it needs to to reduce the current budget ($3,971,154) to $3.73M or below.	6-23-15 Yes Cleared
	• the LDCF under the principle of equitable access	NA	NA
	• the SCCF (Adaptation or Technology Transfer)?	NA	NA
	• the Nagoya Protocol Investment Fund	NA	NA
	• 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 objectives**? *For BD projects: Has the project explicitly articulated which Aichi Target(s) the project will help achieve and are SMART*	6-18-13 GEF Biodiversity Focal Area strategy. Objective 2; Mainstream Biodiversity Conservation and Sustainable Use into Production Landscapes, Seascapes and Sectors; Outcome 2.2: Measures to conserve and sustainably use biodiversity incorporated in policy and regulatory frameworks.	6-23-15 Yes Cleared

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	indicators identified, that will be used to track progress toward achieving the Aichi target(s).	Please make reference to the appropriate Aichi targets. Please introduce that information in the PIF. Thanks. 8-7-13 Properly addressed in the Response to the GEF Review. Cleared	
	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?	6-18-13 The project is consistent with Ethiopia's Growth and Transformation Plan (2010-2015) and with the National Biodiversity Strategy and Action Plan (NBSAP). Was this project identified in the GEF-5 National Portfolio Formulation Exercise (NPFE)? Please introduce that information in the PIF. Thanks. 8-7-13 Cleared	6-23-15 Yes Cleared
Project Design	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?	6-18-13 There is information on the investments in the environment, including REDD and the CRGE. Nevertheless, there is no information on the baseline investments for most of the outputs and outcomes of the project including: i) Conservation for threaten species (Decision Support Systems, Public Expenditure Reviews), ii) PES scheme. Please elaborate on what the Government is planning on doing on these outcomes, whether or not this GEF project is approved. Please introduce that information in the PIF. Thanks. 8-7-13	6-23-15 Yes Cleared

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		Properly addressed in the Response to the GEF Review. Cleared	
	7. Are the components, outcomes and outputs in the **project framework** (Table B) clear, sound and appropriately detailed?	6-18-13 Please address the following issues in the revised PIF 1. There is no apparent link between the proposed activities to conserve threaten species, and the CRGE and the PES schemes. Please elaborate on the relationship. 2. In Component 1, it is not clear how the CRGE Funding Facility is related to the proposed "public expenditure review" and the enhanced conservation of threaten species. Please elaborate on these relationships. 3. In Component 1, it is not clear how the CRGE Funding Facility related to the proposed "public expenditure review". 4. In Component 1, it is not clear what modifications the project is proposing on doing with the CRGE considering the type of project currently being supported by the this funding facility: (1). Improving crop and livestock production practices for reduced emissions, whilst increasing food security and farmer income; (2) Protecting and re-establishing forests for their carbon stocks and other ecosystem services; (3) Expanding electricity generation from renewable sources of energy for domestic and regional markets; and (4) Leap frogging to modern and energy-efficient technologies in rural cooking, transport, industry, and buildings.	6-23-15 Yes Cleared

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		5. In Component 2, while it is clear that the Government is going to pay for the Ecosystem Services, it is not clear if these payments are made out of the funds available at the CRGE Funding Facility. Please elaborate. If the latter, please elaborate on the sustainability of the effort; For how long the Government is in position to pay the farmers in the target area (20,000 ha to 250,000 at the end of the project). 6. The PES schemes appear to be more "direct payments for conservation" than PES schemes. Please make refer to the recent scientific and conservation literature for roles models, pros and cons. of schemes like the proposed here. 8-7-13 Properly addressed in the Response to the GEF Review. Cleared	
	8. (a) Are global environmental/ adaptation benefits identified? (b) Is the description of the incremental/additional reasoning sound and appropriate?	6-18-13 Yes. Cleared	6-23-15 Yes Cleared
	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?		6-23-15 Yes Cleared
	10. Is the role of public participation, including CSOs, and indigenous peoples where relevant, identified	6-18-13 Have the Local Communities being informed that they are going to	6-23-15 Yes Cleared

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	and explicit means for their engagement explained?	participate in this project and in a PES scheme in particular? 8-7-13 Properly addressed in the Response to the GEF Review. Cleared	
	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)	6-25-13 The risks associated with a PES schemes that more "direct payments for conservation" than payments based on the recurrent payment of ecosystem services delivered, should be seriously discussed. 8-7-13 Properly addressed in the Response to the GEF Review. Cleared	6-23-15 Yes Cleared
	12. Is the **project consistent and properly coordinated** with other related initiatives in the country or in the region?	6-18-13 Why is there no reference to the GEF-UNDP project "Institutionalizing Payments for Ecosystem Services"? What lessons were learned in that project that applies to the case in Ethiopia? Please make use of the information and lessons learned by international organizations working on PES, including the Katoomba Group (http://www.katoombagroup.org/) and Forest Trends. A full justification to set up this PES scheme is needed. 8-7-13 Properly addressed in the Response to the GEF Review. Cleared	6-23-15 Yes Cleared
	13. Comment on the project's **innovative aspects,**	6-18-13	6-23-15 Yes

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	sustainability, and potential for scaling up. • 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.	Innovation: Are there innovative features in the project design at the National, Regional or Local level? Sustainability: If funds to pay farmers come from the CRGE Funding Facility the project is clearly unsustainable in the long run. Based on the information provided in the PIF, the funds in this facility are sink funds, which will be used in due course. If the payments will be made from the Central Government coffers, please elaborate on the seriousness of the Government to sustain the effort and the reasons for doing it. Scale-up: There is reference the potential for the systematic scale up of PES across the Afromontane forests (covering at least 250,000 hectares). What would be the level of investments needed to sustain this effort and what would be the sources of funding? Is this realistic? 8-7-13 Properly addressed in the Response to the GEF Review. Cleared	Cleared
	14. Is the project structure/design sufficiently close to what was presented at PIF, with clear justifications for changes?		6-23-15 No. There is a significant difference between the PIF and the CEO Endorsement, regarding Component 2. While in the PIF the proposed outputs were clearly in line with the expected outcome (delivering 200,000 ha under

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			PES), the outputs in the CEO Endorsement are much "softer", making difficult to understand how the project can deliver 200,000 ha of afro-montane forests under PES. At CEO Endorsement, key outputs to deliver a working PES have disappeared, including the ID and metrics of the ES, the ID of the sellers, the PES agreements (including (Value of service; mode of payment; delivery of service), Institutional capacity to manage PES,Monitoring and verification system measures the impact of intervention (PES) on land use changes. Compare Outputs in Component 2: AT PIF: 1) Ecosystem services in the selected sites are defined, measured and assessed; amount of payment is determined, 2) Prospective sellers to supply ecosystem services identified; and their capacity to modify land use practices is enhanced through technical assistance / extension on biodiversity friendly land use practices, 3) PES agreements are brokered between sellers and Government specifying conditions for payments (Value of service; mode of payment; delivery of service) agreed upon by Government and sellers and operationalized through contracts 4) Institutions in place to manage the PES

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			scheme â€“ such as negotiation, contracting, transaction, verification, 5) Monitoring and verification system measures the impact of intervention (PES) on land use changes (actual delivery of ecosystem services), biodiversity and livelihoods in the target sites using standards and indicators derived from baseline information. AT CEO ENDORSEMENT: 2.1 Program participants/Sellers capacitated to provide the ecosystem services 2.2: Institutional capacity of national and regional governments and universities is in place to coordinate PES programmes, 2.3: Increased government investment in pro-conservation PES in a range of threatened ecosystems by end of project, 2.4: Increased awareness and understanding of the vital role of biodiversity and wider ecosystem services protection among decision / policy makers and the general public, 2.5: Lessons learned from project shared across project sites, more widely in Ethiopia and in the region. If a PES were going to be designed and implemented, it is of paramount importance to determine the users and providers of the Ecosystem Service(s) upfront. If there is no captured buyer of the ES, a PES is unlikely to become a reality.

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			Please elaborate on the changes. 9-19-15 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?		6-23-15 Yes 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?	6-18-13 It is not clear if the GEF funding and co-financing is going to be sufficient to achieve the proposed outputs and outcomes, because it is not clear where the funds for the PES will come from, and if the co-financing will be used in part or in total for paying the Ecosystem Services proposed in the scheme. 8-7-13 Properly addressed in the Response to the GEF Review. Cleared	6-23-15 Yes Cleared
	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 with its role? <u>At CEO endorsement</u>: Has co-financing been confirmed?	6-18-13 What are the $15.8M in co-financing from CRGE going to be used? 8-7-13 Properly addressed in the Response to the GEF Review. Cleared	6-23-15 the 2 LoE from Government are missing. 9-19-15 Cleared
	18. Is the funding level for **project management cost** appropriate?	6-18-13 It is 5% of the GEF project. Cleared	6-23-15 Yes Cleared
	19. <u>At PIF</u>, is PPG requested? If the requested amount deviates from	6-18-20 Cleared.	6-23-15 Yes

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	the norm, has the Agency provided adequate justification that the level requested is in line with project design needs? At CEO endorsement/ approval, if PPG is completed, did Agency report on the activities using the PPG fund?		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?		6-23-15 Yes Cleared
	22. Does the proposal include a **budgeted M&E Plan** that monitors and measures results with indicators and targets?		6-23-15 Yes Cleared
Agency Responses	23. Has the Agency adequately responded to comments from:		
	• STAP?		
	• Convention Secretariat?		
	• The Council?		
	• Other GEF Agencies?		
Secretariat Recommendation			
Recommendation at PIF Stage	**24. Is PIF clearance/approval being recommended?**	6-25-13 No. Please address outstanding issues under items 3-7, 10-17. Thanks. 8-7-13 Yes. This projec is recommended for clearance. Cleared	
	25. Items to consider at CEO endorsement/approval.	8-13-13 Please elaborate on the coordination with	

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		CEPF's investments in Afro-montane forests.	
Recommendation at CEO Endorsement/ Approval	**26. Is CEO endorsement/approval being recommended?**		6-23-15 No. Please address issues under items 14 and 17. 9-19-15 Yes. This CEO Endorsement of being recommended.
Review Date (s)	First review*	June 25, 2013	June 23, 2015
	Additional review (as necessary)	August 07, 2013	September 19, 2015
	Additional review (as necessary)		

* **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.**