

Part I: Project Information		Response
GEF ID		10213
Project Title		Economic instruments and tools to support the conservation of biodiversity, the payment of ecosystem services and sustainable development.
Date of Screening		16-May-19
STAP member Screener		Rosie Cooney
STAP secretariat screener		Virginia Gorsevski
STAP Overall Assessment		Minor
		STAP welcomes this proposal from UNDP to implement market-based mechanisms in Chile to maintain the country's natural capital. Overall, STAP finds that this is a well-structured concept note. The background is comprehensive, but succinct. The three Components are well described and logical, with policy formation interlinked with pilot sites and knowledge management. The entire project rests on the success of market-based mechanisms which have been adequately described. The question does emerge, however, of what happens if the two demonstration sites do not indicate benefits from the interventions. Will the project be abandoned? Will the approach be changed and new demonstrations planned? This is a key risk to the overall rationale and impact of the project, for which it should articulate a clear strategy. For instance, the PPG should include elements of adaptive management should this be the case in order to maximize benefits from GEF investments and ensure GEBs. Further, there are some major questions raised by the suggestion of using sustainable artisanal fishing as an offset - in particular, how will permanence of the offset be assured? This needs more information and explicit consideration. Finally, investing in participatory spatial planning during early stages to engage relevant stakeholders would be highly beneficial.
Part I: Project Information	What STAP looks for	Response
B. Indicative Project Description Summary		
Project Objective	Is the objective clearly defined, and consistently related to the problem diagnosis?	Yes, though the objective is a bit wordy and difficult to follow. The objective is to "...improve national financing of BD through the design, implementation and optimization of market-based economic instruments that strengthen public finances and facilitate the economic contribution of the private sector to the maintenance of the country's natural capital."
Project components	A brief description of the planned activities. Do these support the project's objectives?	Component 1 sets the institutional and governance framework. Component 2 develops the mechanisms in pilot areas. Component 3 is KM, monitoring, etc. Activities and sequence are pretty standard for GEF projects.
Outcomes	A description of the expected short-term and medium-term effects of an intervention.	In the short run the project will create committees, plans, tools and action plans – and build capacity - to set the stage for the demonstration projects where the tools will be tested and validated. If in the end these projects fail or are 'one off' and not replicated, expanded, etc. then the GEBs will be minimal and possibly short-lived.

	Do the planned outcomes encompass important global environmental benefits/adaptation benefits?	Success of this project rests on the adoption of these market based mechanisms over large geographic areas (to prevent leakage) and over the long-term. Note also that for the offset component, it is important to be clear that they offset or compensate harm i.e. they presuppose that there is damage to biodiversity/ecosystem services occurring (and are only generated/financed if it does). So an offset system is unlikely to improve biodiversity outcomes compared to the baseline situation, though they may help ensure further degradation does not happen. Note, relatedly, that viewing offsets as a key contribution to conservation financing requires a constant ongoing stream of large-scale biodiversity damage.
	Are the global environmental benefits/adaptation benefits likely to be generated?	See above.
Outputs	A description of the products and services which are expected to result from the project. Is the sum of the outputs likely to contribute to the outcomes?	See above.
Part II: Project justification	A simple narrative explaining the project's logic, i.e. a theory of change.	
1. Project description. Briefly describe:		
1) the global environmental and/or adaptation problems, root causes and barriers that need to be addressed (systems description)	Is the problem statement well-defined?	Yes. Essentially, severe degradation and depletion of key resources such as fisheries – particularly outside of protected areas due to LCLUC, IAS, development, climate change, extractive industries, pollution, etc.
	Are the barriers and threats well described, and substantiated by data and references?	The barriers are categorized as institutional, market and technical and are focused on the lack of financing and incentives to promote conservation. This focus on one particular issue is positive in that the project isn't spreading itself too thinly by attempting to tackle all problems, all drivers.
	For multiple focal area projects: does the problem statement and analysis identify the drivers of environmental degradation which need to be addressed through multiple focal areas; and is the objective well-defined, and can it only be supported by integrating two, or more focal areas objectives or programs?	N/A
2) the baseline scenario or any associated baseline projects	Is the baseline identified clearly?	Baseline activities indicate that despite the multiple barriers, there is recognition of the problems and some efforts are underway to address BD loss, degradation, etc
	Does it provide a feasible basis for quantifying the project's benefits?	Baseline is not quantified
	Is the baseline sufficiently robust to support the incremental (additional cost) reasoning for the project?	
	For multiple focal area projects:	
	are the multiple baseline analyses presented (supported by data and references), and the multiple benefits specified, including the proposed indicators;	N/A
	are the lessons learned from similar or related past GEF and non-GEF interventions described; and	There is clearly a good understanding of past/ongoing related projects so there should be good synergies with this project and no overlap.

	how did these lessons inform the design of this project?	
3) the proposed alternative scenario with a brief description of expected outcomes and components of the project	What is the theory of change?	The TOC is not explicitly outlined; however, the sequence is as described above. Develop the institutional framework, pilot tools/demonstrations, prove success and replicate and scale up. Re the second component, how the "simulated investment project" will work is not clear. Will an impact be assumed, then the demonstration project follow the relevant procedures that would ensue if this impact was happening? With respect to the sustainable practices among artisanal fishers offsets, how will the permanence of such offsets be assured? Fishers' behaviour can change rapidly and unpredictably in response to changing circumstances. If the impact these will offset is long-lasting or permanent, the offset must likewise be long-lasting or permanent. It is very unclear that this change will be. More information needed here.
	What is the sequence of events (required or expected) that will lead to the desired outcomes?	See above.
	· What is the set of linked activities, outputs, and outcomes to address the project's objectives?	See above.
	· Are the mechanisms of change plausible, and is there a well-informed identification of the underlying assumptions?	The mechanisms are briefly described and will obviously need to be developed in greater detail during PPG phase as well as adaptations that may be required if the proposed mechanisms are ineffective or encounter obstacles. Not clear what adaptations will be made or if there is a "plan B."
	· Is there a recognition of what adaptations may be required during project implementation to respond to changing conditions in pursuit of the targeted outcomes?	No. This is problematic. No "plan B" - see above.
5) incremental/additional cost reasoning and expected contributions from the baseline, the GEF trust fund, LDCF, SCCF, and co-financing	GEF trust fund: will the proposed incremental activities lead to the delivery of global environmental benefits?	The premise is that these mechanisms will address the rapid degradation and BD loss occurring outside of PAs much more quickly than would occur under any other scenario. If successful, this will lead to GEBs; however, as mentioned above there doesn't appear to be a contingency plan in case these mechanisms prove ineffective or result in minimal benefit vis-à-vis the cost and effort of the project. Importantly, in clarifying the biodiversity/ES benefits of this project, it is important to be clear that offsets are just that - they offset or compensate harm i.e. they presuppose that there is damage to biodiversity/ecosystem services occurring (and are only generated/financed if it does). So offsets are unlikely to improve biodiversity/ES compared to the baseline situation, but will only make damage to biodiversity less than it would have been without them (if successful).
	LDCF/SCCF: will the proposed incremental activities lead to adaptation which reduces vulnerability, builds adaptive capacity, and increases resilience to climate change?	N/A
6) global environmental benefits (GEF trust fund) and/or adaptation benefits (LDCF/SCCF)	Are the benefits truly global environmental benefits, and are they measurable?	The project proposes to protect ecosystems of high global importance and contribute to 100,000 ha of HCV forest and 700 ha of coastal area. Given the relatively small investment (\$2.3 m in direct GEF funding) this seems reasonable.
	Is the scale of projected benefits both plausible and compelling in relation to the proposed investment?	Yes, GEF investment is relatively small (\$2.3); however, when combined with other, ongoing activities this amount should contribute to improving the overall situation.

	Are the global environmental benefits explicitly defined?	If the project is successful and the demonstration projects lead to widespread adoption or changes in the way natural resources are valued, then the investment will yield greater benefits but this remains to be seen.
	Are indicators, or methodologies, provided to demonstrate how the global environmental benefits will be measured and monitored during project implementation?	A monitoring system will be included in any PES scheme, as recommended by STAP in an earlier guidance document.
	What activities will be implemented to increase the project's resilience to climate change?	Climate change is listed as a low risk.
7) innovative, sustainability and potential for scaling-up	Is the project innovative, for example, in its design, method of financing, technology, business model, policy, monitoring and evaluation, or learning?	The project claims to be innovative because it will adopt tools that are used elsewhere in the Chilean context.
	Is there a clearly-articulated vision of how the innovation will be scaled-up, for example, over time, across geographies, among institutional actors?	Upscaling and replicability is related to the sustainability strategy which rests on capacity building and enabling environment (standard).
	Will incremental adaptation be required, or more fundamental transformational change to achieve long term sustainability?	
1b. Project Map and Coordinates. Please provide geo-referenced information and map where the project interventions will take place.		A map is provided but no georeferencing
2. Stakeholders. Select the stakeholders that have participated in consultations during the project identification phase: Indigenous people and local communities; Civil society organizations; Private sector entities. If none of the above, please explain why. In addition, provide indicative information on how stakeholders, including civil society and indigenous peoples, will be engaged in the project preparation, and their respective roles and means of engagement.	Have all the key relevant stakeholders been identified to cover the complexity of the problem, and project implementation barriers?	The information provided on stakeholders is slim and very general. As all of these areas are coastal, the project might benefit from developing a marine spatial plan during PPG phase to effectively identify and engage stakeholders from the outset (see, for example, Pomeroy, R. and F. Douvère. (2008) The engagement of stakeholders in the marine spatial planning process. Marine Policy 32(5): 816 – 822.
	What are the stakeholders' roles, and how will their combined roles contribute to robust project design, to achieving global environmental outcomes, and to lessons learned and knowledge?	

<p>3. Gender Equality and Women's Empowerment. Please briefly include below any gender dimensions relevant to the project, and any plans to address gender in project design (e.g. gender analysis). Does the project expect to include any gender-responsive measures to address gender gaps or promote gender equality and women empowerment? Yes/no/ tbd. If possible, indicate in which results area(s) the project is expected to contribute to gender equality: access to and control over resources; participation and decision-making; and/or economic benefits or services. Will the project's results framework or logical framework include gender-sensitive indicators? yes/no /tbd</p>	<p>Have gender differentiated risks and opportunities been identified, and were preliminary response measures described that would address these differences?</p>	<p>A gender analysis and mainstreaming strategy and action plan will be developed during PPG phase (coordinated with MSP above?)</p>
	<p>Do gender considerations hinder full participation of an important stakeholder group (or groups)? If so, how will these obstacles be addressed?</p>	
<p>5. Risks. Indicate risks, including climate change, potential social and environmental risks that might prevent the project objectives from being achieved, and, if possible, propose measures that address these risks to be further developed during the project design</p>	<p>Are the identified risks valid and comprehensive? Are the risks specifically for things outside the project's control?</p>	<p>Numerous risks are identified with mitigation measures. The most critical, however, is that there is no incentive for stakeholders to participate from the outset. It must be made clear that people stand to benefit from engaging in process early and consistently if the tools are to be accepted and successful which is what the entire project rests upon.</p>
	<p>Are there social and environmental risks which could affect the project?</p>	
	<p>For climate risk, and climate resilience measures:</p>	<p>The mitigation measure listed for climate change is a huge stretch and very weak.</p>
	<ul style="list-style-type: none"> · How will the project's objectives or outputs be affected by climate risks over the period 2020 to 2050, and have the impact of these risks been addressed adequately? 	
	<ul style="list-style-type: none"> · Has the sensitivity to climate change, and its impacts, been assessed? 	
	<ul style="list-style-type: none"> · Have resilience practices and measures to address projected climate risks and impacts been considered? How will these be dealt with? 	
	<ul style="list-style-type: none"> · What technical and institutional capacity, and information, will be needed to address climate risks and resilience enhancement measures? 	
<p>6. Coordination. Outline the coordination with other relevant GEF-financed and other related initiatives</p>	<p>Are the project proponents tapping into relevant knowledge and learning generated by other projects, including GEF projects?</p>	<p>The project is tapping into existing related efforts and project proponents are clearly knowledgeable about how this effort will relate to each.</p>
	<p>Is there adequate recognition of previous projects and the learning derived from them?</p>	<p>It is not clear that lessons learned have been (will be) taken into account during the development of this project but there appears to be a structure in place to allow this to occur (e.g. via Steering committee, technical committee, etc.)</p>

	Have specific lessons learned from previous projects been cited?	
	How have these lessons informed the project's formulation?	
	Is there an adequate mechanism to feed the lessons learned from earlier projects into this project, and to share lessons learned from it into future projects?	
8. Knowledge management. Outline the "Knowledge Management Approach" for the project, and how it will contribute to the project's overall impact, including plans to learn from relevant projects, initiatives and evaluations.	What overall approach will be taken, and what knowledge management indicators and metrics will be used?	There are many projects and programs ongoing in Chile that this project will build on and learn from. Component 3 includes standard KM activities and outputs (e.g. we platform, publications, etc.)
	What plans are proposed for sharing, disseminating and scaling-up results, lessons and experience?	
STAP advisory response	Brief explanation of advisory response and action proposed	
1. Concur	STAP acknowledges that on scientific or technical grounds the concept has merit. The proponent is invited to approach STAP for advice at any time during the development of the project brief prior to submission for CEO endorsement.	
	* In cases where the STAP acknowledges the project has merit on scientific and technical grounds, the STAP will recognize this in the screen by stating that <i>"STAP is satisfied with the scientific and technical quality of the proposal and encourages the proponent to develop it with same rigor. At any time during the development of the project, the proponent is invited to approach STAP to consult on the design."</i>	
2. Minor issues to be considered during project design	STAP has identified specific scientific /technical suggestions or opportunities that should be discussed with the project proponent as early as possible during development of the project brief. The proponent may wish to:	
	(i) Open a dialogue with STAP regarding the technical and/or scientific issues raised;	
	(ii) Set a review point at an early stage during project development, and possibly agreeing to terms of reference for an independent expert to be appointed to conduct this review.	

	The proponent should provide a report of the action agreed and taken, at the time of submission of the full project brief for CEO endorsement.	
3. Major issues to be considered during project design	STAP proposes significant improvements or has concerns on the grounds of specified major scientific/technical methodological issues, barriers, or omissions in the project concept. If STAP provides this advisory response, a full explanation would also be provided. The proponent is strongly encouraged to:	
	(i) Open a dialogue with STAP regarding the technical and/or scientific issues raised; (ii) Set a review point at an early stage during project development including an independent expert as required. The proponent should provide a report of the action agreed and taken, at the time of submission of the full project brief for CEO endorsement.	