

Developing a PIF: First Steps

Step 1: Determine the Environmental Problem

The Environmental Problem is a brief description of two things:

- The specific problem that the project aims to solve
- The Global Environmental Benefits that will be impacted if the problem is not solved

The Environmental Problem should link to the relevant GEF focal areas/global environmental benefits.

Examples of a GEF environmental problem include:

- Lack of sustainable financing for the management of Peru's Natural Protected Areas means globally important biodiversity in the Amazon is at risk.
- Tropical forests and savannahs host the majority of terrestrial biodiversity, represent important carbon sinks, and provide numerous ecosystem services. However, these ecosystems are being increasingly deforested for commercial agriculture. Demand for a few key commodities is a root cause of this deforestation from agricultural production, with an estimated 70% of tropical deforestation alone coming from commercial agriculture for palm, soy, and beef (plus timber and pulp)

Step 2: Identify barriers

Barriers can be defined as the underlying causes that are contributing to the environmental problem. The project strategies should work to remove or address these barriers.

It is important to identify the key barriers at PIF stage, and have a general understanding of how they map to the project strategy.

Some **common high-level barriers** include:

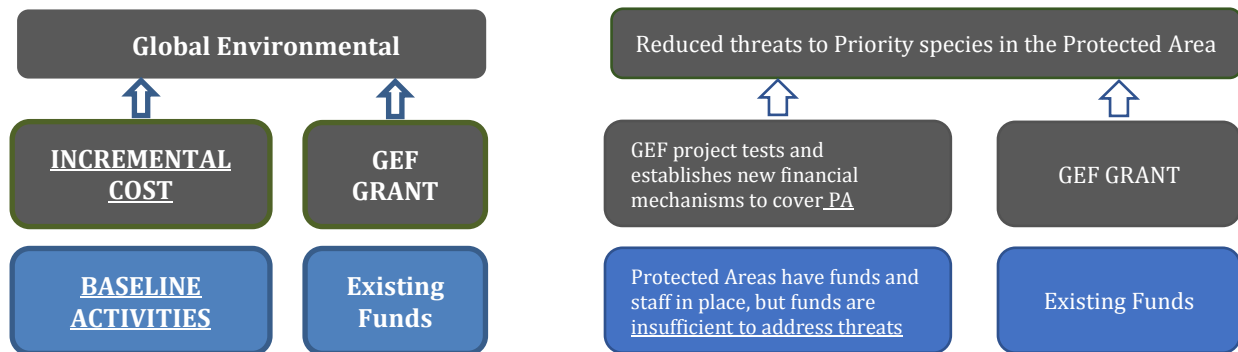
- Limited capacity
- Limited knowledge, information, or awareness
- Lack of resources (financial or other)
- Lack of coordination or conflicting plans

The matrix below may be used to map barriers and the corresponding project strategy. During the planning workshop, technical participants may break out into groups to develop key barriers based on this matrix.

Key strategy	Barrier
Example: Increased supply chain transparency to facilitate verification of sustainably produced commodities	Example: Complex structure of the supply chain and disparate data means lack of transparency. This prevents companies, consumers, and governments from informed decision making and from verifying sustainable supply chains.
2. Strategy	same as above

Step 3: Identify baseline

The baseline is a description of the ongoing and planned activities/initiatives taking place during the project period without GEF funding (e.g. the business-as-usual scenario). For GEF, a baseline demonstrates the foundation of work that the project plans to build upon or leverage. Through the GEF project, the baseline is transformed into one that yields global environmental benefits.



Please note, the GEF funds are a top up the existing baseline. The baseline (see co-financing) + the GEF Grant make up the full cost of the project.

At PIF stage, a brief description of the baseline is needed. The baseline should meet the below criteria:

- The baseline activity/initiative will be directly leveraged by (or contribute to) the proposed project strategy
- The ongoing and planned activities of the proposed Executing Agency and key partners (if known) is described, only if relevant to the project

Step 3: Determine the project objective and key strategies

Project objective: A statement that describes what the project is trying to achieve. In the GEF, the project objective should be directly addressing the environmental problem (e.g. if the environmental problem is a lack of effective management, the project objective should be to increase levels of effective management to ensure the protection of Amazon biodiversity).

Examples of project objectives include:

- To strengthen the enabling environment and public and private sector commitment to and demand for reduced-deforestation commodities in priority markets
- To promote long-term financial sustainability for the effective management of the National System of Protected Natural Areas of Peru (SINANPE) for the protection of globally important biodiversity and ecosystem services in the Amazon Biome
- Support to the Technical Assistance Facility (TAF) to provide project preparedness and technical assistance services to build a strong portfolio of transformative projects for the UNCCD Land Degradation Neutrality (LDN) Fund.

Key strategies: List the key strategies that will be undertaken with GEF funds to achieve the project objective. In GEF language, the strategy is composed of components, outcomes, and outputs.

<p>A Component is the high-level strategy or category under which the outcomes and outputs are organized.</p>	<p><u>Examples include:</u></p> <ul style="list-style-type: none"> • National capacity and enabling environment for cross-sectoral coordination to promote forest and landscape conservation • Mainstreaming demand for reduced deforestation commodities with major buyers and traders • Advancing supply chain transparency, traceability & decision support tools
<p>An Outcome is the medium-term effects achieved by an intervention's outputs</p>	<p><u>Examples include:</u></p> <ul style="list-style-type: none"> • Improved management of the human-wildlife interface • Increased options for the sustainable financing of NPAs • Increased consumer awareness to drive demand for reduced deforestation products in key demand markets
<p>An Output is a tangible deliverable (e.g. workshop, report, etc), and is often associated that leads to project outcomes/results</p>	<p><u>Examples include:</u></p> <ul style="list-style-type: none"> • Targeted donor communications and fundraising strategy • Feasibility studies of shortlisted financial mechanisms • Learning exchanges and workshops with key palm oil traders and buyers to drive reduced deforestation commitments • Annual scorecard of investors to assess how well investors address deforestation risks through their ESG integration and policies

Step 4: Develop the project Theory of Change

The Theory of Change is a description and/or diagram that demonstrates how project strategies will address the environmental problem and barriers described above, to bring about the desired impact (e.g. project objective).

To determine the theory of change map out, either narratively or using a diagram, use a theory of if-then statements (e.g. **if** we do this intervention, **then** this will result) to show how key strategies will lead to the project objective. The theory of change should stay within the project scope.

Example:

