STAP guidelines for screening GEF projects

Part I: Project Information	Response	
GEF ID	10937	
Project Title	The Selva Fund	
Date of Screening	June 8, 2022	
STAP member screener	Mark Stafford Smith	
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STAP Overall Assessment and Rating	**Minor issues to be considered during project design** STAP welcomes Conservation International's project, "The Selva Fund". The project is a Non-Grant Instrument (NGI) initiative focused on financing small and medium sized enterprises (SMEs) working on bioeconomy products in the Amazon region of Brazil, Colombia, Peru, and Ecuador. The project aims to achieve global environmental benefits through forest and land restoration, biodiversity conservation, and climate change mitigation. In addition, the project aims to increase employment and livelihoods in local communities. STAP supports the GEF mobilizing new financing for global environmental benefits. The project is strongly focused on livelihood co-benefits, which are necessary to make the financing model work, and ultimately, achieve global environmental outcomes. As some of these co-benefits are closely associated, possibly even a prerequisite, to achieving global environmental outcomes, STAP recommends visibly representing these co-benefits in the project's theory of change, to clarify the associated assumptions, and so they can be easily monitored and reported on. As the project is developed, STAP highly encourages Conservation International (CI) to strengthen the project's focus on global environmental benefits, and prerequisite co-benefits (i.e. livelihoods). Currently, the proposal is predominantly focused on the Selva Fund, and its finance structure, rather than ensuring the environmental benefits	

will materialize durably – for example, the description of the project objective should be strengthened to focus on global environmental outcomes and less on the Fund.

Making global environmental benefits the central thrust of this NGI initiative will also necessitate a robust monitoring, evaluation, and learning system around the core indicators, and other associated metrics of change that help track progress to achieving the project objectives (sustainable agricultural and livestock value chains, land and forest restoration, livelihoods), and long-term impact (SDG bond program). A strong monitoring and learning system is required for the GEF and CI to learn rapidly and absorb knowledge quickly into its logic chain, particularly about the novel incrementality aspect of applying blended finance to transform local, or national, benefits into global environmental outcomes.

In particular, a key innovation question for this project is whether the proposed Due Diligence steps and process (p.42, 44) are assessing the right things in terms of successfully delivering enduring global environmental benefits; and hence a key need for the project to be innovative is to establish monitoring and learning around these and their outcomes. There should be a clear commitment in the PIF to do this while further developing the project.

STAP supports the useful typology of four archetypal investment routes, three into SMEs directly doing better land and forest management, and one via SMEs that could be delivering 'enabling conditions' for the reduction of degradation from forests and land. The logic pathway in the first three investment routes is clear, and potentially supported by the parallel provision of technical assistance; though there is very limited discussion of the TA helping to ensure the global environmental benefits emerge from changes in management (most of the text on the TA emphasize financial management, etc), and this should be rectified.

The fourth investment route is also potentially legitimate but with a longer proposed chain of logic – that is, the SME will develop relevant tools or services, and then their clients will (hopefully) apply these to achieve global environmental benefits. This is similar to CI's global NGI project (#10765) on "Scaling up CRAFT: Mobilizing Private Capital to Mitigate Climate Change and Reduce Land Degradation through Resilience Investments", and as STAP highlighted then, this complex chain of assumptions needs much more rigorous interrogation to ensure global environmental benefits really accrue; the PIF should include a firm commitment to developing this monitoring and learning about whether different types of SME products and services are more or less likely to achieve enduring environmental benefits before CEO sign-off.

The first three investment routes resemble the NGI project (#10852) on "Green Finance and Sustainable Agriculture in the Dry Forest Ecoregion of Ecuador and Peru". STAP has made similar recommendations in these NGI projects on the need to establish robust monitoring, evaluation and learning systems to enable rapid learning from blended finance incrementality for global environmental benefits, with the aim to quickly absorb this learning (successes and failures) into the project's logic chain. There is no sign in this proposal that these concerns have been understood in this project. STAP highly encourages CI to draw from the NGI investment #10852 for potential lessons, as well as reflect on the guidance STAP provided in both projects.

The PIF is lengthy and very repetitious, which confuses the core logic; for example, the structure of the fund as regards the senior/junior equity/notes investors is described no less than 12 times, Figure 3 literally duplicates the text on the previous 2 pages, and the term sheet (Annex A) could have been used to summarize half the document. Reducing this redundancy would enable the PIF to concentrate more on the important issues of

	ensuring the delivery logic for each archetype is clear, monitored and made adaptive. Below, STAP details further its recommendations.	
Part I: Project Information **B. Indicative Project Description Summary**	**What STAP looks for**	**Response**
Project Objective	Is the objective clearly defined, and consistently related to the problem diagnosis?	Partly. The objective is worded as a short description of the Selva Fund, and its main activities. Please rephrase the objective so it focuses on what global environmental outcomes the project aims to achieve.
Project components	A brief description of the planned activities. Do these support the project's objectives?	See above.
Outcomes	A description of the expected short-term and medium-term effects of an intervention. Do the planned outcomes encompass important global environmental benefits/adaptation benefits?	Partly, due to the nature of the project.
	Are the global environmental benefits/adaptation benefits likely to be generated?	Possibly, with good monitoring, evaluation and learning of the global environmental outcomes, but monitoring and learning about which forms of fund investments work, and which do not, is the weakest aspect of the proposal; there should be an explicit articulation of the need and intent to rectify this before CEO sign-off.
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?	With good monitoring and learning, potentially.
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	Is the problem statement well-defined?	Partly. Recommend describing the type of tenure, or community/institutional arrangements, that characterize the project sites. Also describe any barriers to secure land tenure, or other barriers influencing social change (e.g. gender, cultural

need to be addressed (systems description)		norms, values), or communal forest management, in the project area. Suggest providing brief reference to papers and reports to support the information, and data, provided in section 1a. on climate change, forest and land degradation, and biodiversity conservation.
	Are the barriers and threats well described, and substantiated by data and references?	Suggest identifying critical barriers at the outcome and output level in the theory of change, so they remain visible as the project is implemented, and monitored. As described above, suggest also considering whether there are barriers to social change (e.g. tenure rights). At the moment, the main barriers are argued to be related to financing and capacity for small-medium enterprises to support the bioeconomy.
	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?	Yes, the problem statement explains the causes and effects of land and forest degradation, as well as threats to biodiversity.
2) the baseline scenario or any associated baseline projects	Is the baseline identified clearly?	A baseline narrative is provided describing relevant (on-going and past) projects. Several estimates of the core indicators at PIF stage are provided. These estimates are: area of land restored; area of degraded agricultural land restored; area of forest and forest land restored; area of landscapes under improved practices; Area of landscapes under improved management to benefit biodiversity; area of landscapes under sustainable land management in production systems; greenhouse gas emissions mitigated; carbon sequestered or emissions avoided in the AFOLU sector; and, number of direct beneficiaries.
	Does it provide a feasible basis for quantifying the project's benefits?	Possibly. The core indicators provide an estimate for quantifying the global environmental benefits.

		However, the project will need robust monitoring of these estimates, as well as adaptive management as necessary. STAP also suggests describing the methodologies the project will use for estimating and tracking each of the core benefits. There are key assumptions behind reaching these estimates, terms of how effective the loans are, for example in actually rehabilitating or restoring land durably. Additionally, STAP suggests identifying other metrics, or indicators, for ecosystem services, and for other co-benefits that are a prerequisite for achieving global environmental outcomes – for example, SDG indicator 1.4.2 on secure land tenure rights.
	Is the baseline sufficiently robust to support the incremental (additional cost) reasoning for the project?	Yes, however, good monitoring will be necessary as well as the need to identify metrics, or indicators, for co-benefits that underpin global environmental outcomes and transformational change (See STAP's papers on co-benefits and achieving transformation (i.e. section on monitoring and learning). See above.
	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;	Yes, estimates for core indicators related to forest, land, biodiversity, and climate change mitigation are provided.
	are the lessons learned from similar or related past GEF and non-GEF interventions described; and	Yes, lessons from the Partnership for Forests are described, particularly based on Palladium's experience.
	how did these lessons inform the design of this project?	Table 1 provides a list of baseline projects and how the interaction between this GEF initiative and each project is related to the objective. Consider adding a column that links each project to global environmental outcomes. Key lessons are also summarized on p.88 which could benefits from being identified earlier in the logic (although none of these pertain to the achievement of global environmental benefits…)
3) the proposed alternative scenario with a brief description of expected	What is the theory of change?	The project objective seeks to address financial gaps of small and medium enterprises working on bioeconomy activities in communities in the

outcomes and components of the project		Amazon. The funding will support activities on forest and land restoration that will result in global environmental benefits on biodiversity conservation, climate change mitigation, and other socio-economic benefits, such as increased employment.
		The Selva Fund seeks to catalyze additional investments from the private sector and other types of investors operating in the Amazon. The Fund, via Palladium, also expects to provide technical assistance on land management, finance, and market access.
		It is good that the Toc diagram (p.48) outlines several (quite reasonable) assumptions; however, these are not addressed in the text in any systematic way, although some of them are picked up in the risk assessment later.
		STAP suggests that: (i) key assumptions related to how the loans will actually deliver GEBs are missing and should be developed (for each archetype); (ii) these and some of the existing assumptions (e.g. SMEs are "well-suited to implementing" SLM, and "key to sustainable employment" – probably true but need monitoring to confirm unless strong evidence is presented here) highlight issues that should be monitored to ensure the assumptions are justified – the intent to develop an approach to this should be made explicit, and linked to learning and adaptive management of what sorts of loans are preferenced to what sorts of entities; and (iii) given the incentive of management fees to the fund managers means that it is not in their interest to collect data that might show the fund not working as regards GEBs, there should be a mature discussion of who should be responsible for this

		aspect of monitoring and learning (STAP suggests it should probably be GEF/CI rather than the Fund).
	What is the sequence of events (required or expected) that will lead to the desired outcomes?	The sequence of events that will lead to the desired outcomes is as follows: "GEF's investment will de-risk the overall fund, which will in turn leverage additional investors to join through lowering the risk profile of the Fund. As such, the Selva Fund will be able to (1) increase access to adequate finance into SMEs that are operating in bioeconomy-based and sustainable agriculture commodities' production value chains; (2) increase the area of the Amazon landscape that is under conservation or some form of sustainable management practice and (3) increase income generating opportunities and sustainable livelihoods for communities in the Amazon of Brazil, Colombia, Ecuador and Peru." This fails to explore the detailed logic of how all that will then lead to significant and enduring global environmental benefits.
		For example, as the Fund channels support to SMEs for improved land and forest practices (archetype 2 and 3), it will be necessary to assess the potential of the land to be restored and be agriculturally productivity, as well as generate ecosystem services (e.g. water availability) that underpin livelihoods and global environmental benefits. Such an assessment also will inform the types of agricultural and landscape interventions the Fund can support. UNCCD's report on integrated land use planning, integrated land use management to implement land degradation neutrality offers guidance on how to conduct a land potential assessment, as well as assess the land degradation status. The report also offers guidance on tools to carry out these assessments.
	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?	Six assumptions are included at the bottom of the theory of change. As the project is developed, suggest reassessing whether the assumptions remain relevant, and whether there are additional assumptions that need to be considered. In this regard, it would help to the robustness of the logic chain to identify assumptions that are critical to achieving each outcome and output. Additionally, recommend including assumptions related to how the loans to SMEs will lead to global environmental benefits. It will be necessary to test all assumptions and reflect the learning in the monitoring and adaptive management of the causal chain.
	Is there a recognition of what adaptations may be required during project implementation to respond to changing conditions in pursuit of the targeted outcomes?	Not visibly.
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?	Plausibly but this will not be possible to audit without good monitoring of the proposed global environmental benefits on land, biodiversity conservation and climate change mitigation and what has caused them.
	LDCF/SCCF: will the proposed incremental activities lead to adaptation which reduces vulnerability, builds adaptive capacity, and increases resilience to climate change?	Non-applicable.
6) global environmental benefits (GEF trust fund) and/or adaptation benefits (LDCF/SCCF)	Are the benefits truly global environmental benefits/adaptation benefits, and are they measurable?	Yes, the benefits are global. Recommend rephrasing the project objective to reflect the global environmental benefits the project aims to achieve.
	Is the scale of projected benefits both plausible and compelling in relation to the proposed investment?	Possibly. A good monitoring, evaluation and learning plan is needed to ensure there is rapid learning about the due diligence of the investment, and testing of critical assumptions that are preconditions for achieving land and forest restoration, biodiversity conservation, and climate change mitigation – in addition to the prerequisite socio-economic benefits (e.g. improved food

		security as a result of SMEs) that underpin the global environmental benefits.
	Are the global environmental benefits/adaptation benefits explicitly defined?	Yes.
	Are indicators, or methodologies, provided to demonstrate how the global environmental benefits/adaptation benefits will be measured and monitored during project implementation?	Yes, estimates for core indicators are provided on forest and land restoration, and climate change mitigation. As mentioned above, suggest also identifying indicators, or metrics, for co-benefits that are critical for the delivery of global environmental benefits.
	What activities will be implemented to increase the project's resilience to climate change?	The project's support for land and forest restoration are expected to contribute to the resilience of the targeted populations. Because of the nature of the project site (characterized by multiple and complex drivers related to land use change, climate change, possibly conflicts related to governance and land tenure rights), the project could useful apply a <u>resilience assessment</u> as a preparatory activity that informs the theory of change, and as a part of the project's longer-term plans for sustainable SMEs.
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 is innovative insofar as that it is the first GEF-supported fund focused on addressing financing gaps to small-medium enterprises on bioeconomy in the Amazon; though the PIF documents various other examples of components of this claimed innovation. The project will be based on the Partnerships for Forest Model and work with Palladium to build project recipients' technical expertise on sustainable agricultural practices, market access, and finance. Real innovation will only be achieved if there is rapid learning about what detailed chains of implementation logic work and which do not. Really a key innovation question for this project is whether the proposed Due Diligence steps and process (p.42, 44) are assessing the right things in terms of successfully delivering enduring global environmental benefits; and hence a key need for

		the project to be innovative is to establish monitoring and learning around these and their outcomes.
	Is there a clearly-articulated vision of how the innovation will be scaled-up, for example, over time, across geographies, among institutional actors?	Scaling up is proposed partly through the SDG Bond Program, which is a commendable prospect. Scaling intent is also visible in the theory of change figure, which leads the project to long-term impact, such as the SDG Bond Program. However, in the final project document, STAP recommends detailing the proposed scaling process(es) further, in particular describing how the activities/outputs/outcomes will lead to the SDG Bond Program, in order to consider whether any activities (such as relevant data collection) now will enhance the chances of this happening. Then the project could and should consider lead indicators to monitor the scaling and transformation process, for example in relation to: 1) capacity for change; 2) governance and policies; 3) multi-stakeholder dialogues; 4) innovation and learning; and, 5) financial leverage. Further details about lead indicators for scaling are described in STAP's paper on transformation.
	Will incremental adaptation be required, or more fundamental transformational change to achieve long term sustainability?	It is likely that both incremental and transformational change will be required due to climate and non-climate stressors and risks influencing the project area. The project team ought to consider carrying out a resilience assessment as a preparatory activity to help plan for the desired change.
1b. Project Map and Coordinates. Please provide geo-referenced information and map where the project interventions will take place.		In the final project document, include a map that shows a closer view of the target region, land use type, and type of forest, or land, degradation, as well as geo-referencing information. STAP's document on earth observation provides guidance on what elements to include in a map.
2. Stakeholders. Select the stakeholders that have participated in	Have all the key relevant stakeholders been identified to cover the complexity of the problem, and project implementation barriers?	A stakeholder engagement plan will be developed during the PPG phase. Suggest identifying what

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.		additional actors might need to be consulted to validate assumptions, address barriers, and to scale.
	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?	Please detail stakeholders' roles and how they will contribute to global environmental outcomes in the stakeholder engagement plan to be developed.
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	Have gender differentiated risks and opportunities been identified, and were preliminary response measures described that would address these differences?	Partly. Gender is mostly addressed only as an afterthought in this section, whereas it should be woven into the problem statement and response earlier on. As the project is designed (and implemented), STAP recommends for the project team to revisit the framing of the project and incorporate gender. For example, the project team is encouraged to elaborate further the theory of change during the PPG. As it does this, gender can be built along the impact pathway the project team strives to achieve.

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		
	Do gender considerations hinder full participation of an important stakeholder group (or groups)? If so, how will these obstacles be addressed?	See above.
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	Are the identified risks valid and comprehensive? Are the risks specifically for things outside the project's control? Are there social and environmental risks which could affect the project? For climate risk, and climate resilience measures: • 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? • Has the sensitivity to climate change, and its impacts, been assessed? • Have resilience practices and measures to address projected climate risks and impacts been considered? How will these be dealt with? • What technical and institutional capacity, and information, will be needed to address climate risks and resilience enhancement measures?	The risks are described in a table, followed by a narrative of the climate change risks. In the project design, use the table to identify the risks that would affect the delivery of outputs and outcomes, and register those risks in the theory of change of the project.
6. Coordination. Outline the coordination with other relevant GEF-financed and other related initiatives	Are the project proponents tapping into relevant knowledge and learning generated by other projects, including GEF projects?	Yes, a list of GEF and non-GEF initiatives is provided along with how they will link to this project.
	Is there adequate recognition of previous projects and the learning derived from them?	Yes, this information is described in the baseline project section.
	Have specific lessons learned from previous projects been cited?	Lessons from previous efforts, non-GEF and GEF, are identified and have been taken up in the design of the PIF. However, these do not address the environmental outcomes aspects. The project team

		is encouraged to continue delving further into lessons, and how this knowledge contributes to this initiative. Two other NGI projects (#10852 and #10765) have similar business models as the business archetypes described in this project. Recommend drawing from these initiatives for lessons learned, including from #10765 before its cancellation.
	How have these lessons informed the project's formulation?	See above.
	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?	A monitoring, evaluation, learning (MEL) approach is not evident in the PIF. STAP recommends designing the project with a strong emphasis on MEL to allow for the rapid learning from this innovative project to be absorbed quickly into the logic chain, particularly as regards its (elaborated) assumptions; and thus, make the necessary adjustments to achieve the scaling and long-term impact it envisions.
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?	The knowledge management will be centered on Palladium's experiences, and be led by Palladium. CI is encouraged to view knowledge management as central to the project; thereby, design and implement the project with a view for constantly tracking progress, monitoring short-term outputs and outcomes, learn, and adapt quickly from the failures, and successes, of this innovative project.
	What plans are proposed for sharing, disseminating and scaling-up results, lessons and experience?	A knowledge management and learning strategy will form part of the final project. In addition to the strategy, STAP stresses the importance of knowledge management becoming a central component of the project.

Notes

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 *"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."*
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.