



## Investment Readiness for the Landscape Resilience Fund

### Part I: Project Information

**GEF ID**

10436

**Project Type**

MSP

**Type of Trust Fund**

MTF

**CBIT/NGI**

CBIT

NGI

**Project Title**

Investment Readiness for the Landscape Resilience Fund

**Countries**

Global

**Agency(ies)**

WWF-US

**Other Executing Partner(s)****Executing Partner Type**

**Other Executing Partner(s)**

South Pole Carbon Asset Management, Ltd.

**Executing Partner Type**

Private Sector

**GEF Focal Area**

Climate Change

**Taxonomy**

Focal Areas, Climate Change, Climate Change Adaptation, Climate resilience, Least Developed Countries, Mainstreaming adaptation, Private sector, Livelihoods, Ecosystem-based Adaptation, Innovation, Climate finance, Climate information, Community-based adaptation, Influencing models, Convene multi-stakeholder alliances, Deploy innovative financial instruments, Strengthen institutional capacity and decision-making, Demonstrate innovative approaches, Stakeholders, Indigenous Peoples, Private Sector, SMEs, Civil Society, Community Based Organization, Communications, Awareness Raising, Education, Type of Engagement, Information Dissemination, Local Communities, Capacity, Knowledge and Research, Learning, Adaptive management, Knowledge Generation, Knowledge Exchange, Capacity Development, Enabling Activities

**Rio Markers****Climate Change Mitigation**

Climate Change Mitigation 0

**Climate Change Adaptation**

Climate Change Adaptation 2

**Duration**

36 In Months

**Agency Fee(\$)**

102,839

**Submission Date**

2/24/2020

**A. Indicative Focal/Non-Focal Area Elements**

<b>Programming Directions</b>	<b>Trust Fund</b>	<b>GEF Amount(\$)</b>	<b>Co-Fin Amount(\$)</b>
CCA-1	SCCF-A	571,330	8,041,903
CCA-1	LDCF	571,331	8,041,903
	<b>Total Project Cost (\$)</b>	<b>1,142,661</b>	<b>16,083,806</b>

**B. Indicative Project description summary**

**Project Objective**

To catalyze private sector investment in small business climate-resilient projects.

<b>Project Component</b>	<b>Financing Type</b>	<b>Project Outcomes</b>	<b>Project Outputs</b>	<b>Trust Fund</b>	<b>GEF Amount(\$)</b>	<b>Co-Fin Amount(\$)</b>
--------------------------	-----------------------	-------------------------	------------------------	-------------------	-----------------------	--------------------------

Project Component	Financing Type	Project Outcomes	Project Outputs	Trust Fund	GEF Amount(\$)	Co-Fin Amount(\$)
1. Establishing systems and matchmaking support for small businesses to access private investment for climate-resilient projects	Technical Assistance	1.1. Sustainable processes for technical assistance provision to make small-business climate-resilient projects investment-ready	1.1.1. Selection of at least 9 small businesses (project developers) to be supported in making their climate-resilient projects investment-ready	SCCF -A	171,330	35,000
			1.1.2. Development of investment readiness plans with supported small businesses (as preparation for investment, see component 2)			
			1.1.3 Establishment of a system for partial or full reimbursement of loans and technical assistance services (provided in Component 2), and re-investment in technical assistance			
		1.2 Increased capacity of small businesses to match	1.2.1: Technical assistance to supported small businesses for development of project offer sheets and project pitches to investors			

Project Component	Financing Type	Project Outcomes	Project Outputs	Trust Fund	GEF Amount(\$)	Co-Fin Amount(\$)
1. Establishing systems and matchmaking support for small businesses to access private investment for climate-resilient projects	Technical Assistance	1.1. Sustainable processes for technical assistance provision to make small-business climate-resilient projects investment-ready	1.1.1. Selection of at least 9 small businesses (project developers) to be supported in making their climate-resilient projects investment-ready	LDC F	171,331	35,000
			1.1.2. Development of investment readiness plans with supported small businesses (as preparation for investment, see component 2)			
			1.1.3 Establishment of a system for partial or full reimbursement of loans and technical assistance services (provided in Component 2), and re-investment in technical assistance			
		1.2 Increased capacity of small businesses to match with investors for their climate-resilient investment-	1.2.1: Technical assistance to supported small businesses for development of project offer sheets and project pitches to investors			

<b>Project Component</b>	<b>Financing Type</b>	<b>Project Outcomes</b>	<b>Project Outputs</b>	<b>Trust Fund</b>	<b>GEF Amount(\$)</b>	<b>Co-Fin Amount(\$)</b>
2. Assistance to make climate-resilient projects investment-ready	Investment	2.1. Private developers (small businesses) of climate-resilient investment projects have increased technical and financial capacity to structure their projects and make them investment-ready	2.1.1. Zero-interest loans or direct provision of technical assistance services for supported small businesses to implement the investment-readiness plans	SCCF -A	300,000	7,250,000
2. Assistance to make climate-resilient projects investment-ready	Investment	2.1. Private developers (small businesses) of climate-resilient investment projects have increased technical and financial capacity to structure their projects and make them investment-ready	2.1.1. Zero-interest loans or direct provision of technical assistance services for supported small businesses to implement the investment-readiness plans	LDC F	300,000	7,250,000

<b>Project Component</b>	<b>Financing Type</b>	<b>Project Outcomes</b>	<b>Project Outputs</b>	<b>Trust Fund</b>	<b>GEF Amount(\$)</b>	<b>Co-Fin Amount(\$)</b>
3. Knowledge management and effective project monitoring and evaluation	Technical Assistance	3.1 Knowledge management and M&E to inform adaptive project management and long-term private investment support for Landscape Resilience Fund success	<p>3.1.1 Project monitoring outputs inform adaptive management for successful project results</p> <p>3.1.2 Project terminal evaluation and project lessons disseminated to key stakeholders (including other GEF Challenge Program projects, fund managers and the private sector)</p> <p>3.1.3. Project knowledge products developed and disseminated to inform future private-investment support</p>	SCCF -A	50,000	50,000

<b>Project Component</b>	<b>Financing Type</b>	<b>Project Outcomes</b>	<b>Project Outputs</b>	<b>Trust Fund</b>	<b>GEF Amount(\$)</b>	<b>Co-Fin Amount(\$)</b>	
3. Knowledge management and effective project monitoring and evaluation	Technical Assistance	3.1 Knowledge management and M&E to inform adaptive project management and long-term private investment support for Landscape Resilience Fund success	3.1.1 Project monitoring outputs inform adaptive management for successful project results  3.1.2 Project terminal evaluation and project lessons disseminated to key stakeholders (including other GEF Challenge Program projects, fund managers and the private sector)  3.1.3. Project knowledge products developed and disseminated to inform future private-investment support	LDC F	50,000	50,000	
<b>Sub Total (\$)</b>					<b>1,042,661</b>	<b>14,670,000</b>	
<b>Project Management Cost (PMC)</b>							
					SCCF-A	50,000	706,903
					LDCF	50,000	706,903
<b>Sub Total(\$)</b>					<b>100,000</b>	<b>1,413,806</b>	

**Project Management Cost (PMC)**

---

**Total Project Cost(\$)**

**1,142,661**

**16,083,806**

**C. Indicative sources of Co-financing for the Project by name and by type**

<b>Sources of Co-financing</b>	<b>Name of Co-financier</b>	<b>Type of Co-financing</b>	<b>Investment Mobilized</b>	<b>Amount(\$)</b>
Private Sector	South Pole via Multinational corporations and investors	Loans	Investment mobilized	15,000,000
Private Sector	South Pole via Bilateral funder	Grant	Investment mobilized	800,000
Private Sector	South Pole via European Union through Climate-KIC	Grant	Recurrent expenditures	150,000
GEF Agency	World Wildlife Fund, Inc.	In-kind	Recurrent expenditures	133,806
			<b>Total Project Cost(\$)</b>	<b>16,083,806</b>

**Describe how any "Investment Mobilized" was identified**

Investment mobilized was identified as: (a) Corporate investments anticipated to be mobilized in the project period due to the TA support and due to the signal GEF gives by being a “first-mover” for the Landscape Resilience Fund (LRF); (b) Additional funds mobilized for TA from a bilateral source.

**D. Indicative Trust Fund Resources Requested by Agency(ies), Country(ies), Focal Area and the Programming of Funds**

<b>Agency</b>	<b>Trust Fund</b>	<b>Country</b>	<b>Focal Area</b>	<b>Programming of Funds</b>	<b>Amount(\$)</b>	<b>Fee(\$)</b>	<b>Total(\$)</b>
WWF-US	SCCF-A	Global	Climate Change	NA	571,330	51,419	622,749
WWF-US	LDCF	Global	Climate Change	NA	571,331	51,420	622,751
<b>Total GEF Resources(\$)</b>					<b>1,142,661</b>	<b>102,839</b>	<b>1,245,500</b>

**E. Project Preparation Grant (PPG)**

PPG Required

**PPG Amount (\$)**

50,000

**PPG Agency Fee (\$)**

4,500

<b>Agency</b>	<b>Trust Fund</b>	<b>Country</b>	<b>Focal Area</b>	<b>Programming of Funds</b>	<b>Amount(\$)</b>	<b>Fee(\$)</b>	<b>Total(\$)</b>
WWF-US	SCCF-A	Global	Climate Change	NA	25,000	2,250	<b>27,250</b>
WWF-US	LDCF	Global	Climate Change	NA	25,000	2,250	<b>27,250</b>
<b>Total Project Costs(\$)</b>					<b>50,000</b>	<b>4,500</b>	<b>54,500</b>

**Core Indicators**

Provide additional explanation on targets, other methodologies used, and other focal area specifics (i.e., Aichi targets in BD) including justification where core indicator targets are not provided

**LDCF/SCCF Results sheet filled out and attached in portal.**

## **Part II. Project Justification**

### **1a. Project Description**

## **PART II: PROJECT JUSTIFICATION**

### ***1a. Project Description.***

#### **1) Global environmental and/or adaptation problems, root causes and barriers that need to be addressed (systems description);**

##### ***Global Adaptation Problem and Root Causes***

According to the 2019 Intergovernmental Panel on Climate Change (IPCC) Special Report on Climate Change and Land (IPCC, 2019), over 70% of the ice-free land surface is already affected by human beings. As the world's population rises to 9 billion by 2020 and production and consumption patterns change, we are putting ever more pressure on lands. This has detrimental impacts on climate change, biodiversity loss, soil fertility loss and changes in water availability and distribution, and further leads to rising inequality, poverty, lack of socioeconomic opportunities, mass migration, conflict and war.

Globally, climate change poses a significant threat to societies and businesses due to more frequent and extreme weather events, increasing gravitational hazards (landslides, mudslides, rockslides etc.) and recurring physical impacts such as sea level and temperature rise and changing precipitation patterns. These climate-related disasters, droughts in particular, have dramatic consequences for food security. If these events occur at a critical moment, the impacts on the agricultural yields can be devastating (Helvetas, 2015).

Smallholder farmers and indigenous peoples are among the most vulnerable parts of the population. The most vulnerable populations are those least able to cope and often the least responsible for climate change. Farmers in different parts of the world are already feeling the effects on crop and food production. While some areas are seeing positive effects on their yields, the negative impacts clearly outweigh the positive ones (IPCC, 2019). In many areas across the world, climate change is expected to lead to productivity losses. This threatens food security for the population depending on this income as well as the global population. Since organic production only makes up a small percentage of agricultural production, soil fertility is rapidly diminishing, further accelerating the issues. Farmers often lack both the know-how and financial resources to take adaptive

measures such as restoration of forests (that function as a water buffer in case of drought or floods) and climate-resilient farming practices like agroforestry. Small and medium enterprises (SMEs) are a common actor to link farmers and multinational corporates via supply chains, and often the driver of innovative approaches.

In order to support the most vulnerable populations to adapt to climate change, there is an urgent need for greater investment in climate adaptation and resilience, but current investments in adaptation, public and private, constitute only a fraction of what is needed. In 2016, only USD 22 billion (~5% of total global climate finance) went to adaptation activities. Out of these 22 billion, 50% has been invested in water and wastewater management and 21% in land use adaptation in the form of agriculture and forestry management (Oliver et al., 2018). Philanthropic support for adaptation from the private sector is very low. The limited investment from the private sector to build resilience is often a direct response to the climate-related risks experienced by a business. For these reasons, only a very small percentage of climate funding is supporting disadvantaged communities, such as farming and indigenous communities, to adapt to climate change in developing countries.

***Barriers that need to be addressed to unlock private investment in climate-resilient projects in sustainable landscapes:***

***Barrier 1: Lack of investment-ready projects that deliver climate adaptation benefits***

The investment gap in landscape-level climate adaptation in developing countries is not the result of a shortage of capital. There are a range of international and local investors interested in climate-resilient investments, particularly multinational corporates who want to secure their agricultural supply chains in a changing climate, but they cannot source enough investment-ready climate-resilient projects (also called “lack of deal flow”) because of several problems:

- Climate-resilient projects do not generate sufficient cash flows or cash flows lie several years in the future, thereby increasing risks such as market and counterparty risk
- Climate-resilient projects are not designed in ways that mitigate major risks. Typical risks in climate-resilient agriculture and forestry projects are the following: missing track record in technologies and interventions, missing technology warranties, unclear or weak agricultural off-take agreements, flawed financial planning or weak capital base (limited equity of project owners).

***Underlying Barrier 1a: Knowledge of small businesses on how to prepare investment-ready adaptation projects***

Projects are often not investment-ready because the project developers (often small businesses) lack the knowledge on how to structure and develop robust investable projects. This lack of capacity includes lack of awareness about the importance for investors of: financial records and information, sound management systems including accounting functions, reliable cash flows and contracts underpinning them, compliance with environmental and social standards and regulations, choice of technology and related warranties, track record of team and utilized approaches. Sometimes, project developers, while applying climate-resilient approaches and technologies (e.g. seeds for agriculture or forestry), do not consistently transfer the relevant know-how to farmers and indigenous people involved in the implementation on the ground, which poses a risk to private investors.

*Underlying Barrier 1b: Costs and risks to prepare investment-ready adaptation projects*

While in most cases the main barrier to climate-resilient deal flow lies in the capacity gaps of the small businesses themselves, there are also cases where small-business project developers have adequate staff with relevant know-how but struggle to finance project preparation (including involved staff), as their capital base is not very strong. As a consequence, such small businesses have to wait a long period until they are able to access external financing for project implementation; in such cases, project preparation is often delayed or even aborted.

***Barrier 2: Missing access of small-business project developers to private investors***

Even when small businesses have mitigated most relevant risks for climate-resilient projects, they do not know how to present relevant information to investors, including preparation of an adequate offer sheet. Moreover, project developers lack access to investors, or do not know which are the appropriate investors that look for investment opportunities matching the risk-return profile of their climate-resilient projects. There is a shortage of virtual or physical opportunities where small businesses and their adaptation-related investment opportunities can match with qualified investors across the world.

***Barrier 3: Limited availability and sharing of up-to-date knowledge on best practices in creating climate-resilient investment-ready projects***

Given the relative novelty of approaches to build climate resilience into land use projects, make them investable and link them to investors, there is no established knowledge exchange or basis on these topics. Small businesses who are working on novel adaptation projects do not know where to access information on successful approaches where similar projects have accessed investments, and investors do not know where to learn about project types with a good track record and low investment risks. Even those trying to bridge this barrier, like private-sector-oriented adaptation or land use funds, or similar technical assistance programs, may not always apply the best approaches, because they are not fully aware about successful cases.

**2) Baseline scenario and any associated baseline projects;**

*Pipeline of Adaptation Project Proposals/Enterprises*

There are a range of private companies interested in investing in climate-resilient projects promoted by small businesses in developing countries. However, as described in the section above, they often lack a deal flow of investment-ready opportunities.

The **Landscape Resilience Fund (LRF)**<sup>[1]</sup>, currently under development by South Pole and WWF DACH (Germany, Austria/WWF Landscape Finance Lab and Switzerland) is planned to be established in 2020, demonstrates such private sector interest in climate-resilience projects with its goal being to finance investable projects integrated in sustainable landscapes in developing countries. It is planned that the fund will raise up to USD 20 million in 2020-2022, with further USD 40 million in the following years.

There is strong interest from corporate investors to invest in LRF, yet without GEF funding there are not enough well-developed climate-resilient projects that are investment-ready. In the Landscape Resilience Fund pipeline, there are currently over 20 potential projects, of which 3 projects are close to investment-ready with the other 17+ projects needing further technical assistance support for project preparation to make them investable for LRF, as they face problems such as those described in the barriers section. Making these climate-resilient projects investment-ready will allow the LRF to be turned into a full-fledged climate resilience fund. Eligibility criteria to enter the pipeline of the 20 projects include:

- Adaptation/resilience outcomes
- Capacity for transformative positive environmental and social impacts and successful assessment through LRF's SDG impact evaluation, including demonstrable adaptation benefits (particularly reduced vulnerability of smallholder farmers and indigenous people (reflecting benefit sharing), as shown by an initial vulnerability assessment);
- investment-readiness (availability of full business plan by a small business, including reflection of safeguards; likelihood of accessing private investments upon support from the fund (assessed based on cash flow profiles, similar projects having accessed funding in the past, and the credibility of the project developer));
- scalability or replicability (ensuring that project outcomes can grow over time and/or that the project design can facilitate the implementation of further projects elsewhere with reduced costs and risks);
- potential to integrate into a landscape approach (essentially: creating a multi-stakeholder platform, ensuring shared understanding, engaging in collaborative planning, facilitating effective implementation, and monitoring impacts)

Projects will be assessed against these criteria by the LRF fund management in consultation with the advisory board and presented to the investment committee for decision making. The project pipeline includes;

- Several regions and nations: Sub-Saharan Africa (e.g. Ghana, Uganda), South Asia (e.g. India) South East Asia (e.g. Cambodia, Indonesia) and Latin America (e.g. Ecuador, Chile, Peru, Guatemala)
  - Multiple commodities: e.g. cocoa, coffee, rice, cotton and sustainable timber
  - Various project types: agricultural supply chain projects, local agricultural projects, agroforestry, sustainable forestry, ecotourism.
-

The projects in the pipeline plan to deliver adaptation benefits such as:

- increased availability and improved seasonal distribution of drinking water
- reduction of impacts from floods and gravitational hazards (landslides, mudslides, rockslides etc.)
- reduction of effects of heat islands
- increased soil fertility, water storage capacity, and soil carbon content
- diversification of income streams

Project proponents are typically local small businesses, in many cases in interaction with local and international NGOs. Small businesses are defined here as businesses with a maximum of 250, in most cases below 50 employees<sup>[2]</sup>.

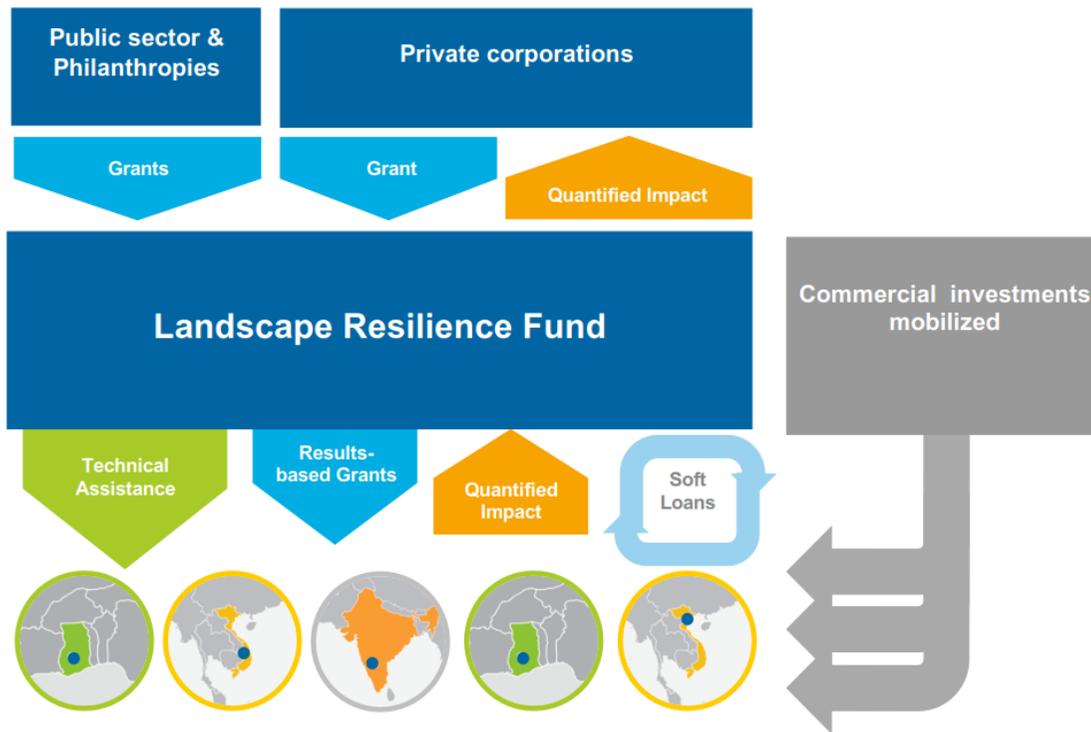
Without GEF funding, there will be limited investments from LRF, including in the 3 investable projects over the next 3 years (estimated at around USD 3 million). However, the further USD 15+ million of corporate investment planned until 2022 will not be unlocked without a stronger deal flow of investable projects. The small-business project developers are also unlikely to find non-LRF private investments, as other investors will use stricter investment criteria (commanding lower risk and higher return) than LRF. Further, as described above, project developers often do not know how to pitch their projects nor what types of investors are the right ones to approach.

The following instruments will be used by LRF (see figure below), as part of the non-GEF financed project baseline;

- **Soft loans:** Revolving soft loans will be invested where climate-resilient projects can show regular returns, such as for specific agricultural products with clear offtake agreements. Interest and principal repayments are normally not repaid to funders but re-invested in new (or the same) resilience projects, therefore creating a revolving facility that will create long-term sustainable impact.
  - **Results-based (including reimbursable) grants:** results-based grants (reimbursable wherever possible) will bring down investment risks for privately held projects in the space of sustainable agriculture and the preservation and restoration of natural ecosystems that provide cost-effective protection from climate change threats. Disbursement of grants is contingent on generated results (pertaining to an increase in climate resilience). These grants are only invested in projects that cannot secure enough cash flows to pay interest.
-

- ***Landscape integration:*** These activities are used to ensure landscape-level sustainability and resilience planning so that all projects are integrated and reinforce each other; part of this funding will be used for capacity building.
- ***Commercial debt and equity:*** the fund may add a market-rate commercial investment window in the future (no concessionality), but for this another special purpose vehicle will have to be created. In the meantime, most purely commercial funding will be coming as direct co-investments into projects.

The Landscape Resilience Fund is expected to run under a not-for-profit foundation to be established in 2020, and will be managed by South Pole in cooperation with several WWF country offices (who will be responsible for Environmental and Social safeguards, landscape integration — performed by the Landscape Finance Lab in particular, and involved in project sourcing and fundraising). A range of activities will be subcontracted to legal, technical and financial experts. An investment committee, where all main funders and investors are represented, will make investment decisions, and an advisory board with external experts will both guide the fund manager and the investment committee. Reflows from reimbursable grants and soft loans will allow for further investment over time, after the GEF funds have finished. Any reflows will be flowing into the not-for-profit entity (foundation) where funding held by the Landscape Resilience Fund will be transparently accounted for to make sure reflows are reinvested for the same purpose.



Development and establishment of the fund will be funded by the European Union as well as in-kind contribution from South Pole and its partners.

### *Network of Potential Investors*

South Pole has a worldwide network of over 1000 private companies that invest in sustainable activities, including climate change, and has raised more than USD 500 million for climate-related investments in the last few years. South Pole is currently in dialogue with a range of corporate investors interested in the Landscape Resilience Fund, with one multinational corporate alone considering investing USD 25 million over 5 years into Landscape Resilience Fund for adaptation actions. This strong network of investors provides a solid foundation to the GEF-financed activities proposed.

### **3) Proposed alternative scenario with a brief description of expected outcomes and components of the project;**

The objective of the proposed project is to **catalyze private sector investment in small business climate-resilient projects**. Furthermore, knowledge and lessons on best practice in technical assistance for investment in climate-resilient interventions will be generated and shared through the GEF project.

The following table shows an overview of the alternative scenario along the different project components, as compared to the baseline; more details per component (outcomes and outputs) are provided below the table.

Baseline	Proposed Alternative
<b>Component 1: Establishing systems and matchmaking support for small businesses to access private investment for climate-resilient projects</b>	
<p>Landscape Resilience Fund, targeted at USD 20 million of investment, has been developed in 2019 and will be established in 2020. Over 20 climate-resilient projects are available in the pipeline, of which 3 projects are investment-ready. The executing agency has advanced discussions with corporate investors for investment of more than USD 20 million in adaptation projects, but this funding will not be fully invested in climate-resilient projects, if not enough investment-ready projects are available.</p> <p>Further private investors struggle to find investment-ready projects</p>	<ul style="list-style-type: none"> <li>· Systems set up to allow GEF Funding to invest in at least 9 small businesses to structure their climate-resilient projects and make them investment-ready, and to ensure at least partial return of investments.</li> <li>· Small businesses provided with direct TA from South Pole to prepare offer sheets and pitch making and are matched with investors for their climate-resilient investment-ready projects.</li> </ul>
<b>Component 2: Assistance to make climate-resilient projects investment-ready</b>	
<b>Same as under Component 1</b>	<ul style="list-style-type: none"> <li>• GEF funding invested in at least 9 small businesses to structure their climate-resilient projects and make them investment-ready<sup>[3]</sup> for corporate investors, including for investments through the Landscape Resilience Fund. Investment either in the form of zero-interest loans, or technical advisory services that have to be partially paid later on</li> </ul>

**Component 3** : Knowledge management and effective project monitoring and evaluation

Limited knowledge on best practices of using technical assistance for making private climate resilience projects investable (small business project developers mainly rely on their own small network, and TA facilities either do not focus on climate resilience, or have a narrow focus on knowledge exchange)

- Knowledge management and M&E to inform adaptive project management, sharing of lessons, and long-term achievement of landscape climate resilience goals
- Project knowledge products developed and disseminated to inform future private investment support

**GEF-funded activities:**

The proposed theory of change for this GEF project is, if there are project proposals that will deliver adaptation benefits, and if these proposals can receive TA to resolve legal, technical and financial issues to make them investment-ready, and if proponent enterprises can be matched to potential investors, then there will be more investment in adaptation-focused projects and lead to increased adaptation in a suite of landscapes.

**Component 1: Establishing systems and matchmaking support for small businesses to access private investments for climate-resilient projects**

*Outcome 1.1.* Sustainable processes for technical assistance provision to make small-business climate-resilient projects investment-ready

This sub-component aims to mobilize private sector investment in adaptation by supporting small businesses in developing investment-readiness plans for their adaptation projects. By making those adaptation projects investment-ready, the GEF funding will accelerate investments in adaptation, including investment through revolving soft loans from the co-financed Landscape Resilience Fund.

Output 1.1.1: Selection of at least 9 small businesses (project developers) to be supported in making their climate-resilient projects investment-ready

The 9+ projects from small businesses will be selected by the executing agency (after approval by a TA sub-committee of the LRF investment committee) from a longer pipeline of 20+ projects that will have been developed by the executing agency as part of the fund development in 2020, based on the existing project pipeline worldwide and project submission by partners. Further projects will be considered after a concept note is submitted to the executing agency. Selection criteria for TA support, to be further refined during project preparation phase, will be the following:

- Strong adaptation benefits, particularly reducing vulnerability of smallholder farmers and indigenous people (reflecting benefit sharing), as shown by an initial vulnerability assessment (assessment by the proponent is reviewed by Executing Agency)
- Availability of full business plan by a small business project developer, including reflection of safeguards
- Likelihood of accessing private investments after technical assistance support (assessed based on available cash flows, similar projects having accessed funding in the past and the credibility of the project developer);

- Clear support needs (additionality), clarity that project will not become investment-ready without GEF support - this is additional to the selection criteria for the baseline
- Integration into a sustainable landscape approach
- Alignment with national adaptation priorities (as defined by NDC and national adaptation plans)
- Geographical balance (50% of GEF funding will support projects from LDC countries)
- Consideration of gender mainstreaming aspects in the project design.

The GEF TA will not benefit projects that can easily obtain financing from other existing funds but will rather be additional and complementary to what is available from traditional development and commercial funders.

Output 1.1.2: Development of investment readiness plans with supported small businesses (as preparation for investment, see component 2)

Upon selection of a project, an investment-readiness plan<sup>[4]</sup> (including current barriers and bottlenecks, needed interventions to reach investment-readiness, budget, time plan, agreed implementation indicators/milestones) will be developed by the Executing Agency with the small businesses (project developer). The maximum investment period of the investment-readiness plans will be 12 months. The investment readiness plan will also define the share of the budget that will be provided as technical assistance services (to be partially paid back) and the part that will be paid as zero-interest loans to the project developer, so he/she can pay for relevant expertise, including conditions for partial reimbursement.

Output 1.1.3: System for partial or full reimbursement of loans and technical assistance services, and re-investment in technical assistance

A share of the amount invested into the small business project developer, as defined in the investment-readiness plan, will be reimbursed in successful cases: a first tranche will be reimbursed once the project accesses private investment while a larger tranche will be reimbursed later once the project generates cash flows. Reimbursed funding will be re-invested in further technical assistance for project preparation. In this way, the GEF financing enables the sustainability of TA provision to make projects investable by the Fund. It is anticipated that some, but not all, of the technical assistance recipients will make these repayments.

*Outcome 1.2. Increased capacity of small businesses to match with investors for their climate-resilient investment-ready projects.*

Output 1.2.1: Technical assistance to supported small businesses for development of project offer sheets and project pitches to investors

Output 1.2.2. Matchmaking meetings, including pitch events, arranged where supported small businesses are matched with investors

In order to increase projects' chances of receiving investment, the GEF funding will enhance the ability of small-business project developers to match with potential investors by providing training to develop adequate offer sheets and pitches to investors. Draft pitches and offer sheets developed by small businesses will be reviewed by the executing agency. Furthermore, all investment-ready projects will be evaluated by the Landscape Resilience Fund for revolving loan funding.

Merely creating an event where investors and project developers can meet is not sufficient to create matches (based on experience from other projects) as various investor types have different objectives and conditions for engaging in a particular investment. Both developers and investors will only disclose full information on their offerings and preference in an informal setting where competitors are not present. With GEF funding, one-to-one meetings (rather than events) will be arranged and before any matchmaking meeting, the project team will guide and advise small businesses (project developers) vis-à-vis particular preferences and requirements of investors they meet (e.g. desired cash-flow profiles, project characteristics, ability to assume particular types of risk, etc.). Before meeting a specific investor, developers will be advised to adapt their pitch to the needs of the respective private investor.

## **Component 2. Assistance to make climate-resilient projects investment-ready**

*Outcome 2.1. Private developers (small businesses) of climate-resilient investment projects have increased technical and financial capacity to structure their projects and make them investment-ready*

### Output 2.1.1: Zero-interest loans, or direct provision of technical assistance services for supported small businesses to implement “investment readiness plans”

Zero-interest loans (to hire experts) or direct technical assistance will be invested in businesses to assist them in making projects investment-ready. In rare cases, small businesses may also use part of the loans to pay for small capital investments (e.g. new laptops needed for project preparation). In general, the businesses are free to use the loans in the way that is of best use for them, but they should generally fund activities as agreed in the investment-readiness plan.

In cases where the zero-interest loans, and associated full reimbursement, is not possible, direct technical services will be provided by the Executing Agency (and hired experts) and small businesses will partially return the services once their projects have positive cash-flows. For the part of the investments that are not directly provided as zero-interest loans (with delayed repayment schedules) to the small businesses, relevant sectoral, legal, financial and technical experts will be engaged to support the small business (project developer) in implementing the investment-readiness plan. Part of this expertise may be directly provided by South Pole, but selection of experts will always be based on the quality of expertise and cost-competitive offers.

In both cases, the funding is generally invested into i) improvement of anticipated impact of climate adaptation technologies and measures, ii) establishment or improvement of off-take contracts for agriculture or forest products, iii) measures to improve financial planning and creditworthiness of projects, iv) development and documentation of sound management processes, v) improvement of social and environmental co-benefits to reduce related risks, vi) if appropriate, building of training programs for farmers to strengthen their adaptive capacity.

Regular check-ins by the Executing Agency with the project developer and experts will ensure that projects stay on track to become investment-ready. Investment-readiness is defined as:

- Availability of clear project investment and implementation business plan, including management procedures

- Financial model with clarity on how future cash flows will enable to pay back invested capital
- Risk management plan to ensure smooth project implementation, revenue generation and creation of adaptation benefits
- Potential expression of interest by an investor.

### **Component 3: Knowledge management and effective project monitoring & evaluation**

*Outcome 3.1: Knowledge management and M&E to inform adaptive project management and project results*

#### 3.1.1 Project monitoring outputs inform adaptive management for successful project results

#### 3.1.2 Project terminal evaluation and project lessons disseminated to key stakeholders (including other GEF Challenge Program projects, fund managers and the private sector)

#### 3.1.3. Project knowledge products developed and disseminated to inform future private-investment support

This project component will include the following activities: Continuous monitoring included in annual progress reports to capture lessons, best practice & expertise generated during implementation, terminal evaluation and project lessons from the GEF funding but also from the wider Landscape Resilience Fund gathered and shared with the broader private adaptation finance community and particularly similar incubation projects under the GEF Challenge Program to ensure knowledge exchange and collaboration. Finally, project knowledge products such as factsheets, presentations, e-learning webinars, press releases, produced and disseminated with key stakeholders to inform future private sector investment support. Knowledge sharing and communications will both occur informally, through participation in Challenge Program events, and also formally in the form of relevant outreach formats (e.g. factsheet, webinars, presentations, press releases)

More details on knowledge management can be found under the section “Knowledge Management” below.

### **Project Management**

The activities included in the project management for the GEF-financed project will be focused on financial management; management of activities; progress and reporting to GEF Agency; the selection, contracting and oversight on external experts; communication with GEF Agency; and projects and the interaction with potential investors.

#### **4) Alignment with GEF-7 focal area and/or Impact Program strategies;**

This proposed project on technical assistance for climate-resilient projects under the Landscape Resilience Fund is well aligned with the GEF Climate Change Adaptation Focal Area dedicated to reducing the vulnerability of people, livelihoods, physical assets and natural systems to the adverse effects of climate change (CCA-1). By providing technical assistance to make climate-resilient projects investment-ready and by building the technical capacity of small business project developers in pitch making and knowledge of investors interested in climate resilience projects, the project supports efforts to build adaptive capacity, thereby reducing the vulnerability of people, livelihoods and natural systems. By unlocking private finance for climate-resilient, investment ready projects, local communities, such as smallholder farmers, will benefit through increased agricultural and forestry yields, which generates additional income particularly when weather-related events may compromise other income sources. Technical assistance will directly or indirectly mobilize private investments in climate resilience through innovative ways, which is a key goal of the Adaptation Challenge Program.

#### **5) Incremental/additional cost reasoning and expected contributions from the baseline, the GEFTF, LDCE, SCCF, and co-financing;**

##### *Investments in project preparation for climate-resilient projects, and associated technical assistance*

While there are a range of corporate investors who are ready to invest in the implementation of climate-resilient projects (baseline situation), they are not ready to finance project preparation itself. Currently there is a lack of investment-ready adaptation projects, and several of the climate-resilient projects in the LRF pipeline are not yet investment-ready. While small businesses (developers of climate-resilient projects) in the LRF pipeline can cover the costs of initial project development, they lack the knowledge and funding to cover activities needed to make projects investment-ready (particularly legal costs to establish and/or improve contracts, or improvements in the financial planning and structuring). As these adaptation projects are often new, they are perceived as risky to commercial investors at the late development stage, hence there is a funding gap. GEF investments are required to cover the additional costs needed to make these projects investment-ready – in other words, GEF financing enables de-risking of climate-resilient projects by investing into making them investment-ready. The additional cost of the investments needed to make the projects investment-ready include financial, technical and legal advisory, including support to secure additional cash flows, or improve off-take contracts. Without the technical expertise funded with the GEF investment, projects would not be financially viable and would not deliver the desired adaptation impacts. GEF funding will bridge that gap to enable at least 9 projects from small business project developers to become investment-ready for corporate investors. The additional cost estimate is that, based on past experience, around USD 50,000 to 100,000 are needed to make one climate-resilient project investment-ready.

##### *Technical assistance for matchmaking*

Training for pitches and offer sheets as well as hosting matchmaking events are costly and small-business project developers do not have the funding to cover these costs, so LDCE/SCCF funding is needed.

*Co-financing contribution (baseline)*

The LRF has already secured USD 150,000 from the EU for fund development in 2019 and should receive another USD 250,000 for fund establishment in 2020; this funding is matched with equal in-kind contributions from South Pole. The LRF is projected to secure USD 15-25 million during the Fund’s lifetime (which is longer than the GEF project period) from corporate investors for actual project investments. USD 1 million is anticipated to be leveraged to co-fund project preparation and matchmaking, along with the estimated \$1 million GEF project funds.

The following table provides a summary of the total costs for the LRF, the costs covered by the baseline and the additional costs to be covered by the LDCF/SCCF, including the adaptation benefits these GEF funds generate.

<i>Cost item</i>	<i>Total costs</i>	<i>Costs provided by baseline</i>	<i>Incremental / Additional cost for LDCF/SCCF</i>	<i>Additional adaptation benefits created by LDCF/SCCF</i>
Fund establishment	USD 800,000	USD 800,000	-	
Investment in project preparation, including technical assistance & knowledge management	USD 2,600,000	USD 1,300,000	USD 1,300,000	9+ investment -ready climate resilience projects
Other investments under the Fund	USD 17,400,000+	USD 17,400,000+	-	Investment into at least 9+ additional climate resilience projects (at least USD 10 million mobilized)
	USD 20,800,000+	USD 19,500,000+*	USD 1,300,000	

\* not all off this baseline costs will be accounted as co-financing as some of the funding will occur before or after the end of the project period.

## **6) Global environmental benefits (GEFTF) and/or adaptation benefits (LDCF/SCCF);**

### **Adaptation benefits:**

Overall the project will contribute to Objective 1 of the LDCF/SCCF framework: Reduce vulnerability and increase resilience through innovation and technology transfer for climate change adaptation. The concrete adaptation outcomes and outputs created by the project are:

- Outcome 1.1 : Technologies and innovative solutions piloted or deployed to reduce climate-related risks and/or enhance resilience, particularly through creating Output 1.1.2 (Livelihoods and sources of income of vulnerable populations are diversified and strengthened): the project will result in investment in projects that are designed to reduce the vulnerability of around 25,000 farmers and indigenous people through supporting at least 9 small business (around 450 beneficiaries, assuming 50 staff per business) enabling private investments in investment-ready ecosystem-based adaptation (forestry) and climate-resilient agriculture projects that diversify income:
- Outcome 1.2 Innovative financial instruments and investment models enabled or introduced to enhance climate resilience, particularly through the following outputs;
  - Output 1.2.1: Incubators and accelerators introduced: the project will set up an investment line similar to a small business accelerator, that will invest in at least 9 entrepreneurs that are developing climate-resilient projects
  - Output 1.2.2: Financial instruments or models to enhance climate resilience developed: the project will introduce two innovative instruments: 1. Revolving zero interest loans for project development, and 2. Delayed payment for technical services

### **Global Environmental Co-benefits (I)**

Ecosystem-based and agricultural adaptation measures offer global ecological co-benefits in terms of mitigation of Greenhouse Gas (GHG) emissions, the conservation of biodiversity, and the prevention of desertification. The executing agency team will request project proponents to report all co-benefits that the proposed project design is expected to achieve in terms of Global Environmental Benefits (Climate Change Mitigation, Biodiversity, Desertification reduction), and will require that they are monitored throughout the project lifetime.

## 7) Innovation, sustainability and potential for scaling up.

**Innovation:** GEF financing will mobilize private-sector investment in adaptation at scale through an investment approach for preparation of investment-ready projects, based on revolving zero-interest loans and delayed payments for technical services. To our knowledge, there is no adaptation fund or funding mechanism that uses an investment approach for project preparation. The innovation itself also implies some risks: given the novelty of most adaptation-related business, there is a likelihood that some but not all of the investments will be paid back (see risk section).

Further, the LRF includes several innovative elements including:

- the focus on small business as drivers of change for climate resilience
- the use of a revolving structure for most investment activities, ensuring longer term sustainability of the funding base
- the landscape-level approach for an adaptation fund (see e.g. the selection criteria for projects and the landscape integration window under the fund)
- the integration of several adaptation projects into multinational corporates' supply chains, enabling a long-term funding model for adaptation that is independent from public finance.

**Sustainability:** The long-term sustainability of the GEF project is promoted through reflows from the zero-interest loans and the delayed payments for technical services. These reflows will allow for re-investment over time, even after the GEF project has been finished. Any reflows will be flowing into a not-for-profit entity (foundation) where funding held by the LRF will be transparently accounted for to make sure re-flows are re-invested for the same purpose. The GEF project will support projects until the projects are bankable. All projects and activities of the fund will be developed with financial sustainability in mind, so every small business has to show that it can run the projects on a commercial basis after initial support. During project development the GEF funded project close conditions will be identified, for example, policies established for repayment and agreed reporting requirements for close out on the initial GEF grant.

The LRF will also foster a strong culture of knowledge sharing. Knowledge management is core to the project design and overall programming strategy and contributes to the sustainability and replicability of direct results. The LRF has a strong network of stakeholders and partnerships, including other projects under the GEF's Challenge Fund, through which it will share its knowledge and experiences, guaranteeing the sustainability of the fund. The close collaboration between the LRF and its partners will contribute to the sustainability of the activities beyond the LRF.

**Scalability:** The fund aims to structure projects in order to make them investable and accessible to investors, and to show successful business goals to be replicated and scaled.

By investing US\$ 1.3 million for sustainable processes and technical assistance for private investment into climate-resilient projects, GEF would mobilize up to US\$ 15 million in corporate investment into climate-resilient landscape projects and substantially reduce the vulnerability of smallholder farmers and indigenous peoples in developing and emerging countries. Actual realized positive impact will be multiple, as the fund is planned to scale up to US\$ 60 million in 5 years, and project success will be used for building further capacity.

As the fund is built on a strategic multi-stakeholder partnership that brings the public sector, NGOs, local developers and international corporates/investors together, it has the potential to catalyze larger scale financing by building a successful business case.

---

[1] Although the name Landscape Climate Resilience Fund was utilized under the Concept note for the Challenge Program, Landscape Resilience Fund is the name of the ongoing collaboration between South Pole and partners (particularly WWF DACH – Germany, Austria/WWF Landscape Finance Lab and Switzerland), which reflects the baseline for the technical assistance to be provided by GEF Funds in order to catalyze private investment in climate-resilient projects from the Landscape Resilience Fund

[2] This follows the definition of the European Union for Small and Medium Enterprises.

[3] Selection criteria: a) Adaptation benefits, b) Sound business plan by private entrepreneur, c) Likelihood of accessing private investment, d) clear support needs (additionality), e) integration into a sustainable landscape, f) consideration of gender mainstreaming aspects in project design, g) Alignment with national adaptation priorities (as defined by NDC and national adaptation plans)

[4] This support will cover, i) improve anticipated impact of climate adaptation technologies and measures, ii) establishment or improvement of off-take contracts for agricultural or forestry products, iii) measures to improve financial planning and creditworthiness of projects, iv) development and documentation of sound management processes, v) improve social and environmental co-benefits to reduce related risks, vi) if appropriate, build training programs for farmers to strengthen their adaptive capacity

#### **1b. Project Map and Coordinates**

**Please provide geo-referenced information and map where the project interventions will take place.**

The Fund will invest globally, with interventions in several developing and emerging countries, particularly Sub-Saharan Africa, Southeast Asia and Latin America, with 50% of GEF funding flowing to interventions in LDC countries. The following map shows the LDCs where the Executing Agency has project and small business networks in green; supported LDC interventions will focus on these countries.



## **2. Stakeholders**

**Select the stakeholders that have participated in consultations during the project identification phase:**

**Indigenous Peoples and Local Communities**

**Civil Society Organizations**

**Private Sector Entities**

**If none of the above, please explain why:** Yes

To date, stakeholder consultations have only been held with investors, NGOs and project developers about the setup of the Landscape Resilience Fund (LRF) itself (several bilateral consultations, and presentation at some workshops to get feed-back) but direct consultation about the precise activities carried out as part of the technical assistance to the Landscape Resilience Fund have not yet been carried out due to the limited time available before PIF submission. Successful development and implementation of the Landscape Resilience Fund TA and investment components hinge on effective stakeholder engagement, which is why a diligent stakeholder consultation process will be followed during the project development phase.

**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.**

As a predicated landscape fund, the Landscape Resilience Fund embraces the five cornerstones pertaining to a landscape approach: creating a multi-stakeholder platform, ensuring shared understanding, engaging in collaborative planning, facilitating effective implementation, and monitoring impacts. In order to include all stakeholder groups the fund employs a two-pronged approach: (a) top-down identification of theoretically present and relevant stakeholder groups on all levels from local to global based on desk research, and (b) bottom-up verification of actually present stakeholder groups on a per-project basis through communication with project operators and review of multi-stakeholder surveys conducted as part of the fund's project assessment process. Stakeholder engagement will be critical during the development of the TA and investment components of the Landscape Resilience Fund, as well as during implementation, with specific stakeholder engagement process for each project supported by the Landscape Resilience Fund. Specific projects supported by the LRF will be implemented according to the LRF E&S standards, derived from the International Finance Corporation (IFC)'s Performance Standards and other internationally recognized E&S elements from UNDP, FAO, GCF, IUCN, KfW, BMU, and the World Bank.

All policies governing stakeholder engagement will be reviewed during project development to ensure compliance with WWF GEF Agency policies, including but not limited to WWF-US Environment and Social Safeguards Integrated Policies and Procedures (SIPP).

The following stakeholders have been identified for consultation during the project development phase. A full stakeholder engagement plan will be developed during the PPG phase.

Key Stakeholder	Relevant Roles and Engagement
Project Operators / Developers	<p>Collaborating effectively with strong local partners is centerpiece to the fund’s strategy. As part of the screening and assessment process the fund will determine whether the fund’s objectives match with the plans and needs of the project operators / developers.</p> <p>Given that project operators are the linchpin of successful project implementation they are the first party the fund engages. First contact is usually initiated through email that is followed by a conference call. Upon mutual expression of interest the fund sends out a project assessment questionnaire that includes sections on general project design, investability, resilience contributions, environmental and social impacts and safeguards, and landscape integration. Upon analysis of the completed questionnaire next steps are decided, among which the engagement of the other stakeholder groups listed here is part.</p>
Indigenous Peoples and Local Communities incl. organizations specializing on their rights like the International Work Group for Indigenous Affairs (IWGIA)	<p>The fund aims to empower indigenous peoples and local communities to become stewards of the land they inhabit and from which they derive their livelihoods. Built around the principle of FPIC, stakeholder dialogues and participatory planning processes will inform effective interventions that are based around sociocultural understanding, economic needs, and environmental concerns.</p> <p>The identification and mapping of indigenous peoples and local communities present in the project areas is part of the screening and assessment process and will be determined through the top-down and bottom-up approach described above. This includes the assessment questionnaire to the project operators, community surveys and workshops, consultation with experts, and literature review. To ensure best practice in the consultation process and survey design, exchange with groups specializing in indigenous peoples’ rights will be conducted.</p>

<p>Civil Society Organizations, incl. Farmers' Associations, Community Cooperatives, Community Forestry Associations, Women's Groups, Training and Research Centers</p>	<p>Acknowledging the power of working together with grassroots organizations, the fund aims to build a bridge between international commodity markets and local producer associations. By intervening at this link, the fund aims to help ensure favorable offtake conditions that create more planning security for farmers associations and allow farmers to invest in climate resilience activities. Engaging civil society organizations also helps understand the diversity of interests in the area and therefore allows developing a concept that leverages these interests in an advantageous way.</p> <p>The process for engaging civil society organizations will be similar to the one described for indigenous peoples and local communities. Further, it will be assessed during a site visit whether these organizations can play a role in implementing technical assistance and capacity building.</p>
<p>Private Sector Entities, incl. the Coalition for Private Investment in Conservation (CPIC) and its Conservation Finance Initiative, the Land Degradation Neutrality Fund TAF, CI Fund in the Adaptation Challenge Program Cohort, the Dutch Fund for Climate and Development, International Commodity Corporations and Consumer Goods Brands as well as their Suppliers</p>	<p>The fund actively promotes the dissemination and exchange of knowledge between investors, funds, and international corporations that pursue similar objectives. Through this strategy the fund aims to uncover and create synergies, such as by exploring to partner as co-investors in particular projects.</p> <p>As part of the investment-readiness assessment, private sector entities (identified through both the top-down and bottom-up approach described above) will be contacted. In the case of international corporations or their suppliers the potential to create offtake agreements will be evaluated. Confirming this potential will also be part of a site visit. In the case of other funds or investors their willingness to potentially coinvest in particular project in the future will be evaluated to help prioritize project selection. Further, throughout project design and implementation active participation and knowledge exchange in impact investment and conservation finance coalitions (most notably CPIC) will be pursued (which also facilitates knowledge transfer, implementation of best practice, documentation and mainstreaming of the fund's strategy).</p>
<p>NGOs, incl. Local and International Conservation Groups (most notably, but not limited to, local WWF offices), Think Tanks</p>	<p>The fund recognizes the invaluable knowledge NGOs can have about the geographic areas they are active in. Open consultations combined with the encouragement of active participation in project activities will therefore be pursued.</p> <p>Beyond email and conference call communication the engagement of NGOs (identified through both the top-down and bottom-up approach described above) will also be conducted through workshops during a site visit. Such workshops will occur with and without presence of the project operator in order to allow for the open voicing of potential concerns. Beyond evaluating the potential for local NGOs to take an active part in project implementation their engagement can also serve an effective monitoring function through their local presence.</p>

Public Sector Authorities, incl. National Ministries and Agencies responsible for the Environment, Forestry, and Agriculture, as well as their respective Regional and Local Governance Bodies.

National priorities are considered in the fund's design and implementation by ensuring alignment with NAPAs and NDCs. Further, the fund recognizes the importance of actively approaching and working with local and regional government authorities to ensure both smooth implementation and facilitate the replication or scaling of activities throughout the region or expansion into other regions. The buy-in of public sector authorities may also facilitate commercial finance for projects.

Public sector authorities will receive a brief project description coupled with a few questions regarding the role they could potentially play in facilitating project implementation. Personal meetings will also be planned as part of a site visit.

### 3. Gender Equality and Women's Empowerment

**Briefly include below any gender dimensions relevant to the project, and any plans to address gender in project design (e.g. gender analysis).**

The UN Sustainable Development Goals (SDG) recognize the need for gender equality features in a standalone goal (SDG 5) and in targets across all other 16 goals. Gender equality is central to reducing poverty, promoting development and addressing the world's most urgent challenges, including climate change. On the other hand, climate change exacerbates the existing gender inequalities and gaps. This is especially true for the land use and forestry sector, where women, while playing an important role, still face unequal access to labor market, financial services, education and technological advancements compared with men. Significant involvement of women in the sector - women comprise about 43% of the total agricultural workforce in developing countries (FAO, 2019), from preparing cropland, sowing and harvesting, to livestock management, manufacturing of food products – highlights the need to address the existing and potentially increasing gender gaps due to climate change.

The GEF-funded TA components of the Landscape Resilience Fund will meet all WWF GEF policies for gender equality and women's empowerment as well as the GEF Policy on Gender Equality. Gender equality and women's empowerment aspects will be addressed at both the fund level and at the level of individual projects or activities supported through the LRF, and for the GEF funded TA, a gender action plan will be developed during project development.

**At the fund management level**, gender policy will become an integral part of the Landscape Resilience Fund mission and operation. The fund's activities will help close gender gaps in the financial sector by empowering women, encouraging their participation in decision-making, improving their access to and control over resources, and generating additional socio-economic benefits (education and job opportunities, increased and new sources of income, etc.) for women.

All fund's employees will have to follow South Pole's Code of Conduct, including its gender policy, and will be treated with similar dignity and respect. Employees will be recruited, selected, developed and advanced on merit, irrespective of race, colour, religion, gender, age, national origin, sexual orientation, gender identity, marital status or disability. They will be entitled to feel included as part of a meritocratic organisation of people from diverse backgrounds.

**For the preparation of specific projects**, the Landscape Resilience Fund team will strive to support gender-responsive climate adaptation projects and activities that include gender equality concerns in their design. Project proponents will need to provide an initial gender assessment in the project concept identifying the existing gaps (e.g. areas where women are underrepresented), set gender-related targets (e.g. number of women employed including in managing positions, % of women engaged, training programmes developed for women), demonstrate how project activities can help achieve these gender equality and women empowerment targets, and how their implementation will be monitored and evaluated throughout the project duration. These will be described in a gender action plan, required for each project.

Besides project development assistance, also the **capacity building component** will consider gender equality and women's empowerment issues, focusing on improving the adaptive capacity of the most vulnerable groups, farmers and indigenous communities, ensuring the inclusion of women. Gender aspects of climate change will become an integral part of capacity development delivered

South Pole has extensive experience in developing, managing, monitoring and evaluating climate projects that include significant and measurable positive gender impacts (over 700 projects in more than 50 developing countries). These projects, besides their climate mitigation and adaptation benefits, increase economic and social opportunities, help improve health and provide education for women and other vulnerable groups. Moreover, South Pole helped develop the UN award-winning **W+ standard**, the first global reporting standard quantifying the impact of climate projects on women's lives. The W+ Standard measures how companies, governments and individuals can drive social and economic empowerment for women. The W+ Program rules demonstrate the Standard and processes, which all projects must follow in order to be certified. W+ has been endorsed and verified by Verra (formerly VCS), the leading global standard for the voluntary carbon market.

**Does the project expect to include any gender-responsive measures to address gender gaps or promote gender equality and women empowerment?**

**closing gender gaps in access to and control over natural resources;** Yes

**improving women's participation and decision-making; and/or** Yes

**generating socio-economic benefits or services for women.** Yes

**Will the project's results framework or logical framework include gender-sensitive indicators?**

Yes

#### **4. Private sector engagement**

**Will there be private sector engagement in the project?**

Yes

**Please briefly explain the rationale behind your answer.**

Private sector engagement is necessary to scale investments in adaptation. More and more investors seek new opportunities to invest their capital in a way that generates both a market-rate financial return and a nonfinancial impact (i.e., environmental and/or social). Investing in resilience in the supply chain makes business sense, and more and more multinational companies are realizing this. Through its activities, South Pole is exposed to many different multinational companies and is hoping to spark their interest in adaptation.

Through the Landscape Resilience Fund, projects made investment-ready through the GEF funding will be linked to international corporates interested in investing in adaptation. By creating a portfolio of climate-resilient, investment-ready projects, the LRF aims to unlock additional investment from the private sector from investors that otherwise would not have invested in adaptation projects. The GEF funding will leverage an initial \$20 million mainly sources from international corporates, which will be directly invested in project implementation.

Apart from direct investment, the private sector will also engage for project preparation (project owners and technical experts) and the capacity building (e.g. private companies training farmers).

#### **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 (table format acceptable)**

The proposed approach includes a certain degree of flexibility with an understanding that circumstances might change throughout the project duration and certain risks may arise. Several possible project-related and external risks have been identified based on the proponent’s experience with similar assignments elsewhere, as well as their probability and potential impact on the fund operation. Specific risk mitigation measures have been proposed to ensure that any such risks, to the extent possible, identified in advance (or recognised as early as possible) and that contingency plans are quickly developed, implemented and monitored until the issue is resolved. Please refer to the table below for more details.

Category	Risk	Probability	Impact	Risk mitigation measures
Project-specific	Project pipeline risk: not enough robust projects in the fund’s pipeline	Low	High	<ul style="list-style-type: none"> <li>● Using the existing project pipeline and South Pole’s global sourcing team to look for new projects;</li> <li>● Hiring additional sourcing staff for projects in LDCs.</li> <li>● Widely disseminating information about the fund and calls for project proposals by the Executing Agency’s communication team.</li> </ul>
Project-specific	Availability of technical experts for project development	Low- medium	Medium	<ul style="list-style-type: none"> <li>● Hiring additional experts within the Executing Agency.</li> <li>● Using a wide roster of topical experts.</li> </ul>

Project-specific	Risk that not all of the investment is reimbursed	High	Medium	<ul style="list-style-type: none"> <li>● Careful selection of small businesses to reflect repayment capacity (e.g. through track record, sound business plan) alongside the other core criteria, particularly adaptation benefits</li> <li>● Careful design of investment-readiness plan and selection of experts</li> <li>● Regular check-ins with businesses to ensure they are on track with making their projects investment-ready and implementing them, so they can ensure reimbursement</li> </ul>
Project-specific and external	Implementation delays	Medium	Medium	<ul style="list-style-type: none"> <li>● Preparing a robust yet flexible implementation plan with a buffer;</li> <li>● Setting clear and realistic timelines for activities;</li> <li>● Already selecting supported projects and contacting technical experts during project document phase.</li> </ul>
External	Delay in fund mobilization under Landscape Resilience Fund	Medium	Medium	<ul style="list-style-type: none"> <li>● Strong pitch deck, calibrated after multiple feed-back from potential investors</li> <li>● Access to South Pole's network of 1000 corporate investors worldwide, and showing track record of managing and investing &gt;500 million in environmental projects</li> <li>● Extend fundraising efforts to multiple WWF offices in Europe, with each having a strong network of national corporate investors</li> <li>● Mention GEF project and EU funding to show buy-in internationally</li> </ul>

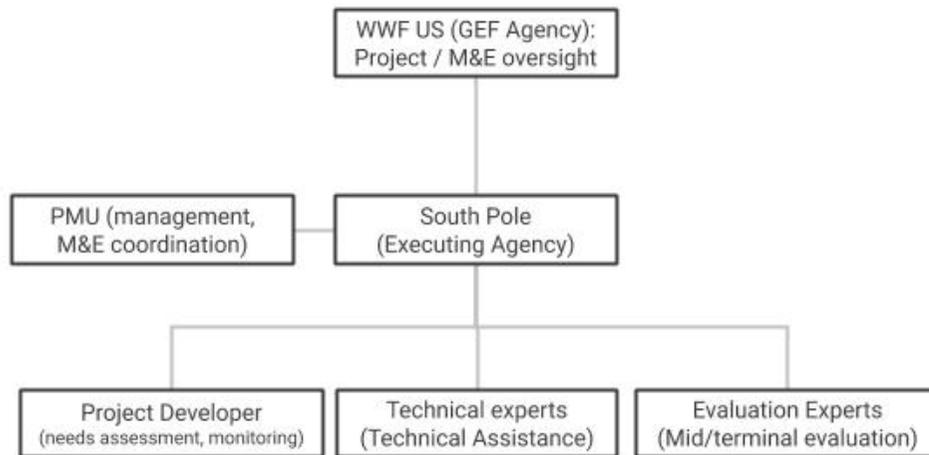
External	Supported projects do not find investments	Low- medium	High	<ul style="list-style-type: none"> <li>• Working with projects that already have an interested funder that has clear requirements and makes clear what has to be improved for funding / investments to go ahead;</li> <li>• Blending in private capital at the fund levels</li> <li>• Creating pitch training and matchmaking opportunities</li> </ul>
External	Supported projects face social and environmental risks	Low- medium	Medium-High	<ul style="list-style-type: none"> <li>• Carefully selecting projects that have lower risks and robust risk mitigation plans;</li> <li>• Helping proponents in risk assessment and preparing risk mitigation strategy;</li> <li>• If such risks occur, assisting project executors in addressing these risks in a timely manner with minimum negative impact.</li> </ul>
External	Lack of interest and willingness from farmers and local communities to participate and support fund's activities	Low	Medium-High	<ul style="list-style-type: none"> <li>• Engaging local stakeholders in project activities from an early design phase to get their views and interest;</li> <li>• Clearly explaining to local stakeholders the benefits that projects and the capacity building activities can bring to them;</li> <li>• Adapting the capacity building materials and tools to situation and language of farmers and indigenous people.</li> </ul>

External	Changing political or regulatory environment in a project host country	Medium	Medium	<ul style="list-style-type: none"> <li>• Selecting host countries with less risky political situation;</li> <li>• Including such risks and possible mitigation strategy in a project design</li> </ul>
External	Natural disasters preventing projects from implementation	Low	High	<ul style="list-style-type: none"> <li>• Incorporating risk mitigation strategies during the preparation of the different projects (e.g. site selection, insurance)</li> </ul>

## 6. Coordination

**Outline the institutional structure of the project including monitoring and evaluation coordination at the project level. Describe possible coordination with other relevant GEF-financed projects and other initiatives.**

**Institutional structure (see figure below):** South Pole Carbon Asset Management (South Pole) will be the executing agency of the GEF project, with an international project management unit (PMU) that manages the project and coordinates monitoring and evaluation (M&E). The PMU will sub-grant to the selected small businesses to procure TA or will directly contract and supervise specialists for technical assistance and evaluation, according to internal procurement guidelines for external experts. South Pole will interact with partners and project developers (small businesses) to source projects and identify support needs. Project developers (small businesses) and experts will deliver monitoring information that is processed by the PMU and sent to the GEF Agency for review. WWF US as GEF Agency has the overall project oversight, including on M&E and safeguards for GEF-financed activities.



By the time of CEO Endorsement, the GEF Agency will present: (i) a detailed explanation of the mechanism through which the Executing Entity will select the grant proposals and disburse the funds; (ii) how GEF Agency will ensure that the Minimum Fiduciary Standards Requirements are met by each one of the Executing Entities at all levels of the project implementation; and (iii) a legal establishment/mechanism on how the GEF fund is transferred to set up revolving funds, and how the new fund is to be operated with outflows/inflows of loans and credits if any.

**Coordination with other GEF projects:** the project will interact with the GEF TAF project of the LDN Fund for learnings on technical assistance, and also with the IUCN CPIC Finance Initiative project on potential investment leads and learnings on investment approaches. Furthermore, the project will exchange know-how with other projects under the GEF Adaptation Challenge Program (particularly Conservation International on their fund), to distil lessons on best practices on private sector engagement for adaptation.

## 7. Consistency with National Priorities

### Is the Project consistent with the National Strategies and plans or reports and assesments under relevant conventions

**If yes, which ones and how: NAPAs, NAPs, ASGM NAPs, MIAs, NBSAPs, NCs, TNAs, NCSAs, NIPs, PRSPs, NPFE, BURs, INDCs, etc**

The project is consistent with UNFCCC National Determined Contributions (NDCs) and National Adaptation Programme of Action (NAPA) Updates in cases of LDCs, as any project activity that asks for support by the Landscape Resilience Fund will have to show how it is aligned with the NDC (and NAPAs and LDCs), as well as any updates communicated in UNFCCC National Communications (NC) and UNFCCC Biennial Update Reports (BUR). Alignment with national adaptation priorities (as defined by NDC and national adaptation plans) will be part of the selection criteria of projects supported by the GEF technical assistance funding.

While alignment with NDCs, NCs, and BURs will be sought it is important to notice that according to the Adaptation Gap Report only 40 developing countries have quantifiable adaptation targets in their current NDCs and many existing targets are relatively short-term and do not look beyond 2020.

## 8. Knowledge Management

**Outline the Knowledge management approach for the Project, including, if any, plans for the Project to learn from other relevant Projects and initiatives, to assess and document in a user-friendly form, and share these experiences and expertise with relevant stakeholders.**

Knowledge management will begin even before project start: this PIF has already been benefiting from a review on existing lessons and best practice on land-based adaptation, including the need to support small business to drive sustainable change (based on own knowledge, literature review and initial stakeholder consultations). During the detailed design of the activities (project development phase), lessons from similar funds, technical assistance programmes and funded projects in land use will be incorporated to make sure the fund design follows the most up-to-date knowledge on best practice. Insights will be both sought through a review of relevant projects, programs, initiatives & evaluations, and further stakeholder consultation.

The main activities of knowledge management component financed by GEF during the implementation will be the following:

- **Capture lessons, best practice & expertise generated during implementation:** insights will be gathered through monitoring and evaluation (M&E), and interim lessons will be gathered through different project partners (experts, businesses, investors) and regularly incorporated in project design
- **Knowledge exchange and collaboration:** the main lessons from the Fund will be spread to other relevant stakeholders, including fund managers, technical assistance providers and land use adaptation specialists, and knowledge will be exchanged with other projects under this GEF Challenge Program (particularly those working with small businesses) to distil lessons on best practices on private sector engagement for adaptation.
- **Production and dissemination of knowledge outputs / strategic communications,** based on:
  - Factsheet/presentations: Results of the project (M&E results) will be shared through a factsheet and presentations within the extensive sustainable land use and adaptation community with the aim of building capacity and sharing knowledge
  - E-learning webinar: a e-learning webinar for corporates/project developers on private investments into climate change adaptation based on Landscape Resilience Fund will further increase corporates' knowledge and capacity, thereby spreading the knowledge both to frontrunners in the adaptation space as well as to corporates who have not yet been deeply involved with the topic.
- Press releases: at strategic points (e.g. first investments), the Fund will do a press release

- Encouraging Dissemination through other stakeholders: all stakeholders (potential funders, policy makers, corporates, project developers) involved in the project will also be encouraged with speaking slots and dissemination material to create awareness about the work and share the results with their networks, thereby further spreading the knowledge acquired through the project.

The planned knowledge gathering and exchange will help to improve the project activity design, e.g. on how to secure pay-back of investments, and thereby ensure sustainability of the fund.

**Part III: Approval/Endorsement By GEF Operational Focal Point(S) And Gef Agency(ies)**

**A. RECORD OF ENDORSEMENT OF GEF OPERATIONAL FOCAL POINT (S) ON BEHALF OF THE GOVERNMENT(S): (Please attach the Operational Focal Point endorsement letter with this template).**

<b>Name</b>	<b>Position</b>	<b>Ministry</b>	<b>Date</b>
-------------	-----------------	-----------------	-------------

**ANNEX A: Project Map and Geographic Coordinates**

Please provide geo-referenced information and map where the project intervention takes place

