

# Building adaptation and resilience to climate change in the essential oil sector in Madagascar (ARCHE)

Review PIF and Make a recommendation

## Basic project information

**GEF ID**

10908

**Countries**

Madagascar

**Project Name**

Building adaptation and resilience to climate change in the essential oil sector in Madagascar (ARCHE)

**Agencies**

UNIDO

**Date received by PM**

1/6/2022

**Review completed by PM**

**Program Manager**

Jason Spensley

**Focal Area**

Climate Change

**Project Type**

MSP

## **PIF**

### **Part I ? Project Information**

#### **Focal area elements**

**1. Is the project/program aligned with the relevant GEF focal area elements in Table A, as defined by the GEF 7 Programming Directions?**

Secretariat Comment at PIF/Work Program Inclusion  
**GEFSEC 20January2022:**

Yes

#### **Agency Response**

##### **Indicative project/program description summary**

**2. Are the components in Table B and as described in the PIF sound, appropriate, and sufficiently clear to achieve the project/program objectives and the core indicators?**

Secretariat Comment at PIF/Work Program Inclusion  
**GEFSEC 17March2022:**

Cleared.

**GEFSEC 20January2022:**

Please fix the numbering of Project Components, as there are two components listed as #2.

Agency Response Comment has been addressed accordingly.

**Co-financing**

**3. Are the indicative expected amounts, sources and types of co-financing adequately documented and consistent with the requirements of the Co-Financing Policy and Guidelines, with a description on how the breakdown of co-financing was identified and meets the definition of investment mobilized?**

Secretariat Comment at PIF/Work Program Inclusion

**GEFSEC 20January2022:**

Yes

Agency Response

**GEF Resource Availability**

**4. Is the proposed GEF financing in Table D (including the Agency fee) in line with GEF policies and guidelines? Are they within the resources available from (mark all that apply):**

Secretariat Comment at PIF/Work Program Inclusion

**GEFSEC 20January2022:**

Yes

Agency Response

**The STAR allocation?**

Secretariat Comment at PIF/Work Program Inclusion

**GEFSEC 20January2022:**

N/A

Agency Response

**The focal area allocation?**

Secretariat Comment at PIF/Work Program Inclusion  
**GEFSEC 20January2022:**

N/A

Agency Response

**The LDCF under the principle of equitable access?**

Secretariat Comment at PIF/Work Program Inclusion  
**GEFSEC 20January2022:**

Yes

Agency Response

**The SCCF (Adaptation or Technology Transfer)?**

Secretariat Comment at PIF/Work Program Inclusion  
**GEFSEC 20January2022:**

N/A

Agency Response

**Focal area set-aside?**

Secretariat Comment at PIF/Work Program Inclusion  
**GEFSEC 20January2022:**

N/A

Agency Response

**Impact Program Incentive?**

Secretariat Comment at PIF/Work Program Inclusion  
**GEFSEC 20January2022:**

N/A

Agency Response  
Project Preparation Grant

**5. Is PPG requested in Table E within the allowable cap? Has an exception (e.g. for regional projects) been sufficiently substantiated? (not applicable to PFD)**

Secretariat Comment at PIF/Work Program Inclusion  
**GEFSEC 20January2022:**

Yes

Agency Response  
Core indicators

**6. Are the identified core indicators in Table F calculated using the methodology included in the corresponding Guidelines? (GEF/C.54/11/Rev.01)**

Secretariat Comment at PIF/Work Program Inclusion  
**GEFSEC 21March2022:**

**Cleared**

**GEFSEC 17March2022:**

We appreciate the increase in the percentage of female beneficiaries. We encourage consideration whether it is possible for this to be further increased to 50%. If this is not possible, please explain what efforts have been made to achieve this and why it is not possible in this particular case.

**GEFSEC 20January2022:**

It will be important to achieve greater balance of female and male beneficiaries, both in terms of number of direct beneficiaries, as well as total number of people trained. Please consider all options for achieving sex disaggregated balance in these impact indicators. Increase impact balance for females is especially important noting the indications in paras A.1.1(11, 13, and 14) about the engagement of women in the EO sector, their lack of access to finance and technical assistance, and their particular vulnerability to climate impacts.

#### Agency Response

The comment has been addressed, based on stakeholder consultation from which the data has been generated and summarized in Annex E. The percentage for female representation has been increased to 40%.

**UNIDO 18March2022:**

Thank you for raising this important issue. The figures have been increased to 50% in order to aim for gender balance. Please note that the PPG Phase will be used for a detailed analysis on achieving this target and final figures will be included in the CEO endorsement request.

#### Project/Program taxonomy

**7. Is the project/program properly tagged with the appropriate keywords as requested in Table G?**

Secretariat Comment at PIF/Work Program Inclusion  
**GEFSEC 20January2022:**

Yes

#### Agency Response

#### Part II ? Project Justification

**1. Has the project/program described the global environmental/adaptation problems, including the root causes and barriers that need to be addressed?**

Secretariat Comment at PIF/Work Program Inclusion  
**GEFSEC 17March2022:**

Cleared.

**GEFSEC 20January2022:**

1. Please expand on and sharpen the climate adaptation rationale to clarify the anticipated range of risks of climate impacts based on an optimistic and pessimistic (RCP 8.5) scenarios, including considering the following points:

(a) We note with appreciation the indication of climate hazards and their impacts on EO production under a scenario of RCP 8.5 by 2050 and 2100. Please also consider a more optimistic RCP scenario and associated climate hazards and their impacts levels by 2050, and use a range between these RCP scenarios to anticipate impacts. Given the uncertainty of what RCP scenario will be experienced in the future, please ensure the project interventions are designed to address this range (RCP 8.5 to a more optimistic scenario) of possible impact levels.

(b) The following sentences in paragraph A1.1(1) seem to contradict each other; the first of these sentences is missing a reference, and the second of these sentences seems to be incomplete. Please clarify.

- "Temperatures have increased by 0.2°C over northern Madagascar and by 0.1°C over southern Madagascar."

- "Increased temperature of 0.27°C per decade and 8 per cent decreased in rainfall over 30 years (1983-2013)[2]<sup>1</sup>."

(c) Paragraph A1.1(2) states "The country experienced 53 natural hazards between 1980 and 2010". This paragraph would be strengthened by indication if this is an increase from previous years, if similar or different natural hazards are anticipated to increase in the future, and if there is an understood correlation between these natural hazards to climate change.

(d) We note with interest the indication in paragraph A1.1(6) that 34,005 small scale producers of EOs are already experiencing the impact of climate change and this is expected to increase by 50% in the next three years. How were these figures identified? Should we assume that 34,005 is some % of the total number of producers of EOs? If so, what is this % and why are some producers understood to be experiencing impacts of climate change, while others are not? Is this a perception issue, (as para A.1.1(10) seems to suggest, rather than a scientific fact? I imagine this is not an absolute, but there are in fact degrees or extents of impacts being experienced. Please expand on this to the extent possible, as it matters particularly to understand the extent to which climate adaptation support is needed, and what type will be most beneficial (awareness raising, financing, etc.).

2. The information in para A.1.1(9) is significant. Please provide a reference.

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## Agency Response

(a) and (c): Comments have been addressed and elaborations have been made in section "**i) Observed and projected temperature and rainfall, climate hazards, and climate change vulnerability and impacts**" of the document.

(b) comment has been addressed and the second sentence has been removed.

(d) The comment has been addressed and paragraph 10) and 12) have been elaborated accordingly. The present data has been generated through stakeholder engagement process and insights from the BNCC. 34,005 EO farmers is the approximate number of actors identified by the BNCC in the target regions. Based on the BNCC's data and the consultation of the national expert, the entire value chain in these regions have already been affected by the impacts of climate change. A more detailed stakeholder consultation and vulnerability assessment will be conducted during the PPG phase.

2. Reference has been provided,

i.e. [INVEST\\_IN\\_ESSENTIAL\\_OIL\\_MADAGASCAR\\_en.pdf \(edbm.mg\)](#)

## **2. Is the baseline scenario or any associated baseline projects appropriately described?**

### Secretariat Comment at PIF/Work Program Inclusion

**GEFSEC 20January2022:**

1. Please consider the relevance and complementarity with GCF supported projects in Madagascar, including

- FP026 "Sustainable Landscapes in Eastern Madagascar", which included a focus on smallholder vulnerability including through access to private sector investment.

- "Adaptation Planning Support for Madagascar"

2. We note paragraph 34 briefly indicates UNIDO will leverage its partnerships with PFAN and CTCN to support this project, but the paragraph does not indicate how specifically PFAN and CTCN will do so. Please explain.

## Agency Response



1. The comment has been addressed in table 2. Further elaboration on the projects and expected synergies have been provided.

2. The comment has been addressed and further information on the cooperation with PFAN and CTCN has been added under paragraph 40)a and 40)b respectively.

**3. Does the proposed alternative scenario describe the expected outcomes and components of the project/program?**

Secretariat Comment at PIF/Work Program Inclusion

**GEFSEC 17March2022:**

Cleared.

**GEFSEC 20January2022:**

We note with appreciation the strong focus within this project microfinance to address the barrier of access to capital, as well as provision of technical assistance, to support smallholders involved in the EO sector to transition to climate resilient practices. We also note with appreciation the baseline projects and anticipated partnerships related to microfinance institutions (MFIs), and the anticipated increase of the microfinance sector in Madagascar. We encourage consideration of opportunities to provide guarantees to MFIs in order for them to dedicate lines of credit to EO producers for transitioning to climate resilient practices. We also appreciate the current budget of this project may limit the ability to directly provide substantial financial guarantees within the budget currently requested from LDCF. but encourage consideration of options to partner with public or private financial institutions who may be able to do so.

As a more detailed point, we note that paragraph 40 refers to "ASAP support". Please clarify which ASAP programme or project is being referred to here (is it the SCCF supported ASAP project?); what specifically this support will involve in compliment to this LDCF project in Madagascar. If this is referring to the SCCF supported ASAP project, please explain any budgetary implications, including if funds will be used from this LDCF project for Madagascar in this regard.

**Agency Response**

The comment has been addressed under para 45). It is foreseen to establish synergies with the SCCF ASAP programme throughout the project as to increase the impact and foster complementary in the field of adaptation support.

Please note that jointly with Lightsmith its was agreed that this project will apply the taxonomy for adaptation MSMEs developed under ASAP for this project to ensure alignment of taxonomy, and no duplication of GEF funded activities

More detailed synergies with the programme will be defined during the PPG phase

**4. Is the project/program aligned with focal area and/or Impact Program strategies?**

Secretariat Comment at PIF/Work Program Inclusion

**GEFSEC 20January2022:**

Yes

Agency Response

**5. Is the incremental/additional cost reasoning properly described as per the Guidelines provided in GEF/C.31/12?**

Secretariat Comment at PIF/Work Program Inclusion

**GEFSEC 20January2022:**

Yes

Agency Response

**6. Are the project?/program?s indicative targeted contributions to global environmental benefits (measured through core indicators) reasonable and achievable? Or for adaptation benefits?**

Secretariat Comment at PIF/Work Program Inclusion

**GEFSEC 21March2022:**

**Cleared.**

**GEFSEC 17March2022:**

The response below is well noted. Please also note the further comment above on suggesting to consider if a 50% target for female beneficiaries is feasible.

**GEFSEC 20January2022:**

Please following point which is also indicated above regarding impact indicators:

It will be important to achieve greater balance of female and male beneficiaries, both in terms of number of direct beneficiaries, as well as total number of people trained. Please consider all options for achieving sex disaggregated balance in these impact indicators. Increase impact balance for females is especially important noting the indications in paras A.1.1(11, 13, and 14) about the engagement of women in the EO sector, their lack of access to finance and technical assistance, and their particular vulnerability to climate impacts.

### Agency Response

The comment has been addressed under paragraph 88) and targets for achieving gender balance have been increased. Gender specific activities will be defined during the PPG phase based on a gender assessment and will target defined gender balance needs in the EO value chain, as to increase the overall impact and benefit of the project.

furthermore, sex-disaggregated indicators will be used for project monitoring in order to ensure the achievements of the targets, as well as to undertake corrective measures during implementation if necessary to achieve set targets for gender balance.

**UNIDO 18March2022:**

**Thank you for raising this important issue. The figures have been increased to 50% in order to aim for gender balance. Please note that the PPG Phase will be used for a detailed analysis on achieving this target and final figures will be included in the CEO endorsement request.**

### **7. Is there potential for innovation, sustainability and scaling up in this project?**

Secretariat Comment at PIF/Work Program Inclusion

**GEFSEC 20January2022:**

Yes

### Agency Response

**Project/Program Map and Coordinates**

### **Is there a preliminary geo-reference to the project?/program?s intended location?**

Secretariat Comment at PIF/Work Program Inclusion

**GEFSEC 20January2022:**

Yes

### Agency Response

**Stakeholders**

**Does the PIF/PFD include indicative information on Stakeholders engagement to date? If not, is the justification provided appropriate? Does the PIF/PFD include information about the proposed means of future engagement?**

Secretariat Comment at PIF/Work Program Inclusion  
**GEFSEC 17March2022:**

Cleared.

**GEFSEC 20January2022:**

We note the detailed table on stakeholders, including their role in the project and current role in the EO value chain. Please also indicate how they have been engaged to date in the initial design of the project and the proposed means future engagement.

Agency Response

During the development of the present PIF, a national expert has conducted data collection missions and interviews with relevant organisations and stakeholders. Additionally, the UNIDO field office engaged closely with the National Bureau for Climate Change, the Ministry of Environment, Ministry of Industry, Ministry of Agriculture as to assess their interest and enable the inclusion of their insights and needs. Furthermore, online meetings have been conducted with AFDB, Conservation International and Lightsmith group to discuss synergies between projects.

This comment has been further addressed in the paragraph following table 5.

**Gender Equality and Women's Empowerment**

**Is the articulation of gender context and indicative information on the importance and need to promote gender equality and the empowerment of women, adequate?**

Secretariat Comment at PIF/Work Program Inclusion  
**GEFSEC 20January2022:**

Yes.

Agency Response  
**Private Sector Engagement**

**Is the case made for private sector engagement consistent with the proposed approach?**

Secretariat Comment at PIF/Work Program Inclusion  
**GEFSEC 20January2022:**

Yes.

Agency Response  
**Risks to Achieving Project Objectives**

**Does the project/program consider potential major risks, including the consequences of climate change, that might prevent the project objectives from being achieved or may be resulting from project/program implementation, and propose measures that address these risks to be further developed during the project design?**

Secretariat Comment at PIF/Work Program Inclusion  
**GEFSEC 20January2022:**

Yes.

Agency Response  
**Coordination**

**Is the institutional arrangement for project/program coordination including management, monitoring and evaluation outlined? Is there a description of possible coordination with relevant GEF-financed projects/programs and other bilateral/multilateral initiatives in the project/program area?**

Secretariat Comment at PIF/Work Program Inclusion  
**GEFSEC 20January2022:**

Yes.

Agency Response  
**Consistency with National Priorities**

**Has the project/program cited alignment with any of the recipient country's national strategies and plans or reports and assessments under relevant conventions?**

Secretariat Comment at PIF/Work Program Inclusion  
**GEFSEC 17March2022:**

Cleared.

**GEFSEC 20January2022:**

We note this section refers to the NAP as from 2019 (para 219) as well as 2020 (bulleted list). Please clarify.

Agency Response The comment has been addressed and the date has been rectified accordingly.

**Knowledge Management**

**Is the proposed ?knowledge management (KM) approach? in line with GEF requirements to foster learning and sharing from relevant projects/programs, initiatives and evaluations; and contribute to the project?s/program?s overall impact and sustainability?**

Secretariat Comment at PIF/Work Program Inclusion  
**GEFSEC 20January2022:**

Yes.

Agency Response  
**Environmental and Social Safeguard (ESS)**

**Are environmental and social risks, impacts and management measures adequately documented at this stage and consistent with requirements set out in SD/PL/03?**

Secretariat Comment at PIF/Work Program Inclusion  
**GEFSEC 20January2022:**

Yes.

Agency Response

**Part III ? Country Endorsements**

**Has the project/program been endorsed by the country's GEF Operational Focal Point and has the name and position been checked against the GEF data base?**

Secretariat Comment at PIF/Work Program Inclusion  
**GEFSEC 20January2022:**

Yes.

Agency Response

**Termsheet, reflow table and agency capacity in NGI Projects**

**Does the project provide sufficient detail in Annex A (indicative termsheet) to take a decision on the following selection criteria: co-financing ratios, financial terms and conditions, and financial additionality? If not, please provide comments. Does the project provide a detailed reflow table in Annex B to assess the project capacity of generating reflows? If not, please provide comments. After reading the questionnaire in Annex C, is the Partner Agency eligible to administer concessional finance? If not, please provide comments.**

Secretariat Comment at PIF/Work Program Inclusion

N/A

Agency Response

**GEFSEC DECISION**

**RECOMMENDATION**

**Is the PIF/PFD recommended for technical clearance? Is the PPG (if requested) being recommended for clearance?**

Secretariat Comment at PIF/Work Program Inclusion  
**GEFSEC 21March2022:**

All comments are technically cleared as addressed, pending any further comments from GEF Secretariat colleagues.

**GEFSEC 17 March 2022:**

A reduced set of comments are required to be addressed.

**GEFSEC 20 January 2022:**

Not yet. Please address the specific comments.

**ADDITIONAL COMMENTS**

**Additional recommendations to be considered by Agency at the time of CEO endorsement/approval.**

Secretariat Comment at PIF/Work Program Inclusion

**Review Dates**

	<b>PIF Review</b>	<b>Agency Response</b>
<b>First Review</b>	<b>1/27/2022</b>	
<b>Additional Review (as necessary)</b>	<b>3/17/2022</b>	
<b>Additional Review (as necessary)</b>	<b>3/21/2022</b>	
<b>Additional Review (as necessary)</b>		
<b>Additional Review (as necessary)</b>		

**PIF Recommendation to CEO**

**Brief reasoning for recommendations to CEO for PIF Approval**

**GEFSEC 21 March 2022:**

This PIF is recommended for technical clearance, as all comments to date have been addressed.