

Net-Zero Adaptation Finance (NZAF)

Review CEO Endorsement and Make a recommendation

Basic project information

GEF ID

10933

Countries

Global

Project Name

Net-Zero Adaptation Finance (NZAF)

Agencies

FAO

Date received by PM

12/23/2022

Review completed by PM

1/12/2023

Program Manager

Jason Spensley

Focal Area

Climate Change

Project Type

MSP

PIF

CEO Endorsement

Part I ? Project Information

Focal area elements

1. Does the project remain aligned with the relevant GEF focal area elements as presented in PIF (as indicated in table A)?

Secretariat Comment at CEO Endorsement Request
20 January 2023:

Yes

Agency Response

Project description summary

2. Is the project structure/design appropriate to achieve the expected outcomes and outputs as in Table B and described in the project document?

Secretariat Comment at CEO Endorsement Request
5 March 2023:

A) Cleared

B) Cleared

C) Well noted, thank you.

D) Thank you for this further explanation. Cleared.

20 January 2023:

A) We note that all outputs in Table B are explicitly reflected in the theory of change, and explained in detail in paragraphs 33 to 84, except for output 1.2 "Adaptation metrics and other key performance indicators for project developers are created." Please explain why.

B) Please include an explicit description of this output. In addition, can this output be expanded to include something to the effect of "..., and widely applied by project developers."?

C) The project structure and design is appropriate and strengthened from the PIF. However, for future CER submissions for other projects, please provide a table with a clear analysis of any changes made from the PIF to the CER, with explanations for any changes made.

D) Please clarify if financed activities will take place in countries (i.e. output 2.1 Custom Technical Assistance (CTA), financial incentive, and Cost of Finance Buydowns (CFBs) are made available to project developers for eligible projects ? output 3.1 Best practices for integrating climate change adaptation into net zero AFOLU projects are identified). Please note that for projects with GEF financed activities, LoEs on the participant countries are required. If financed activities will not take place in countries, please clarify the outputs and all related descriptions accordingly in the CER.

Agency Response

A) Output 1.2 was changed to Activity 1.1.1 ? Adaptation Metrics and Screening Tools baseline assessment ?. This change unfortunately had been omitted in the table under section 8 (changes from PIF). Output 1.2 was changed to Activity 1.1.1 because undertaking a baseline assessment of existing adaptation metrics (and filling in potential gaps) was seen as a part of developing the WinRes screening process and tools. The change has now been made to the table.

B) Please see response to comment A.

C) The table was included in Section 8 ?Summary of changes in alignment with the project design with the original PIF?.

D) The project will not fund specific on-the-ground activities, but rather will support international project development companies wishing to invest into carbon projects in the AFOLU sector across LDCs. Under Output 2.1, technical assistance (remote) will be commissioned to support international project developers and help them better mainstream specific adaptation solutions into their project concepts. This will help develop methodologies to incorporate climate change risks and vulnerability mitigation into global carbon investments in the AFOLU sector. Under Output 2.2, the Risk Mitigation Mechanism will contribute to de-risk international investment into adaptation mainstreaming, by incentivising such mainstreaming at a global scale. Under Component 3, best practices of such mainstreaming will be collected at the global level and shared to an international audience,

with a view to inform and advance the global effort for adaptation mainstreaming into carbon investment. Please note that other, CEO-endorsed, FAO-GEF projects have a similar global scope and thus did not seek letters of endorsement, e.g. AVACLIM project (GEFID 9993) and Global CBIT Forest (GEFID 10071).

3. If this is a non-grant instrument, has a reflow calendar been presented in Annex D?

Secretariat Comment at CEO Endorsement Request

20 January 2023:

N/A

Agency Response

Co-financing

4. Are the confirmed expected amounts, sources and types of co-financing adequately documented, with supporting evidence and a description on how the breakdown of co-financing was identified and meets the definition of investment mobilized, and a description of any major changes from PIF, consistent with the requirements of the Co-Financing Policy and Guidelines?

Secretariat Comment at CEO Endorsement Request

5 March 2023:

Cleared

20 January 2023:

A) We note that co-financing letters have been uploaded in the documents section. Please upload co-financing letters directly within the CER document, so they are reflected in table C.

B) Please provide a brief explanation of why expected sources of co-finance indicated in the PIF are not included in the CER (Rabobank, 12Tree, Acorn). Is it possible to secure any of these sources of co-finance prior to final CER approval?

C) Winrock \$850,000: change ?Grant? to ?In-kind?

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•D) Earthshot Lab: 1.2M ? report as ?Grant / Investment mobilized?

•E) Earthshot Lab 1.8M ? based on the co-financing letter, this appears to be pipeline projects. If this is the case, please remove this amount. If the project is confirmed, please amend the co-finance letter. If it is not yet confirmed but will be during project implementation, please report the amount at Mid-terms implementation report.

Agency Response

A) The co-financing letters have been annexed to the project document and uploaded in the CER document.

B) Discussions with these partners took place during project feasibility assessment; at the time of discussion, no organization was willing to, or able to, commit to financing any project until such projects were duly screened by the WinREs tool and platform. Furthermore, cofinancing from these partners would be channeled to project developers directly rather than through the NZAF project (which focuses on creating the process and mechanisms for the generation of a suitable pipeline of NZ AFOLU projects).

C) This has been changed.

D) This has been changed.

E) The EarthShot Labs pipeline of projects is indeed comprised of projects that are not yet approved. However, EarthShot Labs have screened their pipeline and only considered those projects that are mature enough to be a direct contribution to the project; currently, these projects are finalizing financing arrangements, and they are not yet approved. Thus, we have removed this figure from the cofinancing table, and will only report on these amounts if and when they materialize during implementation.

GEF Resource Availability

5. Is the financing presented in Table D adequate and does the project demonstrate a cost-effective approach to meet the project objectives?

Secretariat Comment at CEO Endorsement Request

12 January 2023:

Yes

Agency Response

Project Preparation Grant

6. Is the status and utilization of the PPG reported in Annex C in the document?

Secretariat Comment at CEO Endorsement Request

5 March 2023:

Cleared

12 January 2023:

No. Annex C shows that only a modest portion of the \$50,000 PPG grant has been spent and committed. Please update this table, or the uncommitted portion of the PPG grant will have to be forfeited.

Agency Response Sorry for the oversight, the table has been updated.

Core indicators

7. Are there changes/adjustments made in the core indicator targets indicated in Table E? Do they remain realistic?

Secretariat Comment at CEO Endorsement Request

13 March 2023:

Cleared

5 March 2023:

We note with serious concern the significant reduction in impact ambition of people impacted from 21,600 at PIF approval to 16,010 at CER submission. This would be a reduction of 25.5% of impact for the same amount of GEF finance.

We note with very grave concern the embarrassing reduction in impact ambition of number of people trained from 2,160 to 200 people at PIF approval. This would be a reduction of 92.6% of impact for the same amount of GEF finance. Perhaps this is a typo? If this was a typo, please correct.

If the reductions in impact ambition were not typos, we also note the reduction in impact ambition from at PIF approval to the time of CER submission is a worrisomely relatively common occurrence of projects when FAO is the Implementing Agency, and we wonder why this is.

We strongly encourage reconsideration of the impact ambition levels for all indicators to remain consistent or increase from the time of PIF approval to CER.

12 January 2023:

We note that core indicators 3 (policies and plans) and 4 (number of people trained) have not been provided a value in the CER, although they did have a value in the approved PIF. Please update this in the CER to be at or above the level indicated in the approved PIF.

Agency Response

8 March 2023:

We appreciate the concerns raised and have revised targets for Core Indicators 1 and 4 along the following lines:

CI 1: 21,610 direct beneficiaries - noting that this is a conservative estimate

CI 4: 2,200 trainees - noting that this will combine project developers and designers trained directly by NZAF as well as people trained through the AFOLU projects to be supported by NZAF.

As mentioned previously, kindly note that CI 3 appeared to be less relevant during PPG and, therefore, no target has been specified.

February 2023

In its final version, the project focuses on generating a pipeline of net zero AFOLU sector-oriented projects, implemented in LDCs, that integrate resilience and adaptation considerations. The project will not implement activities in countries, and therefore direct influence on policies and plans would be harder to attribute. Therefore, Core indicator 3 related to 'policies and plans' was felt as less relevant. As suggested, the value of Core Indicator 4 has been edited to 200 people (which was taken as the number of potential project developers and financiers who would receive training and capacity building on the development of NZ AFOLU projects).

Part II ? Project Justification

1. Is there a sufficient elaboration on how the global environmental/adaptation problems, including the root causes and barriers, are going to be addressed?

Secretariat Comment at CEO Endorsement Request

5 March 2023:

Cleared

12 January 2023:

We note that all outputs in Table B are explicitly reflected in the theory of change, and explained in detail in paragraphs 33 to 84, except for output 1.2 "Adaptation metrics and other key performance indicators for project developers are created." Please explain why. Please include an explicit description of this output. In addition, can this output be expanded to include something to the effect of "..., and widely applied by project developers."?

Agency Response Please see above, answer to Part I, question A.

2. Is there an elaboration on how the baseline scenario or any associated baseline projects were derived?

Secretariat Comment at CEO Endorsement Request

12 January 2023:

Yes

Agency Response

3. Is the proposed alternative scenario as described in PIF/PFD sound and adequate? Is there sufficient clarity on the expected outcomes and components of the project and a description on the project is aiming to achieve them?

Secretariat Comment at PIF/Work Program Inclusion

12 January 2023:

Yes

Agency Response

4. Is there further elaboration on how the project is aligned with focal area/impact program strategies?

Secretariat Comment at CEO Endorsement Request

12 January 2023:

Yes

Agency Response

5. Is the incremental reasoning, contribution from the baseline, and co-financing clearly elaborated?

Secretariat Comment at CEO Endorsement Request

12 January 2023:

Yes

Agency Response

6. Is there further and better elaboration on the project's expected contribution to global environmental benefits or adaptation benefits?

Secretariat Comment at CEO Endorsement Request

5 March 2023:

Cleared

12 January 2023:

No. This section is actually more detailed in the PIF than it is the CER. Please provide a more robust elaboration on the project's adaptation benefits.

Agency Response Additional discussion of adaptation benefits has been provided.

7. Is there further and better elaboration to show that the project is innovative and sustainable including the potential for scaling up?

Secretariat Comment at CEO Endorsement Request

5 March 2023:

Cleared

12 January 2023:

The innovation and sustainability sections appear to be a little more detailed in the PIF than in the CER. Please provide a more robust elaboration in these sections.

Agency Response Additional detail has been provided in the CER.

Project Map and Coordinates

Is there an accurate and confirmed geo-referenced information where the project intervention will take place?

Secretariat Comment at CEO Endorsement Request

12 January 2023:

Cleared. This project will not have in country on the ground activities. Therefore no map and coordinates have been provided.

Agency Response

Child Project

If this is a child project, is there an adequate reflection of how it contributes to the overall program impact?

Secretariat Comment at CEO Endorsement Request

12 January 2023:

N/A

Agency Response

Stakeholders

Does the project include detailed report on stakeholders engaged during the design phase? Is there an adequate stakeholder engagement plan or equivalent documentation for the implementation phase, with information on Stakeholders who will be engaged, the means of engagement, and dissemination of information?

Secretariat Comment at CEO Endorsement Request

5 March 2023:

Cleared

12 January 2023:

We note broad categories of stakeholders are referenced in the stakeholder consultation table (e.g. financiers, project developers, project registries. Please provide the specific names of institutions/organizations consulted. In doing so, please indicate the consultation method for each stakeholder. For the AfDB, please indicate the departments consulted, and whether the AfDB's GEF unit has been informed.

Agency Response Kindly refer to the Stakeholder engagement plan detailed in Annex I2 of the project document. We have uploaded it as a separate document as well for your convenience. The stakeholder list includes specific names of organizations and consultation

methods. The AfDB department consulted was the one responsible for the Adaptation Benefits Mechanism.

Gender Equality and Women's Empowerment

Has the gender analysis been completed? Did the gender analysis identify any gender differences, gaps or opportunities linked to project/program objectives and activities? If so, does the project/program include gender-responsive activities, gender-sensitive indicators and expected results?

Secretariat Comment at CEO Endorsement Request

5 March 2023:

Cleared

20 January 2023:

Please provide more detailed information on the specific civil society organizations and IPLCs that the project indicate that they have consulted during project development. Detailed information on these stakeholders should also be referenced in the SEP (annex 12).

Agency Response No IPLCs or local civil society organizations were consulted. The international civil society organizations consulted were private sector companies and financiers. Kindly refer to the Stakeholder engagement plan uploaded as a separate document for your convenience.

Private Sector Engagement

If there is a private sector engagement, is there an elaboration of its role as a financier and/or as a stakeholder?

Secretariat Comment at CEO Endorsement Request

5 March 2023:

Cleared

20 January 2023:

The private sector engagement section appear to be a little more detailed in the PIF than in the CER. Is there a reason why some information in this section in the PIF is not included in the CER? Please do not reduce, and strive to elaborate, in the CER.

Agency Response Private sector is indeed central to this project's strategy and references to private sector companies (project developers, finance institutions, carbon procurers) are included throughout. Additional text has been added in the private sector engagement section to explain our engagement strategy.

Risks to Achieving Project Objectives

Has the project elaborated on indicated risks, including climate change, potential social and environmental risks that might prevent the project objectives from being achieved? Were there proposed measures that address these risks at the time of project implementation?

Secretariat Comment at CEO Endorsement Request

12 January 2023:

Yes

Agency Response

Coordination

Is the institutional arrangement for project implementation fully described? Is there an elaboration on possible coordination with relevant GEF-financed projects and other bilateral/multilateral initiatives in the project area?

Secretariat Comment at CEO Endorsement Request

12 January 2023:

Yes

Agency Response

Consistency with National Priorities

Has the project described the alignment of the project with identified national strategies and plans or reports and assessments under the relevant conventions?

Secretariat Comment at CEO Endorsement Request

12 January 2023:

Yes

Agency Response
Knowledge Management

Is the proposed Knowledge Management Approach for the project adequately elaborated with a timeline and a set of deliverables?

Secretariat Comment at CEO Endorsement Request
12 January 2023:

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 CEO Endorsement Request
12 January 2023:

Yes

Agency Response
Monitoring and Evaluation

Does the project include a budgeted M&E Plan that monitors and measures results with indicators and targets?

Secretariat Comment at CEO Endorsement Request
5 March 2023:
Cleared

20 January 2023:

M&E Budget plans amounts for \$67,000 but the two activities are budgeted only for \$47,000 (the latter is consistent with the figure in the budget table). Please amend.

Agency Response Sorry for the oversight, this was corrected in the M&E budget.

Benefits

Are the socioeconomic benefits at the national and local levels sufficiently described resulting from the project? Is there an elaboration on how these benefits translate in supporting the achievement of GEBs or adaptation benefits?

Secretariat Comment at CEO Endorsement Request

12 January 2023:

Yes

Agency Response

Annexes

Are all the required annexes attached and adequately responded to?

Secretariat Comment at CEO Endorsement Request

5 March 2023:

Cleared

20 January 2023:

Please add a column in the budget table that specifies which entity is responsible for the execution of the activities. This column is required in the budget table (annex E) for all projects.

Agency Response This has been specified. Kindly note that FAO and Winrock will collaborate closely to disburse the incentives to beneficiaries under Activity 2.1.4, using FAO's Beneficiary grant mechanism. This has been updated in the budget table.

Project Results Framework

Secretariat Comment at CEO Endorsement Request

20 January 2023:

Cleared

Agency Response
GEF Secretariat comments

Secretariat Comment at CEO Endorsement Request
20 January 2023:

Please address the set of comments.

Agency Response Please see responses to comments.
Council comments

Secretariat Comment at CEO Endorsement Request
20 January 2023:

No comments were provided

Agency Response
STAP comments

Secretariat Comment at CEO Endorsement Request
20 January 2023:

No comments were provided

Agency Response
Convention Secretariat comments

Secretariat Comment at CEO Endorsement Request
20 January 2023:

No comments were provided

Agency Response
Other Agencies comments

Secretariat Comment at CEO Endorsement Request
20 January 2023:

No comments were provided

Agency Response

CSOs comments

Secretariat Comment at CEO Endorsement Request

20 January 2023:

No comments were provided

Agency Response

Status of PPG utilization

Secretariat Comment at CEO Endorsement Request

20 January 2023:

Please see comment above on PPG utilization

Agency Response This has been updated.

Project maps and coordinates

Secretariat Comment at CEO Endorsement Request

12 January 2023:

Cleared

Agency Response

Does the termsheet in Annex F provide finalized financial terms and conditions? Does the termsheet and financial structure address concerns raised at PIF stage and that were pending to be resolved ahead of CEO endorsement? (For NGI Only)

Secretariat Comment at CEO Endorsement Request

12 January 2023:

N/A

Agency Response

Do the Reflow Table Annex G and the Trustee Excel Sheet for reflows provide accurate reflow expectations of the project submitted? Assumptions for Reflows can be submitted to explain expected reflows. (For NGI Only)

Secretariat Comment at CEO Endorsement Request

12 January 2023:

N/A

Agency Response

Did the agency Annex H provided with information to assess the Agency Capacity to generate and manage reflows? (For NGI Only)

Secretariat Comment at CEO Endorsement Request

12 January 2023:

N/A

Agency Response

GEFSEC DECISION

RECOMMENDATION

Is CEO endorsement recommended? (applies only to projects and child projects)

Secretariat Comment at CEO Endorsement Request

13 March 2023:

Recommended for CER Endorsement.

5 March 2023:

A comment is remaining to be addressed on core indicators.

12 January 2023:

Not yet. Several comments need to be addressed.

Review Dates

**Secretariat Comment at
CEO Endorsement**

**Response to
Secretariat comments**

First Review	1/20/2023
Additional Review (as necessary)	3/5/2023
Additional Review (as necessary)	3/13/2023
Additional Review (as necessary)	
Additional Review (as necessary)	

CEO Recommendation

Brief reasoning for CEO Recommendations