



A private investment facility for nature-based coastal climate resilience in the Least Developed Countries (LDCs)

Review CEO Endorsement and Make a recommendation

Basic project information

GEF ID

10974

Countries

Global

Project Name

A private investment facility for nature-based coastal climate resilience in the Least Developed Countries (LDCs)

Agencies

UNIDO

Date received by PM

2/7/2023

Review completed by PM

2/14/2023

Program Manager

Tshewang Dorji

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

GEFSEC, 2/14/2023: 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 GEFSEC, 2/14/2023: Yes

Agency Response

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

Secretariat Comment at CEO Endorsement Request 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

GEFSEC, 2/14/2023: Yes. However, the proportion of LDCF contribution to the PMC is higher (10%) than co-financing component (6%). The Agency is requested to adjust the PMC co-financing to similar level.

Update GEFSEC, 2/22/2023: Please adjust the proportion of LDCF contribution to the PMC to the similar level as co-financing component. The LDCF contribution can be reduced from the current level to the proportion of the co-financing component or alternatively, the co-financing component should be revised upward to the proportion of LDCF contribution.

Update GEFSEC, 3/15/2023: Thank you for the clarification. Cleared.

Agency Response

UNIDO Response (03 Mar 2023):

We would like to clarify that the approach adopted at CEO Endorsement stage with regards to the PMC is the same as the one considered and approved at PIF stage. The figures at CEO Endorsement stage were increased (in comparison to PIF) but the ratio for the PMC costs between GEF and co-financing was kept constant (1:20). The figures revised and approved at PIF stage are as follows:

GEF Secretariat comment	Response/revision																																																				
<p>Co-financing</p> <p>2. There is no proportionality in the co-financing contribution to PMC. If the GEF contribution is kept at 10%, for a co-financing of \$31,203,000 the expected contribution to PMC must be around \$3,120,030 instead of \$500,000, which is 2%. As the costs associated with the project management have to be covered by the GEF portion and the co-financing portion allocated to the PMC, the GEF contribution and the co-financing contribution must be proportional, which means that the GEF contribution to PMC might be decreased and the co-financing contribution to PMC might be increased to reach a similar level. Please amend either by increasing the co-financing portion and/or by reducing the GEF portion. A more definitive estimation of PMC can be presented and adjusted at CEO Approval stage.</p>	<p>The total amount of PMC costs payable by GEF has been reduced to \$50,000, or approximately 6% of the total costs of Components. This reduction has been offset by an increase of \$50,000 in-kind contributions from Earth Security, which now stands at \$500k.</p> <p>A further \$500k of co-financing (\$50k from Earth Security, \$450 from Private Sector sources) has been added to the PMC costs which now represents approximately 3% of the total co-financing amount.</p> <p>Whilst the % values for PMC contributions are not aligned exactly we feel that this is a proportional allocation of resources. \$30 million of the co-financing amount is intended to be generated as investments in coastal adaptation projects and we do not feel that this newly generated investment should be allocated to PMC costs. Whilst future investments may generate associated fees to contribute to PMC costs we are unable to confirm what that might mean for the budget at this stage.</p> <p>Overall project cost for GEF and co-financing is revised as follows (revised figures are written in red):</p> <table border="1"> <thead> <tr> <th rowspan="2"></th> <th colspan="2">GEF</th> <th colspan="2">Co-Financing (USD)</th> <th rowspan="2">Ratio between GEF and co-financing</th> </tr> <tr> <th>ORIGINAL</th> <th>REVISED</th> <th>ORIGINAL</th> <th>REVISED</th> </tr> </thead> <tbody> <tr> <td>Component 1</td> <td>316,751</td> <td>316,751</td> <td>216,409</td> <td>216,409</td> <td>1 : 0.68</td> </tr> <tr> <td>Component 2</td> <td>414,923</td> <td>451,647</td> <td>30,879,250</td> <td>30,429,250</td> <td>1 : 67.37</td> </tr> <tr> <td>Component 3</td> <td>105,552</td> <td>105,552</td> <td>77,618</td> <td>77,618</td> <td>1 : 0.74</td> </tr> <tr> <td>Component 4</td> <td>30,016</td> <td>30,016</td> <td>29,723</td> <td>29,723</td> <td>1 : 0.99</td> </tr> <tr> <td>Sub-total</td> <td>867,242</td> <td>903,966</td> <td>31,203,000</td> <td>30,753,000</td> <td></td> </tr> <tr> <td>PMC</td> <td>86,724</td> <td>50,000</td> <td>500,000</td> <td>1,000,000</td> <td>1 : 20</td> </tr> <tr> <td>Project Cost</td> <td>953,966</td> <td>953,966</td> <td>31,703,000</td> <td>31,753,000</td> <td></td> </tr> </tbody> </table>		GEF		Co-Financing (USD)		Ratio between GEF and co-financing	ORIGINAL	REVISED	ORIGINAL	REVISED	Component 1	316,751	316,751	216,409	216,409	1 : 0.68	Component 2	414,923	451,647	30,879,250	30,429,250	1 : 67.37	Component 3	105,552	105,552	77,618	77,618	1 : 0.74	Component 4	30,016	30,016	29,723	29,723	1 : 0.99	Sub-total	867,242	903,966	31,203,000	30,753,000		PMC	86,724	50,000	500,000	1,000,000	1 : 20	Project Cost	953,966	953,966	31,703,000	31,753,000	
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At CEO Endorsement stage, the proposal is to increase the contribution keeping the 1:20, as follows:

	GEF	Co-Financing	Ratio between GEF and co-financing
Component 1	316,751	216,409	1 : 0.68
Component 2	419,923	29,694,770	1 : 70.71
Component 3	100,552	77,618	1 : 0.77
Component 4	30,016	29,723	1 : 0.99
Sub-total	867,242	30,018.520	
PMC	86,724	1,734,480	1 : 20
Total project Cost	953,966	31,753,000	

As justified at PIF stage, whilst the percentage values for PMC contributions are not aligned exactly, we consider that this is a proportional allocation of resources, especially when considering that a *ca.* US\$ 30 million private sector financing facility will be established to invest in coastal adaptation projects.

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 GEFSEC, 2/14/2023: 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 GEFSEC, 2/14/2023: Yes

Agency Response

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 GEFSEC, 2/14/2023: Core indicator has not changed. Thanks for adding Sierra Leone to the list of LDCs that could benefit as a result of the the proposed financing facility.

Agency Response

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 GEFSEC, 2/14/2023: Yes. It is well articulated.

Agency Response

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

Secretariat Comment at CEO Endorsement Request GEFSEC, 2/14/2023: Yes. It is well elaborated.

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

GEFSEC, 2/14/2023: Yes. It is sound, adequate and clear on the expected outcomes and ways to achieve it.

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

GEFSEC, 2/14/2023: Yes, the project aligns with GEF-7 CCA-2

Agency Response

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

Secretariat Comment at CEO Endorsement Request

GEFSEC, 2/14/2023: 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

GEFSEC, 2/14/2023: Yes

Agency Response

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

GEFSEC, 2/14/2023: Yes

Agency Response

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

GEFSEC, 2/14/2023: Maps of the targeted LDCs, where the financing facility set up by the project is expected to serve, is 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

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

GEFSEC, 2/14/2023: Yes

Agency Response

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

GEFSEC, 2/14/2023: Yes

Agency Response
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
GEFSEC, 2/14/2023: Yes. Private sector is driving the project

Agency Response
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
GEFSEC, 2/14/2023: Yes. Potential risk are elaborated and mitigation measure proposed.

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
GEFSEC, 2/14/2023: 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
GEFSEC, 2/14/2023: 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
GEFSEC, 2/14/2023: 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
GEFSEC, 2/14/2023: 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
GEFSEC, 2/14/2023: Yes

Agency Response
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
GEFSEC, 2/14/2023: Yes

Agency Response
Annexes

Are all the required annexes attached and adequately responded to?

Secretariat Comment at CEO Endorsement Request
GEFSEC, 2/14/2023: Yes

Agency Response
Project Results Framework

Secretariat Comment at CEO Endorsement Request GEFSEC, 2/14/2023: Provided

Agency Response
GEF Secretariat comments

Secretariat Comment at CEO Endorsement Request

Agency Response
Council comments

Secretariat Comment at CEO Endorsement Request N/A

Agency Response
STAP comments

Secretariat Comment at CEO Endorsement Request N/A

Agency Response
Convention Secretariat comments

Secretariat Comment at CEO Endorsement Request N/A

Agency Response
Other Agencies comments

Secretariat Comment at CEO Endorsement Request N/A

Agency Response
CSOs comments

Secretariat Comment at CEO Endorsement Request N/A

Agency Response
Status of PPG utilization

Secretariat Comment at CEO Endorsement Request GEFSEC, 2/14/2023: Yes.

Agency Response
Project maps and coordinates

Secretariat Comment at CEO Endorsement Request GEFSEC, 2/14/2023: Maps of the targeted LDCs, where the financing facility set up by the project is expected to serve, is provided

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
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 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 N/A

Agency Response

GEFSEC DECISION

RECOMMENDATION

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

Secretariat Comment at CEO Endorsement Request

GEFSEC, 2/14/2023: The project is ready to recommend for CEO Approval.

The project will mobilize private finance for building climate resilience through Nature-based solutions (NbS) for the coastal communities in LDCs. The proposal has clear Theory of Change with targeted intervention, such as match-making and setting up financing facility, to help catalyze closing adaptation finance gaps in LDCs.

Update, GEFSEC, 2/22/2023: Please address the comment on the proportionality of the PMC cost.

Update, GEFSEC, 3/16/2023. The agency has provided adequate explanation on the proportionality of the PMC cost.

Review Dates

	Secretariat Comment at CEO Endorsement	Response to Secretariat comments
First Review	2/14/2023	
Additional Review (as necessary)	3/16/2023	
Additional Review (as necessary)		
Additional Review (as necessary)		
Additional Review (as necessary)		

CEO Recommendation

Brief reasoning for CEO Recommendations

As mentioned during PIF review, the Least Developed Countries (LDCs) are the most vulnerable to the impacts of climate change because of their economic and geographical characteristics. Economically, they are most constrained by financial resources to invest in climate change adaptation. Geographically the coastal communities in LDCs, in particular, are highly vulnerable to sea level rise, coastal erosion, coastal storm surge, flooding and saltwater intrusion. The rapid decline of coastal ecosystems is further reducing the resilience of these communities and amplifying climate risks¹[1].

The proposed project will result in addressing widening financing gaps for climate adaptation in coastal locations in LDCs, where growing populations, rapid urbanisation, environmental degradation and climate vulnerability are converging. In particular, the proposed project will secure private-sector funding for nature-based (NbS) adaptation projects in LDCs through the following interrelated components:

COMPONENTS AND RESULTS

- **Component 1:** Identify existing nature-based coastal climate adaptation projects in LDCs and increase their investment readiness to leverage private sector investment;
- **Component 2:** Design and launch a private finance facility for nature-based coastal climate adaptation in LDCs; and
- **Component 3:** Disseminate knowledge and scale private sector participation through the established self-standing investment facility

The project will build the capacity of LDCs to attract private sector investment and increase awareness of the global private companies on the benefits of supporting NbS for coastal adaptation projects. It will directly benefit 240,000 people (50% Women), enable the climate resilient management of 320,000 ha of land and train 250 (50% women) people about climate risks and adaptation measures. The project will lead to launch of private sector financing facility with a focus on matchmaking between private sector entities and a global pipeline of projects that have a well-articulated business proposition.

On COVID-19, the project is expected contribute to strengthening the overall resilience of local coastal communities.