

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

Review PIF 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

4/13/2022

Review completed by PM

5/20/2022

Program Manager

Tshewang Dorji

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 4/14/2022: Yes. However, please consider shortening the title

GEFSEC 5/20/2022: Cleared. Thank you

Update, GEFSEC 5/26/2022: Thank you for revising the project title. Please consider adding " in the Least Developed Countries (LDCs) at the end of the current title, if appropriate. This will help in sharpening scope of the project.

GEFSEC, 6/2/2022: Cleared. Thank you

Agency Response

17 May 2022

The revised Title is:

A private investment facility for nature-based coastal climate resilience

2 June 2022

The revised Title is:

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

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 4/14/2022. Please consider the following revision:

- Component 1: Please consider revising the generic open-ended statement of "Build the capacity" to be more targeted. For example, "Identify and increase investment readiness of?"; or "Prepare investment readiness of?"; etc
- Output 1.1.3: Will the global investment pipeline be the 10 projects selected in output 1.1.3, or broader. Please clarify
- Outcome 1.3: Will this outcome include active marketing to potential investors, or is this part of a later Outcome? Will training and pitch preparation TA be provided to the project developers? If so, please ensure this is included in an output and has relevant budget
- Component 2: Please ensure all outcomes, outputs and activities are focused on adaptation to climate change, rather than adaptation and/or nature based solutions more broadly, and make this more explicit in the component, outcome and output statements

Update, GEFSEC 5/26/2022: 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.

GEFSEC, 6/2/2022: Cleared. However, please improve the co-financing contribution of the PMC to the desired level during the CEO Approval stage.

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Agency Response

1. 17 May 2022:

1. We have made this more targeted by using the phrasing 'Identify existing nature-based coastal climate adaptation projects in LDCs and increase their investment readiness to leverage private sector investment.' Also, the word 'coastal' is added before 'climate adaptation projects' in Outcome 1.1, Output 1.1.1 and Outcome 1.3.
2. 2. The initial pipeline will consist of the 10 selected projects although we anticipate the pipeline will grow to include more projects over time and beyond the lifetime of the project. The language has been amended to reflect this.
3. 3. Yes this phase will include active marketing to potential investors. This has been elaborated now in Outcome 1.3. Pitch preparation is included in Output 1.2.1 as part of the technical assistance support provided to project developers.
4. 4. The focus on climate adaptation has now been emphasised throughout Component 2. The wording in the following outcomes and output has been changed as follows:

Outcome 2.1: 'Investment commitments made by at least 3 global companies for a total of up to \$30m to illustrate the role that private sector investments can play in supporting nature-based coastal climate adaptation in LDCs.'

Outcome 2.2: 'Design and launch a private investment facility for nature-based coastal climate adaptation projects in LDCs as a global mechanism to match corporate investments with projects with full consideration of gender equality and women's empowerment.'

Output 2.1.1, 2.2.1 and 2.2.2: the word 'coastal climate' is added before 'adaptation project'

2 June 2022:

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.

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.

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.

Overall project cost for GEF and co-financing is revised as follows (revised figures are written in red):

| | 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 | |

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 4/14/2022: Please upload co-financing documentation

GEFSEC 5/20/2022: Cleared. Thank you

Agency Response

17 May 2022

The required co-financing documentation will be secured during the PPG stage and provided at CEO Approval stage.

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 4/14/2022: Yes.

Thank you

Agency Response

The STAR allocation?

Secretariat Comment at PIF/Work Program Inclusion N/A

Agency Response

The focal area allocation?

Secretariat Comment at PIF/Work Program Inclusion N/A

Agency Response

The LDCF under the principle of equitable access?

Secretariat Comment at PIF/Work Program Inclusion GEFSEC 4/14/2022: Yes.

Thank you.

Agency Response

The SCCF (Adaptation or Technology Transfer)?

Secretariat Comment at PIF/Work Program Inclusion N/A

Agency Response

Focal area set-aside?

Secretariat Comment at PIF/Work Program Inclusion N/A

Agency Response

Impact Program Incentive?

Secretariat Comment at PIF/Work Program Inclusion 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 4/14/2022: Yes.
Thank you.

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 4/14/2022: We appreciate the ambition level of core indicators 1 (people) and 2 (hectares). However, with regards to core indicator 4 (number of people trained), please consider if more than 250 people will actually be trained through the set of outputs and activities.

GEFSEC 5/20/2022: Cleared. Thank you

Agency Response

17 May 2022

The identified core indicators are calculated using the methodology included in the guidelines.

For core indicator 4, training is not considered to be a core component of the Programme, however, stakeholders engaging in the programme will gain new skills and competencies as a result of the activities conducted to deliver the output and outcomes. Therefore the calculation for the 250 trained was based on the following assumptions:

10 stakeholders for each of the initial 10 projects = 100

5 stakeholders from each of the 10 investors = 50

100 stakeholders from the 2 webinars = 100

Overall number of people trained = 250

Calculations for core indicators are attached, and the reference is made under the section on Global Environmental Benefits (para 72).

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 4/14/2022: Please include "Nature-based solution for climate resilience"

GEFSEC 5/20/2022: Cleared. Thank you

Agency Response

17 May 2022

The project is properly tagged with the appropriate keywords in the list of taxonomy.

We have checked "Nature-based solution for climate resilience" in the taxonomy list in the GEF portal, but it seems that it is not in the list and hence we cannot include it. Please kindly clarify the second part of the comment and/or guide us in case we overlooked the keywords in the list.

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 4/14/2022: Thank you. Please address the following points

1. On para 7: Given this is a global project., please ensure any references to the specific countries are made only as related to the studies about the level of climate vulnerability. References to the vulnerability of regions or sub regions involving ,more than one country can be relevant
2. Also, on para 7: While acknowledging reference to Zimbabwe as one of the most affected countries of extreme weather event in 2019, the country is not a member of 46 LDCs.

GEFSEC 5/20/2022: Cleared. Thank you

Agency Response

17 May 2022

Para 7 is revised as follows:

Floods, droughts, storms and cyclones are all major climate-related natural hazards across LDCs. Because of their limited capacities to respond and less means to prepare and mitigate against climate related natural hazards, LDCs are likely to suffer disproportionately from loss and damage caused by climate-related disasters. Climate hazards affect vital economic sectors on which livelihoods depend. The majority of these LDCs are highly dependent on climate-sensitive sectors such as agriculture, fisheries and forestry which form the critical foundation of economic growth as well as providing main sources of income for the countries' population.

Reference to Zimbabwe has been removed.

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

Secretariat Comment at PIF/Work Program Inclusion

GEFSEC 4/14/2022: Yes. Thank you.

Agency Response

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

Secretariat Comment at PIF/Work Program Inclusion

GEFSEC 4/14/2022: Please refer to the question 2 (Table B discussion), part I above.

GEFSEC 5/20/2022: Cleared. Thank you

Agency Response

17 May 2022

The proposed alternative scenario and table 2 have been updated in line with comments/responses on the questions 2 in the part I above.

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

Secretariat Comment at PIF/Work Program Inclusion

GEFSEC, 4/14/2022: Yes. Thank you

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, 4/14/2022: Yes. Thank you

Agency Response

6. Are the project?s/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, 4/14/2022: Yes. Thank you

Agency Response

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

Secretariat Comment at PIF/Work Program Inclusion

GEFSEC, 4/14/2022: Yes. Thank you

Agency Response

Project/Program Map and Coordinates

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

Secretariat Comment at PIF/Work Program Inclusion

GEFSEC, 4/14/2022: Please provide geo-reference of the existing interventions in the LDCs as described in various parts of the PIF

GEFSEC 5/20/2022: Cleared. Thank you

Agency Response

17 May 2022

A map with pins showing the location of coastal climate adaptation projects listed illustratively in Table 4 has now been included. Please note that this is sample of projects is merely an illustrative example of the type of projects that could be considered for selection throughout the programme, as also specified in the next above the project map. Therefore, we prefer not to include geo-references for this illustrative preliminary selection at this stage, considering that this is a global project.

The text "The below map shows an illustrative preliminary sample of 16 potential nature-based coastal climate adaptation projects, in each of the LDC countries that have mangrove ecosystems, as examples of the type of projects that could be considered for selection throughout the programme." has been added in section 1b. Project Map and Coordinates and Annex A: Project Map and Geographic Coordinates.

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, 4/14/2022: Yes. Thank you

Agency Response

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, 4/14/2022: Yes. Thank you.

Update, GEFSEC, 5/26/2022:

The gender dimensions provided in Section 3, including Table 6, suggests that the project will address all the three gender gaps specified in the question: "Does the project expect to include gender-responsive measures to address gender gaps?" If this is the case, please respond Yes to all three (i.e., closing gender gaps in access to and control...; improving women's participation...; and generating socio-economic benefits...). The project specifies that a Gender analysis report and mainstreaming plan will be developed in the project preparation stage. It is recommended that elements of the mainstreaming strategy and action plan be reflected in the project objectives, context

and components at the CEO approval stage. It is also recommended to prepare a gender action plan, as appropriate.

Agency Response

2 June 2022:

All the three gender gaps are revised to respond Yes.

Para 81 is revised as follows (highlighted in green are additions):

During the PPG phase the project will develop a Gender Analysis Report and draft Gender Mainstreaming plan **and gender action plan** which will influence the ultimate project design. The project design will ensure that the gender dimensions are considered, and that the project log-frame reflects key gender dimensions in the respective outputs, activities, indicators and targets. **The elements of the mainstreaming strategy and action plan will be reflected in the project objectives, context and components at the CEO approval stage.**

Private Sector Engagement

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

Secretariat Comment at PIF/Work Program Inclusion

GEFSEC, 4/14/2022: Yes. Thank you

GEFSEC, 6/2/2022: Cleared. Thank you

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, 4/14/2022: Yes. Thank you

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, 4/14/2022: Yes. Thank you

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, 4/14/2022: Please highlight relevance of National Adaptation Plans (NAPs) in addition to NAPA. Also, please clarify what is meant by (NAPAs and LDCs) in para 91, line 3.

GEFSEC 5/20/2022: Cleared. Thank you

Agency Response

17 May 2022

NAPs have now been included in addition to NAPAs. The comment on the meaning of (NAPAs and LDCs) should have read (NAPAs and NDCs) and has now been corrected.

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, 4/14/2022: Yes. Thank you

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, 4/14/2022: Yes. Thank you

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

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 5/20/2022: Both PIF and PPG are recommended for technical clearance

Update, GEFSEC, 5/26/2022: Not yet. Please address the above mentioned additional 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

| | PIF Review | Agency Response |
|---|-------------------|------------------------|
| First Review | 4/15/2022 | |
| Additional Review (as necessary) | 5/20/2022 | |
| Additional Review (as necessary) | 5/26/2022 | |
| Additional Review (as necessary) | 6/2/2022 | |
| Additional Review (as necessary) | | |

PIF Recommendation to CEO

Brief reasoning for recommendations to CEO for PIF Approval

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 risks^[1].

The proposed project is going to address the 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.

[1] UNEP 2021, Making Peace with Nature: A scientific blueprint too tackle the climate, biodiversity and pollution emergencies
