

Blended finance facility for climate resilience in coffee and cacao value chains: CC-Blend

Review PIF and Make a recommendation

Basic project information

GEF ID

10434

Countries

Regional (El Salvador)

Project Name

Blended finance facility for climate resilience in coffee and cacao value chains: CC-Blend

Agencies

UNEP

Date received by PM

11/11/2019

Review completed by PM

3/11/2020

Program Manager

Katya Kuang-Idba

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 15Nov2019:

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 27Nov2019:

Cleared for the PIF stage. With regards to output 3.2 in particular, further detail will be required at the PPG stage with regards to partnership and strategies for working with a greater number of commercial lenders to develop new lines of credit for investing in adaptation.

GEFSEC 15Nov2019:

Partially. Please strengthen the regional aspects, particularly through current component 4. For example, please consider ways to strengthen the development of lines of credit and integrate climate resilience impact and investment considerations with other finance institutions elsewhere in the region, based on learning and gained with BFA and other complimentary and baseline projects, preferably as a new output under current component 4. Please also ensure robust learning and knowledge sharing regionally through the community of practice indicated in output 4.2. We encourage consideration of ways to focus on strengthening regional aspects over some single country outputs that are not essential to the success of other outcomes.

Agency Response

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 27Nov2019:

Cleared.

GEFSEC 15Nov2019:

More information requested. Please provide justification for categorizing the two co-financing entries from UNEP and USAID as investment mobilized, and consider if these meet the requirements for the category of investment mobilized as per the GEF co-finance policy.

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 27Nov2019:

Cleared for PIF stage

GEFSEC 15Nov2019:

We note the GEF-SCCF funds requested, including PPG, total \$1,249,999. This is higher than the \$1,150,000 originally indicated as potentially available from the SCCF to support this project. There is a limit on the total amount of funds available to support all projects under the initial round of this Challenge Program. However, we will consider feasibility options for increasing SCCF support for this project above the amount initially indicated, but are not in a position to confirm this at this time. We will seek to provide further comment during the stage of PIF review and clearance.

Agency Response

The STAR allocation?

Secretariat Comment at PIF/Work Program Inclusion

GEFSEC 15Nov2019:

N/A

Agency Response

The focal area allocation?

Secretariat Comment at PIF/Work Program Inclusion

GEFSEC 15Nov2019:

N/A

Agency Response

The LDCF under the principle of equitable access

Secretariat Comment at PIF/Work Program Inclusion

GEFSEC 15Nov2019:

N/A

Agency Response

The SCCF (Adaptation or Technology Transfer)?

Secretariat Comment at PIF/Work Program Inclusion

GEFSEC 15Nov2019:

Yes

Agency Response

Focal area set-aside?

Secretariat Comment at PIF/Work Program Inclusion

GEFSEC 15Nov2019:

N/A

Agency Response

Impact Program Incentive?

Secretariat Comment at PIF/Work Program Inclusion

GEFSEC 15Nov2019:

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 16Nov2019:

Cleared

GEFSEC 15Nov2019:

The project is seeking a \$50,000 PPG, plus 4,750 for Agency fees, which is within the allowable cap. Please explain why this PPG is required for this regional project.

Agency Response

Core indicators

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

Secretariat Comment at PIF/Work Program Inclusion

GEFSEC 27Nov2019:

Cleared

GEFSEC 15Nov2019:

Action requested. We note the indicators indicated in Table F and uploaded in the Roadmap and Documents section of the portal. However, for LDCE and SCCF projects, to avoid double counting please do not include indicators in the body of the PIF. Please remove the indicators entered in portal submission and use only the LDCE/SCCF Core Indicators and Metadata worksheet.

Agency Response

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 27Nov2019:

Cleared

GEFSEC 15Nov2019:

Please upload the taxonomy table G to the Roadmap and Documents section of the website.

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 15Nov2019:

The explanation of the climate/adaptation problem and the barriers are clearly explained and documented.

Agency Response

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

Secretariat Comment at PIF/Work Program Inclusion

GEFSEC 15Nov2019:

Yes. The set of baseline scenario and set of projects is well described, involving a set of projects at both regional and national levels.

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 15Nov2019:

Yes. Similar to the comment above for question 2 of section 1 for table B, the alternative scenario would be strengthened with further description of contribution at the regional scale.

Agency Response

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

Secretariat Comment at PIF/Work Program Inclusion

GEFSEC 15Nov2019:

Yes, the project is aligned with SSCF focus on resilience and adaptation outcomes.

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 15Nov2019:

Yes.

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 27Nov2019:

Cleared

GEFSEC 15Nov2019:

Yes. The Global Environmental Benefits measured through core indicators are reasonable and achievable for this project scale (10,000 people; 6,400 hectares, 4,000 people trained). Please consider if its possible to increase the number of people training, due to strengthening the regional aspects.

Agency Response

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

Secretariat Comment at PIF/Work Program Inclusion

GEFSEC 27Nov2019:

Cleared

GEFSEC 15Nov2019:

Yes. However, the explanation would be further strengthened with more explanation of how innovation in microfinance will be achieved by use of methodologies to measure adaptation impact and incorporate these practices into lending decision making.

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 27Nov2019:

Cleared

GEFSEC 15Nov2019:

Please provide preliminary geographic information related to coffee and cacao production in the region, and potential areas of influence related to climate vulnerability.

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 27Nov2019:

Cleared

GEFSEC 15Nov2019:

Yes. Please expand on the stakeholders at the regional level, including potential MFIs and 2nd tier banks who may be engaged through REDCAMIF or other actors.

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 15Nov2019:

Yes, the PIF has outlined how the project will consider the persistent gender equality gap in El Salvador, and will promote the empowerment of rural women in the coffee and cocoa value chains.

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 15Nov2019:

Yes, private sector engagement and investment in adaptation is central to the project objective and is a focus of all components of the project.

Agency Response

Risks

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 15Nov2019:

Yes, the major risks and measures to address them are well articulated.

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 27Nov2019:

Cleared. Confirmation of REDCAMIF or another executing partner for the regional components will be required at the PPG stage.

GEFSEC 15Nov2019:

Project execution for the national components in El Salvador will be conducted by BFA.

Please identify an execution partner other than UNEP for the regional component. For example, please consider if REDCAMIF, a regional development bank, or a climate or environment Fund active regionally may be able to perform this role.

Consistent with comments made for other projects, as the agency knows the implementation and execution roles on GEF projects are meant to be separate per policy and guideline. The GEFSEC will analyze any requests for dual role playing by an agency at the time of CEO endorsement and only approve those cases that it deems warranted on an “exceptional” basis. We strongly encourage the agency to look at third party options as a preferred way forward. We also strongly encourage the agency to discuss any and all options for execution that do not include the government with the GEFSEC early in the PPG phase. Technical clearance of this PIF will in no way endorse any alternative execution arrangement.

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 27Nov2019:

Cleared

GEFSEC 15Nov2019:

Yes, however this section would be strengthened by a reference to national priorities in the region beyond only El Salvador focused on agriculture resilience (e.g. as articulated in NDCs or other priority setting and planning processes).

Agency Response

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 15Nov2019:

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 15Nov2019:

Please provide an endorsement letter from the OFP of El Salvador.

GEFSEC, 10 March 2020: As project’s sites have not been identified, there are no OFP to contact. A provision will be included in the CEO Approval for receiving a letter of no objection duly signed by the GEF OFP before supporting on the ground activities in a country.

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

GEFSEC 15Nov2019:

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 27Nov2019:

Yes. Technical clearance is recommended, pending PPO comments.

GEFSEC 15Nov2019:

Please address the comments and suggestions provided above in a resubmitted PIF. When resubmitting, it would be helpful to provide a PDF version of the PIF with tracked changes or changes highlighted.

GEFSEC, 9Jan2019:

Not yet. Please ensure the following issues, flagged by GEF PPO are addressed and resubmit for consideration:

- 1- On Executing Partners: The executing partner appears to be a government entity. Therefore, the PIF should be changed to be indicated as such.
2. On Co-financing: Grant co-financing has been marked as “recurrent expenditures”. However, where co-financing truly meets the definition of "grant", it should typically be classified as "investment mobilized" rather than " recurrent expenditures ". If indeed this is the case, please ask the Agency to answer the question on how investment mobilized was identified.
3. On Core Indicators: Indicators 4 and 11 have been marked in the Portal but no data entries are showing up. Please re-enter the data.
4. On Countries: Although this project’s ultimate reach is regional, the project itself is being piloted in El Salvador, and El Salvador’s OFP has endorsed the project. Therefore, please enter both Regional and El Salvador in the Portal.
- 5- As per the components presented in Table B, there are activities to be financed by GEF funds that will be executed in countries. As such, this project requires Letters of Endorsement. We understand that those countries (other than El Salvador) will be identified during the preparation phase. Therefore, as the project’s sites have not been identified other than El Salvador, there are no additional OFPs to contact. Please note however, that a provision will be included in the CEO Approval for receiving a letter of no objection duly signed by the relevant GEF OFP other than El Salvador before supporting on the ground activities in their respective country.

ADDITIONAL COMMENTS

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

Secretariat Comment at PIF/Work Program Inclusion

GEFSEC, 10 March 2020: Please ensure the necessary policies, procedures and legal arrangements are in place to ensure the GEF Minimum Fiduciary standards are met during GEF funded project implementation

Review Dates

	PIF Review	Agency Response
First Review		
Additional Review (as necessary)		
Additional Review (as necessary)		
Additional Review (as necessary)		
Additional Review (as necessary)		

PIF Recommendation to CEO

Brief reasoning for recommendations to CEO for PIF Approval

The project, "Blended Finance Facility for Climate Resilience in Coffee and Cacao Value Chains: CC-Blend", requesting \$1.25 million in financing from the SCCF, submitted as part of the Challenge Program for Adaptation Innovation; aims to strengthen the climate resilience of coffee and cacao producers in El Salvador and other countries in Central America through a blended-finance and technical-assistance facility for nature-based adaptation solutions, as well as catalyze innovation in commercial lending practices by factoring in climate resilience into loan products. The project will achieve this objective through the implementation of three components: (i) Establishing a blended finance facility for nature-based adaptation investments; (ii) Promoting climate resilient production practices; and (iii) Sharing knowledge to increase regional access to sustainable finance. The proposed initiative presents a holistic approach to increase resilience in two highly vulnerable cash-crop value chains in Central America. The SCCF project will focus on piloting activities in El Salvador through a dedicated line of credit with private capital and setting up a replication structure and private investment opportunities elsewhere in the region; and aims to deliver: i) access to finance at improved rates for farmers implementing adaptation solutions; ii) technical assistance in sustainable production methods and alternative livelihoods to stabilize and diversify income; iii) adaptation knowledge packages based on climate scenarios, local climate and phenological data and adaptation needs; iv) capacity-building in business operations, cooperative approaches, and linkage to markets with emphasis on women groups; and v) private sector engagement, including sharing of lessons for increased penetration of green finance products and development of regional dedicated financial mechanisms.

