



Programme for innovation in climate adaptation and resilience building solutions (PARS)

Review PIF and Make a recommendation

Basic project information

GEF ID

11566

Countries

Global (Lesotho, Malawi, Ethiopia, Somalia)

Project Name

Programme for innovation in climate adaptation and resilience building solutions (PARS)

Agencies

UNIDO

Date received by PM

3/22/2024

Review completed by PM

4/22/2024

Program Manager

Aloke Barnwal

Focal Area

Climate Change

Project Type

PFD

GEF-8 PROJECT IDENTIFICATION FORM (PIF) REVIEW SHEET

1. General Program Information

a) Is the Program Information table correctly filled, including specifying adequate executing partners?

Secretariat's Comments

Yes.

It lists UNIDO as an executing agency. Please provide a justification and specify what activities would be executed by UNIDO.

GEFSEC April 22, 2024

Thanks for the details. The Execution role with the justification below would be considered by the Manager for approval. Cleared by the PM.

Agency's Comments

UNIDO 15 April 2024:

Noted. Elaboration has been provided under section **?Coordination and Cooperation with Ongoing Initiatives and Programs.?** UNIDO will ensure effective and resource efficient coordination and cohesiveness across all national child projects. As an international organization, UNIDO is in the ideal position to stimulate knowledge sharing and learning across all countries, while creating linkages between private and public sector actors. Any other execution partners for the Global project will be identified through an open and competitive process during the PPG phase.

For the national child projects, UNIDO's role of co-execution will entail ensuring that ad-hoc requests from the GEF OFP and office and any contingences are addressed adequately in a timely manner. This could entail hiring 1-2 national consultants to act as liaison between GEF OFP and office, the selected Project Executing Entity, and UNIDO. This could further allow UNIDO to support the project executing entity in setting up the initial project activities during the inception year and whenever deemed necessary. The exact extent of the co-execution support will be detailed in the PPG phase.

b) Are the Rio Markers for CCM, CCA, BD and LD correctly selected, if applicable?

Secretariat's Comments Yes

Agency's Comments

2. Program Summary

a) Does the program summary concisely describe the problem to be addressed, the program objective and the strategies to deliver the GEBs or adaptation benefits and other key expected outcomes?

b) Is the program's geographical coverage explicit, as well as the covered sectors? Does the summary explain how the program is transformative or innovative?

Secretariat's Comments

The program summary is very long going beyond the suggested word limit. Please present a more concise summary here and supportive text could be included in the main document text. Plus, it misses some key elements. Please articulate the program objective, describe the alignment with GEF 8 strategy, links with national priorities (e.g. NAPs), the baseline in these countries and the adaptation benefits. The summary states that the program will benefit 96,000 people. This is very low for a program of this scale (\$36 million USD).

Please also indicate examples of sectors/solutions that would be advanced through engagement of MSMEs. Why are these sectors chosen and would these sectors provide a strong basis for the expected transformation?

GEFSEC April 22, 2024

The summary is fine. Please un-highlight the text now.

Agency's Comments

UNIDO 15 April 2024:

-The PFD program summary section was revised, condensing it to fit within the suggested word limit while ensuring clarity and coherence.

-The section has been further revised to include all key elements such as the program objective, alignment with GEF 8 strategy, links with national priorities, baseline assessments, and adaptation benefits.

-The number of beneficiaries has been reassessed and revised accordingly.

-Example solutions encompass agro-climate services, water-saving technologies to tackle droughts and floods, as well as technologies addressing energy supply shortages and disruptions. A list of possible solutions was included under output 2.1.

-The selection of these sectors is based on partner country-specific challenges and national priorities outlined in several key policies and programs, such as National Adaptation Plans, Nationally Determined Contributions (NDCs), as well as baseline assessments of climate risks and existing projects. Based on this, the programme will primarily focus on the food, and agriculture, water and energy sectors, as they are key to all countries within this PFD. These sectors are key sectors of partner countries and provide a strong basis for the expected transformation development. However, the programme will be open to include any other sector that the countries express priority on.

3 Indicative Program Overview

- a) **Is the program objective statement concise, clear and measurable?**
- b) **Are the components and outcomes sound, appropriate and sufficiently clear to achieve the program objective and the core indicators per the stated Theory of Change?**
- c) **Are gender dimensions, knowledge management, and M&E included within the program components and appropriately funded?**
- d) **Are the GEF program Financing and Co-Financing contributions to PMC proportional?**
- e) **Is the PMC equal to or below 5%? If above 5%, is the justification acceptable?**

Secretariat's Comments

a) The objective statement is fine but could consider an explicit reference to private sector or MSMEs if it is a central focus

b) 1.1 -The major challenges in LDCs for private sector and MSMEs are related to regulations. It is not clear if the program would focus on any regulatory aspects. Also, there is not only a need to focus on cross sectoral (horizontal) policy work, but also at macro-economy level with finance and economy ministries to create an enabling environment for innovation in adaptation solutions and private sector engagement. The component and outputs lacks this aspect. There is also a need to work at multiple levels (vertically) to enable action by private sector

1.2.: What is meant by ecosystem actors? Is the reference of ecosystem to environmental ecosystem or is it notional representing ecosystem for adaptation action (policy, technology, finance, etc.)?

2.2- the component is not clear in its link with the previous components. Why is investment needed for awareness raising? Could this resource be used for more of targeted capacity building and implementation activities?

Please see more comments specific to components and outputs later in the review sheet.

GEFSEC April 22, 2024

a) The objective still doesn't have an explicit private sector reference. The following appears in the PFD. If this is intended, it's fine. Please clarify.

Reduce climate vulnerability and enhance resilience of vulnerable communities to climate change by promoting innovation, facilitating technology transfer and deploying adaptation and resilience building solutions at scale.

b)

1.1 is fine now

1.2- Fine

2.2 The output says "**Increased resilience of vulnerable communities through the deployment of adaptation and resilience building solutions**". This reads more like an impact. I recommend something more tangible that can be attributed to the LDCF funding. Based on the outputs, it seems the focus is more on capacity e.g. "capacity strengthened among communities, MSMEs and governments for implementation and further deployment".

Agency's Comments

UNIDO 15 April 2024:

a) Noted. An explicit reference to private sector has been included in the PFD program objective statement. It has also been updated in the Child projects.

b) 1.1: Noted. Pillar 1, Outcome 1.1 as well as Output 1.1.1 of the PFD has been updated to also include regulatory environment. In addition, it will focus on cross-sectoral (horizontal) as well as priority sector specific (vertical) recommendations. The respective part in the PFD Program description has also been updated. The relevant updates have also been made to the Child projects.

1.2: "Ecosystem actors" in adaptation and resilience building are the diverse stakeholders involved in planning, supporting and implementing initiatives to address climate change impacts and enhance resilience. These actors can include government, civil society, academia, private sector, international organizations, and financial institutions, collaborating to advance solutions through policy, technology, finance, innovation, and community engagement. Together, they work towards a more resilient future by leveraging their expertise and resources across multiple sectors. This description has been included in the PFD Program description section for Output 1.2.1.

2.2 - Noted. This output is not necessarily linked to the previous, since they are addressing different stages of adaptation and resilience building solutions, innovations at early-stage vs innovations ready to be deployed.

Funding type has been changed to Technical Assistance

UNIDO 25 April 2024:

a) Thank you. There was a transfer error of the objective. The correct objective has been inserted into the portal.

b) 2.2 the output title has been changed to the following based on received guidance: ?Increased capacity of vulnerable communities and deployment of adaptation and resilience building solutions reached at scale?.

4 Program Outline

A. Program Rationale

a) Is the current situation (including global environmental problems, key drivers of environmental degradation, climate vulnerability) clearly and adequately described from a systems perspective and adequately addressed by the program design?

b) Has the role of stakeholders, incl. the private sector and local actors in the system been described and how they will contribute to GEBs and/or adaptation benefits and other program outcomes? Is the private sector seen mainly as a stakeholder or as financier?

c) Is the baseline situation and baseline projects and initiatives well laid out and how the program will build on these?

d) Have lessons learned from previous efforts been considered in the program design?

e) For NGL, is there a brief description of the financial barriers and how the program ? and the proposed financial structure- responds to these financial barriers.

Secretariat's Comments

Please provide some analysis of climate risks in all the targeted four countries to make a case why these countries were selected.

For the barrier analysis also, please provide more specific information related to the four countries where this project would operate.

Same comment for the baseline table also. There is an Ethiopia LDCF project referenced, but not of other countries. Also, the Ethiopia project may not be directly relevant as a baseline for this particular project. The section may benefit from an analysis of what MSMEs are doing in these countries and how could potentially they be taken one stage up to design and deploy adaptation solutions.

LDCF has supported several projects of this nature in the past (e.g. in Sierra Leone, challenge program projects and global projects such as ASAP and CRAFT). Please describe what lessons and opportunities would be leveraged from such investments.

GEFSEC April 22, 2024

Thanks for additional climate impact analysis. It's fine. The country specific details are also fine.

Agency's Comments

UNIDO 15 April 2024:

Further analysis on the type and frequency of climate disasters and number of individuals affected by climate disasters in partner countries over the last two decades, was conducted as suggested. The results showed all partner countries have been affected by climate disasters of floods, droughts. Notably, all partner countries have experienced a significant increase in the population affected by climate disasters over the past few decades, as depicted in Figure 4 and Figure 5. The program rationale (section 1) has been revised accordingly, providing a justification of the selection of four countries based on the additional analysis.

- The country specific barriers have been analyzed and updated the PFD Barrier analysis section accordingly.

-Existing listed barriers are widely recognized by each partner country. In Malawi, access to knowledge and networks as well as finance for MSMEs are main challenges identified. In Ethiopia, finance and electricity were the first and second major challenges for MSMEs development; particularly loan rejection rate is higher for MSMEs than medium enterprises. In Somalia, unstable political environment and limited government support, the lack of regulations and policy frameworks are main challenges for MSMEs growth. In Lesotho, lack of management skills, competition and contractor categorization, access to credit, and corruption and nepotism are main barrier.

- Relevant baseline projects have been reviewed and the baseline table (Table 1) in PFD updated accordingly. The baseline table now includes relevant projects from partner countries, including the Ethiopia project.

- The program rationale section has been revised to provide adequate information on portfolio and solutions provided adaptation MSMEs in partner countries, with main conclusion showed that existing solutions are transferable across boundaries and span across various sectors. The detailed description can be found in the PFD document, with

additional figure (Figure 7) added to show the geographical distribution of MSMEs market size in Africa.

- The baseline project table (Table 1) has been revised and incorporates key national and global projects mentioned, including challenge program projects and global projects such as ASAP and CRAFT, as well as lessons learned from other projects.

5 B. Program Description

5.1 a) Is there a concise theory of change (narrative and an optional schematic) that describes the program logic, including how the program design elements are contributing to the objective, a set of identified key causal pathways, the thrust and basis (including scientific) of the proposed solutions, how they provide a robust solution and listing the key assumptions underlying these?

b) Is there a description of how the GEF alternative will build on ongoing/previous investments (GEF and non-GEF), lessons and experiences?

c) Are the program components described and proposed solutions and critical assumptions and risks properly justified? Is there an indication of why the program approach has been selected over other potential options?

d) Incremental/additional cost reasoning: Is the incremental/additional cost reasoning properly described as per the Guidelines provided in GEF/C.31/12? Have the baseline scenario and/or associated baseline programs been described? Is the program incremental reasoning provisioned (including the role of the GEF)?

e) Are the relevant levers of transformation identified and described?

f) Is there an adequate description on how relevant stakeholders (including women, private sector, CSO, e.g.) will contribute to the design and implementation of the program and its components?

g) Gender: Does the description on gender issues identify any differences, gaps or opportunities linked to program objectives and have these been taken up in component description/s?

h) Are the proposed elements to capture, exchange and disseminate knowledge and lessons learned adequate in order to benefit future programs? Are efforts for strategic communication adequately described?

i) Policy Coherence: How will the program support participating countries to improve, develop and align policies, regulations or subsidies to not counteract the intended program outcomes?

Secretariat's Comments

Please elaborate if regulatory environment for private sector is conducive in the focus countries and how would the project support such environment vis-a-vis MSMEs. Related to this point is the importance of policy coherence which is critical in ensuring engagement of private sector in the countries. Would the project interventions make effort to ensure or improve policy coherence at macro economic and sectoral levels? If yes, please provide some information in this regard.

Please also discuss the challenges related to market based products vs public goods in the context of adaptation solutions in the target countries. How would the project address this i.e. through which components and interventions. Would the project promote PPP based models?

Under pillar 2, please provide an indicative list of potential solutions that MSMEs would be supported in alignment with the LDCF strategy, NAP priorities and readiness of communities to purchase those adaptation services/solutions?

Under 3.1.1 and 3.1.2- there have been several studies, research and analysis on innovative financing options for adaptation. At the PIF stage, please indicate what innovative options would be considered in the project/program. It is understandable that it would be identified at the PPG stage for each country, but please indicate some examples. It's quite generic currently given that so much work has happened in this space in last few years including by UNIDO. Also, please present an approach how innovative financing options would be designed, necessary approvals/endorsements from stakeholders would be secured and would be anchored within national systems for large scale adoption. The program is a great opportunity to step up on these aspects and showcase real examples for inspiring other countries.

In terms of transformation levers, the program has useful elements of working on policies, stakeholder dialogues and platforms, knowledge and financing. One aspect which is not very clear and could be critical is institutional frameworks in the countries to enable entry of MSMEs in the adaptation sector. Would the project support strengthening key institutions and their governance in this regard.

GEFSEC April 22, 2024

The responses and modifications are fine for the PIF stage. More details especially on the institutional framework would be required at the CEO ER stage as the current details describe the intention not the framework or mechanisms of engagement. Comment cleared at PIF stage.

Agency's Comments
UNIDO 15 April 2024:

The status of the current regulatory environment of the target countries has been updated in the PFD Baseline section

PARS will facilitate, through the output 1.1.1, development of cross-sectoral and priority sector specific regulatory recommendations tailored according to the needs of the focus countries to facilitate the acceleration of innovation and promotion of market-based development and deployment of climate adaptation and resilience building solutions. Since output 1.1.1 is also focusing on developing cross-sectoral and sector specific policy recommendations, this output will ensure policy coherence for ensuring the effective engagement of the private sector through aligned objectives, reduced regulatory burden, enhanced predictability and stability, promotion of sustainable development, facilitation of public private partnerships and enhanced competitiveness. By ensuring that policies are coherent, governments can create an enabling environment that fosters private sector engagement, investment, and entrepreneurship, ultimately benefiting businesses and society. This information has also been updated in Output 1.1.1.

In target countries, challenges related to market-based adaptation and resilience building solutions include inadequate business growth support services to accelerate and incubate innovative ideas and transform them into viable solutions; lack of access to financing for the adaptation MSMEs to innovate, develop and deploy these solutions as well as lack of access to appropriate financing for end-users to acquire these solutions; information asymmetry; and weak policy and regulatory environments, hindering the uptake of adaptation and resilience building products and services. Public goods provision faces obstacles such as limited public funding, capacity constraints, challenges in community participation, and the exacerbating impacts of climate change. This information has been included in the PFD Barrier Analysis section.

To strengthen the private sector development, PARS focusses on four carefully selected and interconnected interventions (Pillars 1-4) that will transform and connect the markets for climate adaptation and resilience building solutions within and across participating countries.

Yes, the project will also promote Public-Private Partnership (PPP) based models to enhance adaptation and resilience building efforts in the target countries. An example of such a PPP-based model has been included in the PFD Program Description under the Theory of Change figure.

Noted. Elaboration on potential solutions has been provided under output 2.1.

The target countries of this project belong to the Least Developed Countries (LDCs), where the adaptation markets are still in their infancy, undergoing crucial developmental phases. Through analysis conducted at this juncture, the project is poised to introduce a suite of innovative financial instruments tailored specifically for adaptation focused MSMEs and vulnerable communities. These instruments will be notably concessional, comprising performance grants, Pay-for-Success financing, and blended financing mechanisms that

combine grants with loans, among others, to ensure accessibility and effectiveness for the target beneficiaries.

For vulnerable communities, the project will leverage existing financial architectures while introducing novel instruments such as Community Resilience Funds, Climate Vouchers, Resilience Grants, and Social Impact Investments. Additionally, it will explore avenues like Risk-Sharing Facilities, Microinsurance for Resilience, and Weather-Indexed Loans, among a spectrum of other options. These instruments are designed with a dual purpose: to bolster community resilience and to establish a robust link between local financing structures and global opportunities, including engagement with impact investors, incubators, accelerators, and other relevant stakeholders.

The above information has been updated in PFD output 3.1.1 and output 3.1.2.

In designing financing instruments under PARS, the project will focus on key principles, sustainability, scalability and stakeholder buy-in, which is key to its success. The project would engage in a collaborative approach with key stakeholders, including government, financial institutions, MSMEs, civil society, local and relevant international organizations, involving stakeholder consultations, workshops, and assessments to identify priorities, assess feasibility, and garner support for proposed mechanisms.

Securing necessary approvals and endorsements from relevant stakeholders would require engagement at various levels, involving advocacy efforts, dialogues, and formal agreements to ensure buy-in and commitment. Anchoring these options within national systems for large-scale adoption would entail integrating them into existing frameworks, mechanisms, and structures, such as capacity-building initiatives, and partnerships with financial institutions and ministries, ensuring mainstreaming of climate adaptation finance into national strategies. Additionally, the project will assess entities housing these instruments on criteria like decentralized services, provision of comprehensive business support to MSMEs, capacity to scale up instruments, innovation track record, and transparency, aiming for effective stakeholder engagement and successful implementation of adaptation initiatives at scale. This information has been included under PFD Outcome 3.1.

PARS supports institutional frameworks creating an enabling environment that allows MSMEs to enter and operate in the adaptation and resilience building sector effectively by enhancing the capacity of government agencies responsible for policy development and regulation in adaptation and resilience building, improving the efficiency of regulatory frameworks to reduce bureaucratic hurdles for MSMEs, fostering transparency and accountability within institutions, facilitating collaboration among stakeholders, and working closely with financial institutions to provide tailored financial products and services for MSMEs engaged in climate adaptation activities. This information has been included under PFD Outcome 1.1.

5.2 Program coherence and consistency

a) How will the program design ensure resilience to future changes in the drivers and allow for adaptive management needs and options?

b) Is the potential for achieving transformative change through the integrated approach adequately described? How is the program going to be transformative or innovative? Does it explain scaling up opportunities?

c) Are the countries or themes selected as child projects under the program appropriate for achieving the overall program objective?

d) Are the descriptions of child projects adequately reflective of the program objective and priorities as described in the ToC?

e) Is the financing presented in the annexed financing table adequate to meet the program objectives?

Secretariat's Comments

a) Please elaborate on the adaptive management aspects of the program. The program is inherently risky as it targets the private sector in adaptation in countries where there are several challenges. What adaptive management approaches are in place to deliver adaptation benefits for communities at scale?

c) Please provide a justification for countries selected for this program.

e) The LDCF's global set aside resources are very limited and therefore the requested amount can't be provided for a project which is covering only 4 countries. Please revise the budget based on consultation with the GEF Secretariat.

GEFSEC April 22, 2024

The responses and changes are fine. The revised funding from the global set aside is fine and is subjected to Manager's approval.

Agency's Comments

UNIDO 15 April 2024:

Noted. The programme incorporates adaptive management principles to address the inherent risks of targeting the private sector in adaptation efforts within challenging country contexts. Continuous feedback mechanisms, informed by stakeholders including MSMEs and vulnerable communities, allow for iterative refinement of methodologies, tools, and support mechanisms. Flexibility in implementation enables adjustments based on evolving market conditions and emerging challenges, ensuring that interventions remain responsive to the needs of communities and effective in delivering adaptation benefits at scale. By fostering collaboration, innovation, and knowledge exchange, the program navigates the complexities of private sector

engagement to catalyze sustainable resilience-building solutions tailored to local contexts. This has now been elaborated in the output descriptions throughout the PFD.

C) We provided further justification on the selection of partner countries in the PFD Program rationale (Section 1). These countries were selected based on their high vulnerability to climate change and the severity of climate impacts. All four are among the most vulnerable nations to the impacts of climate change, with a significant rise in the population affected by climate disasters over the past few decades (Figure 5). Additionally, climate change adaptation and resilience building are identified as critical priorities for sustainable development in these nations.

e) noted. Based on the received guidance from the GEF Secretariat, we have reduced the budget for the global child project to the requested USD 1,5M GEF Project Financing, USD 1,689,500 Total Project Budget. Subsequently, the scope of project activities had to be adequately reassessed and reduced.

5.3 Program Governance, Coordination and Cooperation with Ongoing Initiatives and Programs

a) Are the program level institutional arrangements for governance and coordination, including potential executing partners, outlined on regional, national/local levels and a rationale provided? Has a program level organogram / diagram been included, with description of roles and responsibilities, and decision-making processes?

b) Is there a description of coordination and cooperation with ongoing GEF and non-GEF financed initiatives, projects/programs (such as government, private sector and/or other bilateral/multilateral supported initiatives in the program area, e.g.).

Secretariat's Comments

a) Most of the executing agencies are either environment or tourism ministries. Given the focus of the project is MSMEs, are there other relevant ministries who could be more appropriate as executing agencies in the target countries?

b) please elaborate this a bit more in the PFD.

GEFSEC April 22, 2024

We noted that the proposed relevant ministries and departments were not engaged in designing this project. Ideally, these ministries should be the executing agencies or main implementation partners in the countries for better buy-in and most importantly for policy coherence. Without their engagement, the efforts would be in parallel to conventional MSME investments and wouldn't get mainstreamed and have very low impact.

Please elaborate if this is being considered and how would the PPG phase factor this.

GEFSEC April 29, 2024

Comment cleared.

Agency's Comments

UNIDO 15 April 2024:

a) The suggested national executing agencies was based on initial stakeholder consultations, where these agencies were identified as specialized in addressing climate and environmental challenges and possessing institutional capacity in these areas. However, there are other agencies such as the Ministry of Trade and Industry, Ministry of Small Business Development, Co-operatives and Marketing could be relevant for the focus of the project on MSMEs. During the PPG Phase, a meticulous evaluation and selection process will be undertaken to identify national executing entities, which will then assume a pivotal role in steering the child projects toward their defined objectives while adhering to the guidelines and standards set forth by GEF and UNIDO. The possibility of co-execution with these agencies will further be explored during the Project Preparation Grant (PPG) stage.

b) We provided further description on this in the Coordination and Cooperation with Ongoing Initiatives and Programs section of the PFD.

We will coordinate and cooperate with ongoing GEF and non-GEF financed initiatives, projects/programs, as well as government, private sector, and other bilateral/multilateral supported initiatives in the program area, which are fundamental aspects of our approach. Our strategy is grounded in the initial baseline assessments conducted on existing projects and national adaptation policies and programs, allowing us to identify gaps and priorities (Table 1). Moving forward, our coordination and cooperation efforts will be guided by lessons learned from existing initiatives and will leverage and strengthen existing national institutional frameworks. Additionally, we will collaborate with other projects on joint planning efforts, capacity-building activities, and policy harmonization initiatives to avoid duplication of efforts and maximize impact. By adopting this comprehensive approach to coordination and cooperation, we aim to ensure the effective implementation of our program and contribute to enhanced climate resilience in partner countries.

UNIDO 25 April 2024:

Noted. The following elaboration has been included into the section and highlighted in green: "Throughout the PPG Phase, a rigorous evaluation and selection process will meticulously identify national executing entities. These selected entities will play a pivotal role in designing and further directing the child projects towards their defined objectives. This approach not only ensures the ownership of projects by the respective

countries but also will foster policy coherence for climate adaptation and resilience building solutions' development and deployment. By mainstreaming such efforts, it guarantees a high impact of the program's activities."

5.4 Program-level Results, Monitoring and Reporting

a) Are the global environmental benefits and/or adaptation benefits identified? Does the PFD describe how it will support the generation of multiple environmental benefits which would not have accrued without the GEF program?

b) Are the identified core indicators calculated using the methodology and adhering to the overarching principles included in the corresponding Guidelines (GEF/C.62/Inf.12/Rev.01/GEF/C.54/11/Rev.01)?

c) Are the program's targeted contributions to GEBs (measured through core indicators and additional listed outcome indicators) / adaptation benefits reasonable and achievable? Are the GEF Climate Change adaptation indicators and sub-indicators for LDCF and SCCF properly documented?

d) Other Benefits: Are the socioeconomic benefits resulting from the program at the global, national and local levels sufficiently described?

e) Is the described approach to program level M&E aiming to achieve coherence across child projects and to allow for adaptative management?

Secretariat's Comments

The number of beneficiaries is quite low for a program of this scale. Please elaborate or revise.

Please justify why women beneficiaries are only 40%. It is understood that in certain countries women may not be involved in SME business, but that doesn't mean that activities of these MSMEs would deliver adaptation benefits primarily to men. Please revise.

Please elaborate on the socio-economic benefits of the program.

GEFSEC April 22, 2024

The gender ratio argument is not clear. As stated, the issue is not about women's role or involvement in MSMEs businesses but as ultimate beneficiaries of the solutions which will be supported by MSMEs. Why would the beneficiaries have only 40% women?

GEFSEC April 29, 2024

Thanks.

Agency's Comments

UNIDO 15 April 2024:

Noted. We have revised the core indicator 1 and have provided justification for revising the numbers in each of the Child project. The updated numbers have been included in the PFD as well.

Our objective is to guarantee that a minimum of 40% of beneficiaries are women, which serves as our baseline target. Moreover, the project adopts a deliberate gender-responsive and transformative approach. Throughout the Preparatory Phase Grant (PPG), we will conduct consultative gender analyses in each country to guide the selection of technologies and methodological approaches for project interventions. This process ensures that gender equity is prioritized in efforts to build climate adaptation and resilience building. While recognizing that women may not always be directly involved in SME businesses in certain countries, it is crucial to highlight that the activities undertaken by these MSMEs will be tailored to deliver adaptation and resilience building benefits equally to all genders.

A list of key socio-economic benefits of PARS has been included in the description of the core-indicators section in PFD.

UNIDO 25 April 2024:

Thank you very much for this comment. Upon reflection, it's clear that our focus should be on ensuring equal benefit for both men and women. Therefore, we revised the core indicator one, with both women and men benefiting equally from the solutions provided by MSMEs.

5.5 Risks to Achieving Program Outcomes

a) Is there a well-articulated assessment of risk to outcomes and identification of mitigation measures under each relevant risk category? Are mitigation measures clearly identified and realistic? Is there any omission?

b) Is the rating provided reflecting the residual risk to the likely achievement of intended outcomes after accounting for the expected implementation of mitigation measures?

c) Are environmental and social risks and impacts adequately screened and rated and consistent with requirements set out in SD/PL/03?

Secretariat's Comments Yes

Agency's Comments

6 C. Alignment with GEF-8 Programming Strategies and Country/Regional Priorities

6.1 a) Is the program adequately aligned with Focal Area and IP Elements, and/or LDCF/SCCF strategy?

***For IPs: is the program adequately aligned with the Integrated Program goals and objectives as outlined in the GEF 8 programming directions?**

Secretariat's Comments

The program is aligned with the LDCF strategy priority area 2. However, in the Indicative Focal Area Elements table, the entire program funding is allocated to CCA 1.1. Ideally, the project should be allocated (distributed) across the following priorities

CCA 1.2	Scaling up finance for adaptation	LDCF, MTF
CCA 1.3	Strengthening innovation and private sector engagement	LDCF, MTF
CCA 1.4	Fostering partnership for inclusion and whole of society approach	LDCF, MTF

GEFSEC April 22, 2024

The idea of the comment was not to indicate distribution across all the FAs. This project is strong on CCA 1.3 and therefore it is recommended that majority of the resources are tagged to this one. Given that the project is sector agnostic, we recommend that the other component could just be 1.2 i.e. 1.1 and 1.4 is not required.

GEFSEC April 29, 2024

Agency's Comments

UNIDO 15 April 2024:

Noted. Funds have been allocated across the priorities CCA 1.1, CCA 1.2, CCA 1.3 and CCA 1.4.

UNIDO 25 April 2024:

Noted. The focal areas have been revised and funds have been distributed across CCA 1.2 and 1.3.

b) Child project selection criteria: Are the criteria for child project selection sound and transparently laid out?

Secretariat's Comments

Please provide a rationale behind selection of child projects. Why these projects are good fit for this PFD? e.g. in terms of their baseline, readiness, scope for innovation, potential for scale, etc.

GEFSEC April 22, 2024

Thanks. The response is fine.

Agency's Comments

UNIDO 15 April 2024:

The rationale for the child project selection has been updated in the PFD section.

In the selection of partner countries for the PFD Program, meticulous consideration was given to various factors, including baseline vulnerability, readiness for adaptation measures, scope for innovation, and potential for scalable impact. These nations were chosen not only for their high vulnerability to climate change but also for the severity of climate impacts they have experienced. Over the past few decades, there has been a noticeable increase in the population affected by climate disasters within these countries, highlighting the urgent need for comprehensive adaptation strategies. Moreover, these countries have demonstrated a strong commitment to prioritizing climate change adaptation and resilience building as integral components of their sustainable development agendas. Their proactive stance, combined with their inherent vulnerability, presents a unique opportunity for the implementation of innovative solutions that can be scaled up to address the challenges posed by climate change on a broader scale. Furthermore, these partner countries exhibit promising potential for the implementation of innovative financial instruments and adaptation solutions, given their diverse socio-economic contexts and varying levels of institutional capacity. By engaging with these nations, the PFD Program aims to catalyze transformative change and foster a culture of resilience that can serve as a model for other vulnerable regions globally.

6.2 Is the program alignment/coherent with country / regional / global priorities, policies, strategies and plans (including those related to the MEAs and to relevant sectors)?

Secretariat's Comments Yes

Agency's Comments

7 D. Policy Requirements

7.1 Are the Policy Requirement sections completed?

Secretariat's Comments

Agency's Comments

7.2 Environmental and Social Safeguards

Have safeguard screening document and/or other ESS document(s) attached and been uploaded to the GEF Portal? (annex D)

Secretariat's Comments

Agency's Comments

8 Other Requirements

Knowledge Management

8.1 Has the agency confirmed that a project level approach to Knowledge Management and Learning has been included in the PFD?

Secretariat's Comments

Agency's Comments

9 Annexes

Financing Tables (Annex A and Annex H)

9.1 GEF Financing Table:

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

Country STAR allocation?

Secretariat's Comments

Agency's Comments

Non-STAR Focal Area allocation?

Secretariat's Comments

Agency's Comments

LDCF under the principle of equitable access?

Secretariat's Comments Yes. Please refer to the previous comment on funding allocation related to the global project.

Agency's Comments

UNIDO 15 April 2024:

Noted. Comment was addressed in above section.

SCCF A (SIDS)?

Secretariat's Comments

Agency's Comments

SCCF B (Tech Transfer, Innovation, Private Sector)?

Secretariat's Comments

Agency's Comments

Focal Area Set Aside?

Secretariat's Comments

Agency's Comments

IP Set Aside

Secretariat's Comments

Agency's Comments

IP Contribution

Secretariat's Comments

Agency's Comments

For Child Project Financing information (Annex H)

b) Are the IP Matching Incentives amounts correctly calculated according to the country STAR focal areas? allocated amounts? Are the IP contributions aligned with the Program? The allocated amounts (including Agency Fee) match those in LoE?

c) Project Preparation Grant Table: Are the IP Matching Incentives amounts correctly calculated according to the country STAR focal areas? allocated amounts? The allocated amounts (including PPG Fee) match those in LoE? Is the requested PPG within the authorized limits set in Guidelines? (pop up information?) If above the limits, has an exception been sufficiently substantiated?

d) Sources of Funds Table: Are the allocated sources of funds for each and every one of the three STAR Focal Areas within the Country's STAR envelope by the time of the last review?

e) Indicative Focal Area Elements Table: (For IPs) The selected Indicative Focal Area element corresponds to the respective IP?

f) (For non-IPs) The selected Indicative Focal Area Elements are aligned with the respective Program?

g) Co-financing Table: Are the indicative expected amounts, sources and types of co-financing provided and consistent with the requirements of the Co-Financing Policy and Guidelines?

Secretariat's Comments Yes

Agency's Comments

9.2 Project Preparation Grant (PPG): if PPG for child projects has been requested: has the PPG table been included and properly filled out adding up to the correct PPG and PPG fee totals as per the sum of the child projects?

Secretariat's Comments Yes

Agency's Comments

9.3 Sources of Funds for Country STAR Allocation

Does the table represent the sum of STAR allocations sources utilized for this program?

Secretariat's Comments

Agency's Comments

9.4 Indicative Focal Area Elements

For non-IP Programs

Does the table contain the sum of focal area elements and amounts as per the sum of the child projects?

Secretariat's Comments Please see comment related to this in the previous question.

Agency's Comments

UNIDO 15 April 2024:

Noted. Comment has been addressed in above section.

9.5 Indicative Co-financing

Are the indicative amounts, sources, and types of co-financing adequate and reflect the ambition of the program? Has the subset of co-finance which are expected to be investment mobilized been identified and defined (FI/GN/01)?

Secretariat's Comments Yes

Agency's Comments

Annex B: Endorsements

9.6 Has the program and its respective child project been endorsed by the GEF OFP/s of all GEF eligible participating countries and has the OFP name and position been checked against the GEF database at the time of submission?

Secretariat's Comments

Some endorsement letters need to be revised as per GEF's specified template.

Cleared.

Agency's Comments

UNIDO 15 April 2024:

Letters of Endorsement have been revised and uploaded accordingly.

Compilation of Letters of Endorsement Are the OFP endorsement letters uploaded to the GEF Portal (compiled as a single document, if applicable)?

Secretariat's Comments See comment above

Agency's Comments

UNIDO 15 April 2024:

Noted. Comment has been addressed in above section.

Do the letters follow the correct format and are the endorsed amounts consistent with the amounts included in the Portal?

Secretariat's Comments See comment above

Agency's Comments

UNIDO 15 April 2024:

Noted. Comment has been addressed in above section.

Annex C: Program Locations

9.7 a) Are geo-referenced information and maps provided indicating where the program interventions will take place?

Secretariat's Comments Yes

Agency's Comments

Annex G: NGI Relevant Annexes* (*only for non IP programs)

9.9 a) Does the program provide sufficient detail (indicative term sheet) to take a decision on the following selection criteria: co-financing ratios, financial terms and conditions, and financial additionality? If not, please provide comments.

b) Does the program provide a detailed reflow table to assess the program capacity of generating reflows? If not, please provide comments.

c) Is the Agency eligible to administer concessional finance? If not, please provide comments.

Secretariat's Comments

Agency's Comments

Additional Annexes

10 GEFSEC Decision

10.1 GEFSEC Recommendation

Is the program recommended for clearance?

Secretariat's Comments

The project is returned to the agency as it doesn't provide the appropriate endorsement letters from the countries. The letters do not include the necessary footnote and also lacks information about the Executing Agencies. The Agency is requested to refer to the PPO guidance in this regard.

The project has been moved forward to PPO for their review before sending it back to the agency.

GEFSEC April 8 2024

Please address the following additional comments from PPO

1. The overall risk rating is left blank, whereas the description indicates the overall risk rating is Low. Please reflect the same Low rating, as appropriate in the dedicated rating field.

2. Co-financing:

? Please indicate the ?investment mobilized? for the Al-Ashraf International Group (\$500,000).

? Please indicate the source of co-financing for the Somali Bovine Genetics co-financier (110,000).

3. ESS: We note that UNIDO attached the Environmental and Social Screening Template and the overall ESS risk of the program is classified as low for a global project. Please consider including fragile and conflict-affected assessment and analysis at the child project level particularly for the child projects in Ethiopia and Somalia, which are considered conflict-affected situations under the FY24 List of Fragile and Conflict-affected Situations of the World Bank.

4. Gender: Under Output 3.2.1 and 3.2.2, the Agency may wish to consider, as it deems relevant, WOCAN?s W+ Standard (see: <https://www.wplus.org/>; <https://www.wplus.org/ssp/> and <https://www.wplus.org/era-brazil/>). This standard quantifies and monetizes women's empowerment in projects across six areas (time, income and assets, education and knowledge, leadership, food security and health).

In Output 4.1.4, please ensure to capture and disseminate good practice and

lessons learned from a gender perspective. When developing each GAP, please ensure that it is budgeted, and the gender dimensions are monitored and reported on.

5. In the Coordination and Cooperation with Ongoing Initiatives and Programs section, UNIDO wrote "UNIDO has been requested to provide execution support in some child projects. The exact extent of the co-execution support will be detailed in the PPG phase." Please note that clearance of this PFD doesn't guarantee GEFSEC's approval of dual functions of implementing and execution for UNIDO for national child projects. Such exception needs to be justified and in compliance with the established procedures and policies, will be assessed by the GEFSEC prior to CEO endorsement/approval.

6. Letters of Endorsement (LoEs) review:

a. Lesotho and Ethiopia: name of executing entity in the LOEs is different from the child project's entry in Portal. Please correct child project entry as well as the PFD General Information section to ensure consistency.

b. Malawi:

i. child project title is different between LOE and Portal's entry. Please correct both child project entry and PFD to ensure consistency.

ii. The LOE removes the executing entity part while in Portal's entry, it is "Ministry of Natural Resources, Environment & Climate Change (tbc)". Please obtain a revised LOE or an email confirmation from the OFPs on arrangement for execution function.

iii. The financial table in the LOE is without PPG fee and allocation between project grant amount and Agency fee don't match with Portal's child project entry. Please obtain a revised LOE with corrected table and make sure consistency with Portal's child project entry:

GEFSEC 24 April, 2024

The responses to PPO comments are fine and cleared. Please address a few additional technical comments for final clearance.

GEFSEC April 29, 2024

Comments are cleared. The PFD is recommended for including in the work program.

Agency's Comments

UNIDO March 2024:

Noted. There is no change in Somalia Letter of Endorsement as already includes the requested information. The revised letter of endorsement from Ethiopia and Lesotho have been uploaded in the portal. The Malawi letter of endorsement has already been requested and will be submitted as soon as it is available. In addition, the Program Summary of the PFD section has been updated to give more information on why these four countries (Lesotho, Malawi, Somalia and Ethiopia) are being submitted together.

UNIDO 15 April 2024:

1. Noted. Input was rectified accordingly.

2. Noted. Input was rectified accordingly.

3. Noted. Please note the ESS categorization of low has been assigned at the level of the PFD. Nonetheless, as indicated in the ESS screening sheet, each of the child projects will have to go through their individual ESS screening and assessment processes (i.e. complete ESS screenings, resulting in their own ESS risk categorization, and ESS assessments, resulting in child project-level ESIA/ESMPs as may be applicable, taking into account the specific environmental and social contexts of the individual countries and the related project designs). This would also help ensure that proper consideration is also given to the fragility and conflict considerations, as and when applicable. Coming to Ethiopia's and Somalia's Fragile and Conflict-affected Situations status, a thorough assessment of security issues and risks will be conducted during the PPG phase, and appropriate mitigation plans will be developed. Throughout implementation, we will ensure to coordinate closely with prevailing country-level security systems and ensure compliance with security requirements as outlined by UNDSS and UNSOM in Ethiopia as well as Somalia. This elaboration has also been included in the PFD under Monitoring and Evaluation.

4. Noted. An elaboration has been included under 3.2.1 that the development and application of the methodologies and guidebooks will consider standards such as, the WOCAN's W+ Standard. Furthermore, Output 4.1.4 has been adjusted to capture gender dimensions.

5. Thank you for the clarification. UNIDO is taking note of that.

6. a) Noted. Name of executing entities have been rectified.

b) Noted. Letter has been revised and uploaded.

10.2 Additional Comments to be considered by the Agency(ies) during the child project development.

Secretariat's Comments

Agency's Comments

10.3 Review Dates

	PIF Review	Agency Response
First Review	3/22/2024	4/19/2024
Additional Review (as necessary)	4/3/2024	4/25/2024
Additional Review (as necessary)	4/8/2024	
Additional Review (as necessary)	4/24/2024	
Additional Review (as necessary)	4/29/2024	