

Food Systems, Land Use and Restoration (FOLUR) Impact Program- Addendum III

Review PIF and Make a recommendation

Basic project information

GEF ID

10726

Countries

Global (Madagascar)

Project Name

Food Systems, Land Use and Restoration (FOLUR) Impact Program- Addendum III

Agencies

World Bank, FAO

Date received by PM

9/28/2020

Review completed by PM

10/27/2020

Program Manager

Paul Hartman

Focal Area

Multi Focal Area

Project Type

PFD

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

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

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

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

Agency Response

The STAR allocation?

Secretariat Comment at PIF/Work Program Inclusion

Agency Response

The focal area allocation?

Secretariat Comment at PIF/Work Program Inclusion

Agency Response

The LDCF under the principle of equitable access

Secretariat Comment at PIF/Work Program Inclusion

Agency Response

The SCCF (Adaptation or Technology Transfer)?

Secretariat Comment at PIF/Work Program Inclusion

Agency Response

Focal area set-aside?

Secretariat Comment at PIF/Work Program Inclusion

Agency Response

Impact Program Incentive?

Secretariat Comment at PIF/Work Program Inclusion

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

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

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

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

Agency Response

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

Secretariat Comment at PIF/Work Program Inclusion

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

Agency Response

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

Secretariat Comment at PIF/Work Program Inclusion

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

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

Agency Response

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

Secretariat Comment at PIF/Work Program Inclusion

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

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

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

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

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

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

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

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

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

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

Agency Response

Response November 2, 2020:

1) As requested reinstated “Global” in ‘Countries section’ as it was done in the earlier submission. Please again kindly note that it is not possible to remove the remove “World Bank” from the ‘Agencies section’. Lead agency box is greyed out and not an option for IAs to change (seems it is an automatic feed from original PFD). Perhaps the GEF portal team can make the needed adjustments.

2) Following PFD approval the PPG request will be made by FAO, taking into account the recommendations.

3) The Child project Concept note is now revised to reflect increased cofinancing for the PMC (Table of section B). Submitted as both full and summarized versions.

4) The PFD text has been revised to reflect one additional country.

Response October 19, 2020: Please find below clarifications to the GEFSEC comments. Responses are listed in this entry as the review sheet template restricts response entry in the section below.

On PFD:

1. Please note that the World Bank is listed under the Lead agency category as per the PFD template and, addendums submitted in the earlier phases. The FAO is the only agency receiving funds under this FOLUR addendum (as reflected in Table D).
2. The program commitment deadline has been revised to June 8, 2022, to reflect the 18 month program timeline.
3. The cofinancing entries have been revised by FAO in the PIF and also reflected in the PFD.
4. A revised LoE following discussion between FAO and GEFSEC and aligned with the revised child project PIF submitted, is now included in this PFD resubmission.
5. In line with the revised child project PIF, the environmental benefits have been revised based on GEFSEC recommendation to FAO and reflected in the PFD and Core indicator worksheet.
6. Thank you. In line with the revised FAO child project, the additional co-financing resources in the PFD addendum has been revised to reflect both the cofinancing leverage and the cumulative FOLUR leverage.
7. Section 2, Contribution of the new CP to the program has been revised to highlight the importance of MDG for BD.
8. The program justification narrative has been strengthened to indicate elements of drivers of deforestation and the impact of rice in the targeted landscapes.
9. As recommended BD targets have been better highlighted to emphasize the importance of BD conservation in the project design.

10. As recommended the Taxonomy worksheet has been revised

11. Revised map including Madagascar is now included in the PFD submission.

Madagascar child project concept comments: Please see responses from FAO

Enabling Environment

Response: Additional information was added in the Context section on rice related policies and strategies as well as on collaboration/partnerships with the private sector along the rice and coffee value chains.

Description of existing engagements and platforms

Response: Addressed, the National Committee for Biodiversity Coordination (CNCB), the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES), the Network of Biodiversity of Madagascar (REBIOMA) and Madagascar's Network of Conservation Trainers and Professionals (REPC-MD) are now mentioned in the PIF.

Baseline

Response: Additional co-financing was added. Point well taken re the EU project.

Landscape, selected Commodity and project justification:

Response:

- Text on rice added.
- An additional output under Component 2 was introduced, targeting policy work – output 2.1.5.
- Additional information was added – see sub section A, under project overview.

Alignment and Impact:

Response:

- Text was rephrased and additional BD targets introduced (core indicator 4.3)
- Additional text added to emphasize the government commitment..

GEBs:

Response:

- See Annex A on core indicators.
- Coverage estimates were made based on restoration costs identified in the national Forest and Landscape Restoration Plan.

Cofinancing

Response: Co-financing was added.

Engagement with global Framework:

Response: Addressed reference to the K2A Platform was introduced.

Map:

Response: The description in the narrative was rephrased. Additional maps and field analysis on causes for degradation and deforestation will be undertaken during PPG. Corrected the order for Annexes A and 1.

LoE:

Response: Revised LoE obtained and provided with the submission.

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

10/02/20

No, the PFD addendum is not recommended for technical clearance. Please address the following comments:

PFD Revision:

- In Project Information, under the ‘Agencies’ heading the World Bank and FAO are named. However, only FAO will receive GEF funds for the child project included in this Addendum. Please remove World Bank from ‘Agencies.’
- Please confirm that, as shown, the Program Commitment Deadline is 12/10/2021, as this is only 12 months apart from the PFD-Addendum approval, or revise as needed.
- For co-financing: Please refrain from using "public investment" for co-financing from sources (e.g. IFAD, European Union) other than national and sub-national government authorities.
- The LoE indicates that PPG resources will be requested from BD and CC STAR allocation (\$218,000 including PPG Agency Fees) + from the IP set-aside (\$109,000 including PPG Agency Fees). However, Madagascar has utilized almost all their STAR allocation + the Marginal Flexibility, and they only have \$150,000 available. This means that, based on the allocation indicated in the LoE, Madagascar would exceed their utilization by \$68,000. This will prevent the PPG request for the total amount allocated in the LoE (\$300,000 for PPG + \$27,000 for PPG Agency Fee). A new LoE that reflects available STAR resources for project, ppg and fees should be generated. Please ensure that the STAR to incentive ratio requested by Madagascar is 2:1 including PPG, GEF Financing and Agency Fees.
 - In general, all the environmental benefits are low considering the level of investments, in particular indicator 4. Sub-Indicators showing biodiversity benefits must be added. Sub-indicators should include 4.1, given all the work planned in the buffer zones of national parks, and 4.2, as there is a plan to certify hectares of coffee. Given the overall importance of BD in the landscape, the focus on BD-supportive activities in the area and the BD financing used in the project, these two sub-indicators should reflect the entire, or at the very least, the largest share of the total for indicator 4 in terms of number of hectares.
- The additional co-financing resources in the PFD addendum is incorrect (US\$ 278,685,000 instead of \$65,000,000) and the new total of the Program has to be checked accordingly.
- For Section 2, Contribution of the new CP to the program, in addition to what is written on coffee, the PFD addendum text should reflect what is in the concept’s first paragraph that highlights the importance of MDG for BD as well as how the project targets some of the poorest of the poor in the country. Both of these add value to the overall FOLUR portfolio.
- Some mention of deforestation and the impact of rice in the landscapes should be included. The PFD narrative is heavily focused on coffee, but the child project is focused on rice as well as coffee, with rice being a main driver of deforestation in the landscapes and coffee as an emerging/‘frontier’ threat.
- For section 3, Alignment on Nat’l priorities, BD targets should be highlighted earlier given the importance of BD conservation in the project design.
- Taxonomy: UNFCCC/NDC should be tagged as the project contributes to the country’s objective as declared in its NDC.
- The new program map should include Madagascar.

Madagascar child project concept:

Enabling Environment

- While the concept discusses the intent to work with the private sector, there is no indication of specific collaboration with the private sector and other actors in the value chain. Information as it relates to the enabling environment for rice is also lacking.
- Description of existing engagements and platforms with regard to sustainable production and biodiversity (only the NBSAP mentioned) should be strengthened.

- The enabling conditions for integrated landscape planning in the targeted project area should be presented (existing regulatory framework, institutional arrangements, planning tools, articulation between national and local authorities...)

Baseline:

- As presented the baseline is not very strong. Only 3 projects including one from IFAD (in the south) and it is not clear if it really applies in the project landscape (middle east). Additionally, the EU project was not successful in leading to any meaningful change. This needs to be factored into the design of this project, assessing whether or not the enabling conditions that will support the success of the FOLUR project are now in place or have plans to be addressed.

Landscape, selected Commodity and project justification:

- Project activities focus on coffee as the entry point but given its important to deforestation in the landscape, rice should be better integrated into the project's activities description and in the title of the project to better justify the project for its potential to combat deforestation. Rice is not mentioned in the project's incremental reasoning while it is clearly targeted in table B.
- The goal of revitalizing the coffees sector poses a risk of increasing deforestation if done without proper policy safeguards in place. Efforts to develop a supportive enabling environment (policy, reg, etc.) in addition to technical support in the field should be a project priority. This will be crucial to mitigate the risk that supporting coffee development leads to more forest clearance.
- Given the above, coffee might be best presented as a *frontier* crop that represents *an opportunity for restoration and economic development of some of the country's poorest people, but also an imminent deforestation threat (with rice as current driver of deforestation), the risk of which the project will work to mitigate.*
- For its size and biodiversity the landscape is globally relevant but description of the landscape in the context of the global supply/value chain is lacking.

Alignment and Impact:

- In general the activities as described appear to be aligned with FOLUR, but uncertain of the potential to deliver transformational change as they are not focusing on the main production commodity for this landscape and there doesn't appear to be much to build on in the enabling environment.
- The highlight on biodiversity impacts of the project is weak considering the importance of the BD in the landscapes and that the primary GEF source of funding is BD.
- There is a sentence in Section A, that may help contextualize the mixed land uses in the landscape and justify the approach of the project, but a word is missing. *Project interventions will directly target approximately 30,000 ha, including areas showing important (word missing here) (10,000 ha) or early (20,000 ha) signs of land productivity decline.*
- The argument for the political will is general and should demonstrate tangible commitments from all the relevant ministries.
- Some IP key interventions are unclear or missing in the TOC, in particular formulating and implementing comprehensive land planning, leveraging investments and the coalescing action.
- The project incremental reasoning relies on improving agricultural practices, restoring degraded areas, Large-scale implementation of ILM. But there is little consideration of the work that will be done with the stakeholders along the value chain. It appears that the project focuses solely on production level. Indication of what is expected to be done with the different stakeholders identified of the value chain should be added.

GEBS:

- In general, all the environmental benefits are low considering the level of investments, in particular indicator 4.
- Sub-Indicators showing biodiversity benefits must be added. Sub-indicators should include 4.1, given all the work planned in the buffer zones of national parks, and 4.2, as there is a plan to certify hectares of coffee. Given the overall importance of BD in the landscape, the focus on BD-supportive activities in the area and

the BD financing used in the project, these two sub-indicators should reflect the entire, or at the very least, the largest share of the total for indicator 4 in terms of number of hectares.

•Forest restoration should be counted in the appropriate core indicator as it is an outcome (3.1) and output (3.1.1).

Cofinancing: there is mention of potential for new investment but cofinancing is low. As for the indicative co-financing from the WB, is it reasonable to assume that the entire \$20m will be supporting the outcomes of the FOLUR project?

Engagement with global Framework: as the K2A Platform has been approved, some more specific language and discussion of connection to this FOLUR global platform should be proposed.

Map: The description in the narrative states: “In the targeted landscape, deforestation and degradation due to agricultural expansion are evident as can be clearly seen in maps (Annex 1)”. However, Annex 1 is not showing the link between agriculture and degradation, only the level of degradation and the protected areas in the project area. Also, Annex A is followed by Annex 1, which should be corrected.

LoE: see PFD revision comment related to the LoE.

10/26/20

No, the PFD addendum is not recommended for clearance. Please address the following comments:

1) FOLUR is a Global program, regardless of whether in this opportunity only one child project is presented. As such, please reinstate “Global” in ‘Countries’ as it was before and remove “World Bank” from ‘Agencies’ as it is still included.

2) Resource allocation and utilization: per the new LoE the ratio between STAR focal area(s) resources / IP set aside is 2:1. However, please be aware at the time of PPG request, that the allocated STAR funds indicated by the OFP in its LoE (including PPG Agency Fee) of \$200,003 will be higher than the total STAR availability (\$150,000) for Madagascar. At the time of PPG request, please keep the ratio of 2:1 between STAR focal area(s) resources / IP set aside, which means that the maximum amount that can be requested from IP set aside would be \$75,000, inclusive of PPG Agency Fees (total PPG request including PPG Agency Fees can only go up to \$225,000). Please acknowledge that the PPG request will be submitted accordingly.

3) There isn't proportionality in the co-financing contribution to PMC. The co-financing should be around 5%, as it is with the GEF contribution. Hence, for a co-financing of \$64,500,000, the expected contribution to PMC of co-financing must be around \$3,225,000 instead of \$500,000. Please revise this in the PMC table of section B.

4) Under “7. FOLUR Partnership”, the text states: “The overall agency partnership remains the same as approved to date with the **four** new country Child Project proposed through FAO as the GEF Implementing Agency”. This should be corrected to reflect the one new country.

11/02/20

The agency has made the requested changes to part 1, the PMC management cost, and point 7 of the Programmatic Justification. These changes are now reflected in the revised PFD. In addition, the lead agency for the Madagascar country project acknowledges that at the time of PPG request it will not request more resources than are available in the country's remaining STAR and will ensure a correct ratio between STAR and incentive funds in this request.

The PFD is recommended for technical clearance.

ADDITIONAL COMMENTS

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

Secretariat Comment at PIF/Work Program Inclusion

During the PPG phase, the lead agency for the Madagascar country project should please consider the following recommendations:

- 1) GEBs are low and are focused only at the landscape. Please factor in impacts and results generated through scaling country-wide via policy, innovations, etc. There should also be consideration of the contribution to the project results of co-financing.
- 2) We encourage the agency to explore the opportunity to include rice in Outputs 2.1.2-2.1.4.
- 3) A clearer case of how coffee as a 'frontier' crop should be developed sustainably, including efforts to improve the enabling environment for the crop and address potential risks posed by its expansion through policy support, planning, enforcement, etc. Additionally, it should be better understood how the project will address the distinct challenges associated with coffee and rice crops in the same landscapes in an integrated way.
- 4) The agency should clarify how it will work vertically along the value chain. Specific collaboration with private sector should also be further detailed.
- 5) Please expand on opportunities to leverage investments and coalescing action in the ToC.
- 6) The COVID assessment covers only risks associated with COVID-19 but doesn't identify potential opportunities to mitigate impacts and contribute toward green recovery and building back better. This should be included.

Review Dates

PIF Review

Agency Response

First Review	10/2/2020	
Additional Review (as necessary)	10/26/2020	
Additional Review (as necessary)	11/2/2020	
Additional Review (as necessary)		
Additional Review (as necessary)		

PIF Recommendation to CEO

Brief reasoning for recommendations to CEO for PIF Approval

Contribution of the addendum to the FOLUR PFD:

The addition of Madagascar represents an expansion in the coverage of globally important geographies and commodities under the IP, building upon the 27 countries already approved and contributing to both scale and sustainability. With Madagascar included, the geographic coverage of coffee production landscapes in Africa is increased by a country that holds critical crop genetic diversity and demonstrated potential for sustainable, equitable sectoral development. Notably, Madagascar is one of the 34 global biodiversity hotspots, and the forests of this large island nation harbor a high number of endemic, endangered or vulnerable plant and animal species that are of outmost importance to the world’s biodiversity and to the resilience of globalized food systems. The inclusion of this new country also captures further potential for private sector engagements, which will contribute to the FOLUR IP’s reach and impact.

The Madagascar project will foster the development of a fair and inclusive coffee value chain by improving production practices, strengthening capacities of producer organizations to link with markets through enhanced traceability and certification and leveraging funding from new sources of financing, while also sustainably intensifying agricultural practices in associated systems (such as rice), for improved yields, income and nutrition. Madagascar's forest ecosystems are

home to 61 out of the 124 existing wild coffee species in the world, 80% of which are endemic to the country. Many of these wild coffee species are threatened by extinction and preserving them is critical to the future of the coffee industry.

By advancing the integrated approach, the FOLUR Madagascar project will directly impact the productive capacity of large agricultural areas to reduce the risk of deforestation, while restoring degraded landscapes and ensuring a sustainable use of land and natural resources. Global environmental benefits will be generated through landscapes managed sustainably with increased biodiversity and ecosystem services. The project will strengthen capacities of producer organizations to link with markets through enhanced traceability and certification and leveraging funding from new sources of financing. It will also target degraded areas where coffee production represents an opportunity for restoration as highlighted by the National Forest Landscape Restoration Strategy and promote alternative livelihood sources in support of restoration of degraded areas. Project interventions aimed at enhancing the coffee value chain will strengthen the premium market positioning of Malagasy coffee while further improving its environmental and social value. With Madagascar's participation in the FOLUR IP, the potential to transform the coffee commodity system and to enhance potential for private sector engagements is significant both at the country-scale and regionally across Africa, given the possibility to cluster with other FOLUR IP countries for larger reach and impact.

Global Environment benefits: The expected Global Environment Benefits of the addendum are the following: 10,000 ha of land restored, 25,000 ha of landscapes under sustainable land management in production systems, and 6,500,000 tCO₂e of GHG emissions mitigated. In addition, the additional child projects will benefit to 30,000 stakeholders.

Co-financing: The expected co-financing of the addendum is estimated at US\$ 65,000,000.