



Public-Private Blended Finance Facility for Climate- Resilient Rice Landscapes

Review PIF and Make a recommendation

Basic project information

GEF ID

10929

Countries

Regional (Bangladesh, Cambodia, Viet Nam)

Project Name

Public-Private Blended Finance Facility for Climate-Resilient Rice
Landscapes

Agencies

FAO

Date received by PM

3/1/2022

Review completed by PM

4/19/2022

Program Manager

Jason Spensley

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 25March2022:

Cleared

GEFSEC 3March2022:

Although we appreciate the value of a relatively concise timeline for this project, we encourage further consideration as to whether 24 months is sufficient for the total duration of this project, particularly considering typical start up and close up times. Are there close off dates for donors that dictate this tight timeframe?

Agency Response

RE 3March2022:

The duration has been adjusted to 36 months to account for the start-up and close-up times.

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 25March2022:

Cleared.

GEFSEC 3March2022:

Please see the related set of comments on question 1 of section 1, with regards to clarify aspects of specified outputs.

Agency Response

RE 3March2022:

Thank you. Responses are provided below.

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 19April2022:

Cleared

GEFSEC 6April2022:

We note with appreciation the co-finance added. Please spell out the full name of WBCSD in this section.

GEFSEC 30March2022:

Well noted.

GEFSEC 25March2022:

This is well noted, with appreciation. Please continue to identify further co-finance opportunity during project preparation.

GEFSEC 3March2022:

We note with concern the relatively low level of indicative co-financing for this project. We also note there is no private sector source of co-financing at all. The average co-financing for LDCF projects in GEF-7 has been almost 1:6. The low level in this project is particularly concerning given the focus and intention of this project to catalyze private sector investment and action. Please further consider opportunities. In particular, please further consider the potential for national or subnational financial institutions to be co-financiers, especially given how they stand to benefit from the project. In doing so, please note that as per the GEF co-financing policy, which also applies to the LDCF and SCCF, co-financing indicated at PIF stage is understood to be "indicative" and may be updated or changed at the time of CEO approval.

Agency Response

RE 6April2022:

Thank you. The name has been spelled out in the co-financing table.

RE 3March2022:

Additional USD 2 million in co-financing has been added in the PIF. This is anticipated to come from the Food Securities Fund (an investment fund registered in Luxemburg) and would involve additional working capital for a rice transaction in the region.^[1] This will be confirmed during PPG. Consultations will also be held during PPG with national or subnational financial institutions and potential additional co-financing identified.

It should be noted that leveraging GCF and private sector funding is an integral part of the project design. The project is expected to catalyze significant future investments in climate resilient rice landscapes, estimated at USD 500 million. However, given that the Finance Facility itself may only become operational after the GEF project ends, associated financing is not indicated as co-financing.

^[1] Note: As explained in *Section 6.b Coordination with other projects* of the PIF, there is some GEF-7 Non-Grant Instrument (NGI) investment in the Food Securities Fund. It should, therefore, be noted that the co-financing indicated to the SRLI will not come from the NGI portion of the Food Securities Fund.

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 3March2022:

Yes.

Agency Response

The STAR allocation?

Secretariat Comment at PIF/Work Program Inclusion
GEFSEC 3March2022:

N/A

Agency Response

The focal area allocation?

Secretariat Comment at PIF/Work Program Inclusion
GEFSEC 3March2022:

N/A

Agency Response

The LDCF under the principle of equitable access?

Secretariat Comment at PIF/Work Program Inclusion
GEFSEC 3March2022:

N/A

Agency Response

The SCCF (Adaptation or Technology Transfer)?

Secretariat Comment at PIF/Work Program Inclusion
GEFSEC 3March2022:

Yes.

Agency Response

Focal area set-aside?

Secretariat Comment at PIF/Work Program Inclusion

GEFSEC 3March2022:

N/A

Agency Response

Impact Program Incentive?

Secretariat Comment at PIF/Work Program Inclusion

GEFSEC 3March2022:

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 3March2022:

Yes.

Agency Response

Core indicators

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

Secretariat Comment at PIF/Work Program Inclusion

GEFSEC 30March2022:

Cleared

GEFSEC 25March2022:

The indicator levels stated below are well noted and are visible in the tracking tool document attached to the PIF. However, these are not showing in the LDCF/SCCF indicators function within the PIF submission in the portal (which is a relatively new feature in the portal). Please ensure this information is inputted into this new PIF portal function.

GEFSEC 3March2022:

Please complete the indicators table by providing ambitious impact targets for all core indicators. Also, we note the impact target for number of people trained is very low, Please increase impact ambition.

Agency Response

RE 25March2022:

Thank you. The Core Indicator numbers have been updated in the relevant Portal section.

RE 3March2022:

Additional beneficiary targets have been added in the Core Indicator table, as follows. Note: Core Indicator 3 on Policies/plans that mainstream climate resilience does not seem applicable to this project as it refers to national and subnational policies/plans (lines 104 and 154 in the tracking tool). Instead, the indicator ?Financial instruments or models to enhance climate resilience developed? (line 94 in the tracking tool) has been used.

LDCF/SCCF Indicator	Target
1. Total no. of direct beneficiaries from more resilient physical and natural assets	? As a result of the trainings below (SRP and other partners) (assuming that at least 50% will apply improved practices after receiving the training, and that an average of 4 household members per farmer household will benefit from the improved practices, 3,000 x 4): 12,000 (50% women)
2. Total no. of direct beneficiaries with diversified and strengthened livelihoods and sources of income (m/f)	? n/a (covered by the above to avoid double-counting)
3. Total no. of direct beneficiaries from the new/improved climate information systems	? n/a

4. Total no. of people trained	? Financial institution staff trained directly by the project ^[1] : 500 (50% women) ? Farmers and other stakeholders trained on SRP Standard (through SRP co-financing): 5,000 (tbc) (50% women) ? Farmers and other stakeholders trained through other partners ^[2] (to be identified under Output 2.2 and co-financed by the project): 1,000 (50% women)
5. No. of institution(s) with increased ability to access and/or manage climate finance	? 10-15
6. Financial instruments or models to enhance climate resilience developed	? 1
7. Area of land managed for climate resilience (ha)	? As a result of the trainings above (SRP and other partners) (assuming that at least 50% will apply improved practices after receiving the training, on average of 1 ha per farmer household): 3,000 ha

^[1] As a result of Output 2.1. Estimated 30-50 staff per financial institution, total of 10-15 institutions (3-5 per country).

^[2] On climate-resilient practices, SRP, and organizational and financial skills, as described under Output 2.2.

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 3March2022:

Yes.

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 30March2022:

Cleared at PIF stage.

GEFSEC 25March2022:

Cleared at this stage. During project preparation and prior to CEO Approval, please strengthen articulation of the types of financial risk mitigation that will be considered in these country contexts (and those which are not suitable or not considered such as insurance as discussed) and which financial mechanisms will be applied to ensure financial viability over time. In addition, the commercial gap that the blended finance facility is aiming to bridge should also be better defined during project design ? the size of the gap or the risk factors that are creating the gap so that it is clear what mechanisms and needed and at what scale.

GEFSEC 3March2022:

1. We note the initial references made in the section titled "Global environmental and/or adaptation problems" to the anticipated impacts of climate hazards on rice production in the focus countries. It will be important to strengthen understanding of the range of potential impact levels based on rice production. For example, paragraphs 2, 6, 9, 10, 11 refer to anticipated losses of rice yields.
2. To the extent possible, please indicate the RCP scenarios that the studies quoted are referring to, and when possible based on existing references indicate a range of anticipated losses. Additionally, please expand on the types of climate hazards and their impacts that are increasingly driving these losses, so as to draw a direct correlation with the types of adaptation options and action that will be financed to address these impacts.
3. Output 1.1.4 and paragraph 91) Please clarify the extent to which commitments for "at least USD 500 million" will be secured through this output and during the life of this project, as well as through which outputs.
4. Output 2.2.2 and paragraph 95) We note the reference to "the GCF grant facility". Please clarify what specifically is being referred to here. For example, is the intention for FAO, the WBCSD to consult with the GCF Secretariat, relevant country Accredited Entities, and jointly consider submission of a project to the Green Climate Fund to contribute to larger scale capitalization of the SRLFF that will be developed through this project? If so, is this envisioned during or after this project ends? Why are grants being initially envisioned, rather than loans or equity through the GCF Private Sector Facility? etc.
5. Output 3.3.1 and paragraph 97) Please provide links to each of the adaptation metrics and indicators frameworks mentioned in paragraph 97. Please also indicate any potential relevance and building on the ASAP Taxonomy of climate adaptation SMEs. We appreciate these indications and note the importance and challenge of building on and adapting these climate adaptation indicators and monitoring frameworks for this project.

As such, please ensure sufficient activity budget to conduct this analysis as well as collaborate with others in its development and sharing of it once created.

6. Also regarding Output 3.3.1 and paragraph 97) We note that other projects that are intended to be supported through the second round of the Challenge Program for Adaptation innovation are also seeking to identify and strengthen indicators and frameworks for identifying and measuring climate adaptation MSMEs and smallholder farmers. We encourage useful information sharing during project preparation and implementation among relevant GEF Partnership colleagues and proponents to share approaches and good practices. In particular, we encourage consultation on this matter with the following projects and their Agencies and proponents: (i) "Acceleration of Fintech Enabled Climate Resilience Solutions (UNIDO with BFA Global); (ii) "Certification of NbS Portfolios of Inclusive Financial Service Providers for Scaling CCA and Biodiversity Finance for small-holder farmers) (IFAD and BNP Paribas); and (iii) "Indicators Framework for CCA and Biodiversity Conservation Finance for Smallholders: Leveraging private and public finance" (IFAD and Fondation Grameen Credit Agricole). The GEF Secretariat can help facilitate technical introductions among the relevant project partners, as helpful.

7. With regards to paragraphs 13-18, during project preparation and prior to CEO Approval, it will be important to expand on the set of climate adaptation solutions and their correlation to climate impacts that will be financed through the facility created with support of this project.

8. With regards to paragraph 26 on COVID-19 impacts, please also provide a brief summary of how this project will contribute to a climate resilient recovery to the pandemic.

9. Please expand on what the actual financial barriers are that prevent finance flowing to regions / cooperatives / smallholders. For example, are these financial barriers related to risk, the level of return, the bankability of the farmers, and/or something else?

10. Knowledge is cited as a barrier ? but knowledge of what exactly? For example, does the financial sector not have the data to make decisions? It seems that there are knowledge gaps in assessing risk, and setting an appropriate price for that risk. This would imply also data gaps and some consideration on developing data that the financial sector could use more broadly could be considered.

11. Please including in the PIF reflection on whether there better investments in a competing market for finance, such as asset finance for local banks which creates the need for a blended finance unit to address the adaptation challenge. It would seem that there is a general low preference for agri-investments.

12. Please also expand on what types of finance are envisaged. De-risking is mentioned, but what would be the instrument used to de-risk? Is this first loss guarantees, lower interest rates etc?

13. Could the finance include insurance also? The adoption and consideration of parametric insurance is not mentioned.

14. The adaptation co-benefits of GHG mitigation from methane reduction are mentioned ? could the public-private blended finance facility consider aggregating projects into a transactable carbon trade or receive payments that link to NDCs for GHG reductions? In what ways could carbon/climate finance be incorporated into a blended facility?

Agency Response

RE 25March2022:

Well noted, this will be addressed during PPG.

RE 3March2022:

1. Additional information has been added in the PIF document (paragraphs 10-16) on the climate scenarios as well as the ranges of potential impacts on rice yields, where available. A more detailed analysis will be conducted during the project preparation phase.

Studies now cited in the PIF suggest that the main climate change factors determining reductions in rice yield are frequent and extreme flood and drought events caused by rainfall variability, and increases in temperature.

2. Information on SRES and RCP scenarios as well as the ranges of potential impacts on rice yields has been added in the PIF document where available.

Additionally, a table (Table 1) has been added in the PIF to show the relationships between climate hazards, their impacts, as well as the proposed adaptation options and SRP themes/performance indicators. This will be further elaborated during PPG.

3. It is expected that the USD 500 million in public and private investment will be identified and initial commitments obtained during the life of the project. This will be achieved through activities under Output 1.1.4. However, the formal commitments of funds may occur beyond the life of the project. Under Output 1.1.4, the project will facilitate and elaborate a detailed proposal and documentation on the structuring, establishment, and management of the package of interrelated financial instruments. The targeted public and private investors are anticipated to include the Green Climate Fund (GCF) and other public and private investors (potentially IFC, as well as private investors). A partnership will be established during project preparation and implementation with a financial institution/Fund Manager, who is also expected to contribute to mobilizing these investments.

This additional information has been added in Output 1.1.4 description of the PIF. Please also refer to the timeline of the GEF project and related GCF and additional investments as shown in Figure 7 of the PIF.

4. Please refer to Paragraphs 86 and 92 of the PIF as well as Figure 6 for a description of the different components of the Facility. The section in the PIF has been revised and additional information has been added to make it clearer. The graph in Figure 6 of the PIF has been updated accordingly. It is envisioned that the proposed financing model of the SRLFF will be composed of the following interrelated elements:

1) **A major regional blended finance instrument supporting adaptation**, managed by a financial institution such as a regional or global international development finance institution, capitalized with contributions from the GCF and the private sector. This will be composed of

? **A de-risking facility** consisting of a funded guarantee or a subordinated tranche funded by GCF[1], accompanying and enabling private sector investment in relevant transactions, and

? **Commercial finance** from public and private investors.

2) **A technical assistance grant** funded by GCF for the following grant components:

? **National catalytic revolving funding facilities**, providing co-funding at concessionary rates, to support the transfer of new technologies to eligible rice value chain actors established as legal entities to strengthen their adaptive capacity in situations where commercial investments in support of adaptation are not feasible. The management of these funds may occur at a regional and or national levels, with the preference for the latter to facilitate stakeholder access and maximize durability. These may be associated with the SRP national chapters.

? **Non-returnable grant facility** for one-off (results-based) investments in capacity development including training on adoption of the SRP Standard and verification systems in support of sustainable procurement and de-risking of supply chains, as well as other public goods and/or pilots focused on adaptation options at the farm and landscape levels. This will be managed at the facility (regional) level. Grant funding will be prioritised to entities which can demonstrate capacity in sustainable, climate-resilient rice landscapes/value chains/livelihoods.

As noted in the PIF, a formal proposal will be prepared with the project's assistance for submission to the Green Climate Fund (GCF) and other potential financiers. During project preparation, the Project team (FAO, WBCSD and others) will consult with the GCF Secretariat, as well as IFC and other GCF Accredited Entities in view of the development of such proposal.

As explained above, the revolving grant and non-returnable grant facilities will accompany the loan and guarantee facilities for specific assistance where commercial investments in support of adaptation are not feasible and/or where additional support is needed to develop capacities among stakeholders.

5. Thank you. Relevant links have been added. A reference has also been added in Table 2 of the PIF to the ASAP Taxonomy of Adaptation SMEs. This will be further analyzed during project preparation/implementation.

Well noted that sufficient activity budget should be allocated to conduct this analysis.

6. Thanks for this. A reference to these projects has been added in the Baseline scenario section as well as in *Section 6. Coordination*. An introduction to relevant project partners would be welcome and exchange will be sought during project preparation/ implementation.

7. Well noted. A table (Table 1) has been added in the PIF, and this will be further elaborated during PPG.

8. An additional explanation has been added in the PIF (Section 1 and Section 5. Risks), as follows:

?By supporting access to financing for sustainable, climate-resilient investments and livelihoods and by strengthening farmer organizations and small and medium enterprises (SMEs), the project is aligned with governments' efforts to invest in COVID-19 recovery. The project will attract investments in a vital food crop focused on making agri-food systems more efficient, resilient and sustainable. This will be done within a context of integrated landscape planning and management and diversified farming and livelihood systems, that promote resilience to climatic and other shocks and reduce the risks of further zoonotic spillovers. Moreover, given the current inflationary pressures on food crops, the project will help to address working capital needs in the rice sector that have been exacerbated by the COVID-19 pandemic and current inflationary concerns, which make it more difficult for banks to lend.?

9. As explained in *Section 1) Global environmental and/or adaptation problems*, sub-section *e. Root causes and barriers*, rice has largely been challenging to finance due to (1) a size mismatch/limited aggregation: investments are either very large (e.g., irrigation) or very small; (2) fragmented, loose value chains and dominance of informal domestic markets; and (3) relatively low margins. Transaction costs for financial services are high, given that most of the world's rice is produced in fragmented, low-productivity, high-risk value chains by smallholder producers who lack assets, land tenure security, and access to finance and to markets.[1] Financial inclusion is weak, i.e., opportunities for certain vulnerable groups to access financial services are often limited, such as for women and the rural poor. Additionally, the lack of tailored financial products in climate-resilient rice is at least in part due to the lack of agricultural expertise and awareness of adaptation options within financial institutions (please refer to PIF for more details).

Additional information has been added in the PIF as follows.

?A report by Earth Security Group (2019) noted the following barriers to scaling private sector finance for agriculture, including the high-risk profile of the agriculture sector, the seasonal nature of farming, the specialised knowledge required to assess investment opportunities, and the low appetite to lend to smallholder farmers due to a lack of collateral and established credit histories of smallholder farmers. Furthermore, the report identified the following barriers to financing of sustainable rice:

- Barrier 1: The **absence of a financial infrastructure** to service millions of rice smallholders who lack access to services.

- Barrier 2: The **upfront investment needed** for companies, suppliers and farmers to switch to climate-smart production methods.

Barrier 3: The lack of public financing for governments to attract private sector investment through blended finance instruments.[2]?

10. The knowledge barrier referred to in the PIF primarily refers to financial institutions having limited technical knowledge on climate resilient options in the rice/agriculture sector. As explained in the PIF, the financial sector has limited knowledge about how to identify, assess, and price risk factors in the agricultural sector. There is a lack of specialist agronomic expertise within financial sectors. Rather than a lack of data, there is a lack of access to technical expertise to evaluate transactions. The project will help strengthen awareness and technical knowledge among financial institution staff and will help develop metrics related to the technical aspects of loans. The project team considers that developing data for the financial sector goes beyond the scope of this project.

11. Additional information has been added in the Barrier section of the PIF to explain that the lack of investment in the rice sector is due to (1) the high-risk profile of the agriculture sector (and low return opportunities), (2) the seasonal nature of farming, (3) the specialised knowledge required to assess investment opportunities, and (4) the low appetite to lend to smallholder farmers due to a lack of collateral and established credit histories of smallholder farmers. Despite these challenges, banks are still generally interested in agri-investments, in particular due to Government regulations and credit policies (see Section 2 Baseline scenario of the PIF). Rice and agriculture more generally are a priority for Governments in the region. This is exactly why concessionality is important. As explained in the PIF, due to the high-risk nature of rice and other agricultural production and the upfront investment needed to support a transition towards climate-resilient farming, concessionary financing, combined with technical assistance, is needed to leverage public and private investment. De-risking is essential to financing a transformation in the rice sector towards climate resilience and sustainability.

12. As explained above, the primary instrument used for de-risking would be a first loss guarantee (subordinated tranche). Additionally, through the grant element of the Facility, capacity of farmers and value chain actors will be enhanced and the adoption of the SRP Standard will be supported, which will also help reduce risks in the value chain. This has been made clearer in the PIF.

13. It is not anticipated that the Facility will directly include insurance. However, linkages may be established with existing index-based crop insurance, where feasible. A note has been added in the PIF.

14. Yes, it is indeed foreseen that the Facility will explore carbon finance, in line with the countries' NDCs and the market mechanisms under Article 6 of the Paris Agreement. As mentioned under Output 3.1 description, opportunities to include a climate mitigation element and results-based financing (by quantifying mitigation co-benefits) will be explored ? e.g., based on the existing AgResults program in Viet Nam and expanding SRP's assurance program.

This will be done through two main mechanisms:

(1) First, it is anticipated that mitigation will be an integral part of the blended finance facility and its criteria, i.e., the Facility would finance projects with adaptation and/or

mitigation benefits. When assessing technical adaptation options and funding needs under Output 1.1.1 and when developing metrics under Output 3.1.1, the project will consider mitigation co-benefits. Accordingly, the proposal to GCF will likely include a mitigation aspect in addition to adaptation.

(2) Second, the project will explore options for integrating results-based payments (from carbon credit buyers). Technical assistance could be provided through the grant facilities, potentially laying the foundations for long-term revenue streams from carbon finance.

Additional information has been added in the PIF, Section 3) Alternative scenario.

This is also in line with SRP Standard *Performance Indicator 8. Greenhouse gas emissions* aiming to reduce methane and nitrous oxide emissions from rice cultivation.

^[1] A funded guarantee is capital set aside by a third party that will be used in case of default by the borrower. A subordinated tranche is a loan tranche that absorbs losses in the event of borrower default, i.e., creditors who own subordinated debt will not be paid until more senior tranches are paid in full.

^[1] Sustainable Rice Landscapes Initiative (SRLI) presentation, 2021.

^[2] Earth Security Group (2019).

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

Secretariat Comment at PIF/Work Program Inclusion

GEFSEC 3March2022:

Yes.

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 3March2022:

Yes.

Agency Response

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

Secretariat Comment at PIF/Work Program Inclusion
GEFSEC 3March2022:

Yes.

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 3March2022:

Yes.

Agency Response

6. Are the project?/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 30March2022:

Cleared

GEFSEC 25March2022:

Please note the comment above about the indicators level now showing within the PIF document in the Portal.

GEFSEC 3March2022:

Please see the comment above on ambitious impact levels needed for each of the LDCE/SCCF core indicators.

Agency Response

RE 25March2022:

Thank you. The numbers have been updated.

RE 3March2022:

A response is provided above. A revised Core Indicator tracking tool has been uploaded to the GEF Portal.

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

Secretariat Comment at PIF/Work Program Inclusion
GEFSEC 3March2022:

Yes.

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 3March2022:

Yes.

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 3March2022:

Yes

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 3March2022:

Yes.

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 25March2022:

Cleared

GEFSEC 3March2022:

Regarding paragraph 2 in this section, please expand on what private sector actors have been involved to date.

Please also provide indication in this section about the type and extent of commitments anticipated to be gained with private sector actors during the life of this project, as well as the type of strategies that will be used with different actors to achieve these commitments.

For example, this section could be strengthened with a typology of private sector engagement ? such as multi-nationals, state-owned companies, cooperatives, national subsidiaries, medium, small and micro companies, smallholders etc?

The role of companies in supporting certification / compliance to standards that could be used as a rationale for finance is a strong point (paragraphs 65,66,67).

Could the project consider local and international financial institutions (insurance, banking and finance) and their role in addition to those members of the SRP / SRLI and WBCSD? These might include other development banks but should focus on the inclusion of financial institutions that have the knowledge gaps and data deficiencies identified previously. It is noted that some local institutions are mentioned in the stakeholder consultations and private sector section, but this could be emphasized also with the inclusion of other providers.

Agency Response

RE 3March2022:

1. Additional information has been added in *Section 4. Private Sector Engagement*. Private sector representatives have been involved in shaping the concept of the proposed project through their participation in the roundtables and the rice finance report mentioned in the baseline section, which were held in 2021 and during which the establishment of a Finance Facility was discussed. The discussion papers can be shared upon request. The Roundtable discussions included value chain actors and financial institutions such as Olam, SunRice, the UBS Optimus Foundation, IFC, and Rabobank. Additionally, private companies and financial institutions were consulted during the development of the GEF-7 projects in Bangladesh, Cambodia and Viet Nam, to which this project links closely (see *Section 6. Coordination*). These included, among others, processors including Amru Rice and BRICo in Cambodia, Mars Food Group, Olam, Loc Troi, and Bangladesh Bank.

2. The following information has been added in the *Section 4. Private sector engagement* of the PIF.

Table 3: Types of private sector that will be engaged and anticipated commitments

Type of private sector actor	Examples	Anticipated types of commitments during the project's implementation
Financial institutions	National and international financial institutions, banks, and micro-finance institutions that provide finance at different levels of the value chain, e.g., Cambodia's Agricultural and Rural Development Bank (ARDB), Bangladesh Bank, Vietnam Development Bank (VDB, a GCF accredited entity), Vietnam Bank for Agriculture and Rural Development (Agribank), etc.	Memoranda of Understanding (MoUs) or Letters of Intent to (1) serve as national financial institution partner to the Facility, (2) provide financing to the Facility, and/or (3) support capacity development.
Private investors	Private investors (individuals or funds)	Initial commitments to invest in the Facility
Suppliers	Input and service providers	Memoranda of Understanding (MoUs) or Letters of Intent to provide capacity building, provide affordable, high-quality inputs such as seeds and services, mechanised harvesting and post-harvesting processes, etc.
Producers	Cooperatives and farmer groups, micro, small and medium enterprises (MSMEs), smallholder farmers	Participation in training, expression of interest to participate in the project and/or in SRP certification
Processors	Collectors, brokers, millers and processors (national and subnational companies, state-owned companies)	Off-take agreements for SRP-verified/produced rice

Buyers	Traders and retailers (national or multi-nationals, national subsidiaries), e.g., Loc Troi, Amru Rice, Mars Food, Olam, etc. (including WBCSD members)	Off-take agreements for SRP-verified/produced rice, potential Letters of Intent for investments in climate-resilient value chains (pipeline development), provision of technical assistance/training.
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3. Additional information has been added in *Section 4. Private sector engagement* of the PIF (see above).
4. Agreed, this has been added in new Table 3.
5. Yes, this is foreseen. As explained in Output 1.2 description, it is anticipated that future fund disbursements will be primarily directed at national financial institutions who will act as intermediaries. Local and international financial institutions will be consulted during project preparation and implementation and their role defined in more detail. Additional information has been added in new Table 3.

Risks to Achieving Project Objectives

Does the project/program consider potential major risks, including the consequences of climate change, that might prevent the project objectives from being achieved or may be resulting from project/program implementation, and propose measures that address these risks to be further developed during the project design?

Secretariat Comment at PIF/Work Program Inclusion
GEFSEC 25March2022:

Cleared

GEFSEC 3March2022:

For consideration to include in this section, are there structural or policy conditions that would be a risk? Level of finance to certain sectors? Licenses needed to operate in a country or the approval of new financial mechanisms from regulatory authorities?

Agency Response
RE 3March2022:

The following has been added in *Section 5. Risks* of the PIF:
 ?Structural, regulatory or policy risks: There is a risk that regulatory restrictions may limit investments in the rice sector, in particular related to rice exports. Initial analysis will be conducted during PPG and further elaborated as part of project implementation.

Also, the project will work with local financial institutions already established and who have expertise in the country.?

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 19April2022:

Well noted and cleared

GEFSEC 6April2022:

The World Business Council for Sustainable Development is stipulated as the Executing Partner in the LoE from Cambodia.

However, WBCSD we note the Ministry of Natural Resources and Environment is stipulated in the LoE from Vietnam. Please clarify if the Ministry will be the only Executing Partner in Vietnam, or if it will be together with WBCSD. If so, please update this in section 6 ? Coordination.

Agency Response

RE 6April2022:

It is anticipated that MONRE will not be the only Executing Partner in Vietnam, but that it will be together with WBCSD and other partners. The same applies to the Department of Environment and Department of Agriculture Extension in Bangladesh. We propose to keep the wording in Section 6. Coordination as is:

?It is anticipated that the project will be executed by the World Business Council for Sustainable Development (WBCSD) in collaboration with other partners, including relevant Government agencies in the three target countries, to be further consulted with stakeholders during the project preparation phase.?

Further consultation on project institutional arrangements is required, and this will be elaborated on in detail during PPG.

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 3March2022:

Yes

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 3March2022:

Yes

Agency Response
Environmental and Social Safeguard (ESS)

Are environmental and social risks, impacts and management measures adequately documented at this stage and consistent with requirements set out in SD/PL/03?

Secretariat Comment at PIF/Work Program Inclusion
GEFSEC 3March2022:

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 19April2022:

Well noted and cleared.

GEFSEC 6April2022:

Noted. We continue to await the Bangladesh LOE.

GEFSEC 30March2022:

Well noted. We will await uploading of the OFP LOE of Bangladesh, to enable final approval of this PIF.

GEFSEC 25March2022:

Well noted. Kindly upload the letter of endorsement from the OFP of Bangladesh as soon as it is processed.

GEFSEC 3March2022:

It is a requirement to provide country Focal Point Endorsements for all countries indicated in this PIF, prior to final consideration for PIF approval.

Agency Response

RE 6April2022:

The Bangladesh letter has been uploaded in the Portal.

RE 25March2022:

The Bangladesh OFP letter is not yet available and will be provided as soon as it has been processed.

RE 3March2022:

The OFP endorsement letters for Cambodia and Viet Nam have been uploaded in the Documents section of the Portal. The OFP endorsement letter of Bangladesh is currently being processed.

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 3March2022:

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 19April2022:

This project is technically cleared again, pending further review on policy related matters.

GEFSEC 30March2022:

This project is technically cleared, pending further policy oriented comments if any, as well as provision of the OFP LOE from Bangladesh.

GEFSEC 25March2022:

Pending addressing remaining comments and further comments if any on policy matters.

GEFSEC 3March2022:

Pending the Agency addressing all comments provided.

ADDITIONAL COMMENTS

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

Secretariat Comment at PIF/Work Program Inclusion

GEFSEC 28March2022:

A) During project preparation and prior to CEO Approval, please strengthen articulation of the types of financial risk mitigation that will be considered in these country contexts (and those which are not suitable or not considered such as insurance as discussed) and which financial mechanisms will be applied to ensure financial viability over time. In addition, the commercial gap that the blended finance facility is aiming to bridge should also be better defined during project design ? the size of the gap or the risk factors that are creating the gap so that it is clear what mechanisms and needed and at what scale.

B) Please continue to identify further co-finance opportunity during project preparation.

GEFSEC 3March2022:

During project preparation and prior to CEO Approval, it will be important to expand on the set of climate adaptation solutions and their correlation to climate impacts that will be financed through the facility created with support of this project.

Review Dates

	PIF Review	Agency Response
First Review	3/7/2022	
Additional Review (as necessary)	3/28/2022	
Additional Review (as necessary)	3/30/2022	
Additional Review (as necessary)	4/6/2022	

PIF Review

Agency Response

Additional Review (as necessary)

4/19/2022

PIF Recommendation to CEO

Brief reasoning for recommendations to CEO for PIF Approval