Part I: Project Information

GEF ID
11001

Project Type
MSP

Type of Trust Fund
LDCF

CBIT/NGI
CBIT **No**
NGI **No**

Project Title
Indicators and Framework for Climate Change Adaptation and Biodiversity conservation finance for Smallholders and Rural communities: leveraging private and public finance

Countries

Regional, Benin, Senegal, Zambia

Agency(ies)
IFAD

Other Executing Partner(s)
Grameen Credit Agricole Foundation

Executing Partner Type
Private Sector

GEF Focal Area
Climate Change

Sector
AFOLU

Taxonomy
Focal Areas, Climate Change, Climate Change Adaptation, Climate finance, Influencing models, Demonstrate innovative approache, Stakeholders, Private Sector, Financial intermediaries and market facilitators, Gender Equality, Gender results areas, Access and control over natural resources, Capacity, Knowledge and Research, Enabling Activities

Rio Markers
Climate Change Mitigation
No Contribution 0

Climate Change Adaptation
Principal Objective 2

Biodiversity

Land Degradation

Submission Date
2/6/2023

Expected Implementation Start
6/13/2023

Expected Completion Date
6/12/2025

Duration

24In Months

Agency Fee($)
38,173.00

A. FOCAL/NON-FOCAL AREA ELEMENTS

Objectives/Programs	Focal Area Outcomes	Trust Fund	GEF Amount($)	Co-Fin Amount($)
CCA-2	Outcome 2.2 Increased ability of the country to access climate finance or other relevant, large scale programmatic investments.	LDCF	401,825.00	4,054,800.00
		Total Project Cost($)	**401,825.00**	**4,054,800.00**

B. Project description summary

Project Objective

Enhance financing for practices and technologies that support smallholders to reduce their climate change vulnerability.

Project Component	Financing Type	Expected Outcomes	Expected Outputs	Trust Fund	GEF Project Financing($)	Confirmed Co-Financing($)

Project Component	Financing Type	Expected Outcomes	Expected Outputs	Trust Fund	GEF Project Financing($)	Confirmed Co-Financing($)
Component 1. Establishment of a dedicated financial product for Climate Change Adaptation (CCA) conservation finance for smallholders and rural communities	Technical Assistance	**1.1** Public and private investors are enabled to provide improved financing conditions to the Financial Service Providers (FSPs) that improve their capacity to finance climate change adaptation for smallholders and rural communities. *Indicators and targets:* (i) Capacities of 4 FSPs in 3 countries ? 4 FSPs in total - strengthened to increase climate finance to smallholder producers and rural	**1.1.1** Investment Product for Climate Change Adaptation Smallholder Finance (Product 1) established. This is a dedicated financial product for CCA finance for smallholders and rural communities to be used by each individual investor. **1.1.2** Investment Product for Climate Change Adaptation Smallholder Finance (Product 1) piloted with 4 FSPs in 3 selected countries (4 FSPs in total). **1.1.3** Blended Finance Framework for Climate Change Adaptation	LDCF	294,270.00	3,167,116.00

Project Component	Financing Type	Expected Outcomes	Expected Outputs	Trust Fund	GEF Project Financing($)	Confirmed Co-Financing($)
		communities (ii) people receiving services promoted or supported by the project: up to 3,500 households and up to 15,000 households members (iii) Number of staff in FSPs trained to assess and manage climate risks and identify and finance climate change adaptation practices and technologies: up to 80 (iv) Number of policy and plans that will support to	Smallholder Finance (Product 2) designed and tested with private and public investors. Key Milestones:			

Project Component	Financing Type	Expected Outcomes	Expected Outputs	Trust Fund	GEF Project Financing($)	Confirmed Co-Financing($)
		mainstream climate change resilience: 1				
Component 2. Knowledge management, monitoring and evaluation	Technical Assistance	**.1** Enhanced knowledge and stakeholder engagement *Indicators and targets*: Number of policy and plans that will support to mainstream climate change resilience: 1	**2.1.1** Pilot results assessed through a consultative process with stakeholders and results and lessons learned disseminated **2.1.2**: Project implementations supported by an M&E strategy (Annual monitoring reports)	LDCF	71,026.00	469,975.00
			Sub Total ($)		**365,296.00**	**3,637,091.00**

Project Management Cost (PMC)

LDCF	36,529.00	417,709.00
Sub Total($)	**36,529.00**	**417,709.00**
Total Project Cost($)	**401,825.00**	**4,054,800.00**

Please provide justification

C. Sources of Co-financing for the Project by name and by type

Sources of Co-financing	Name of Co-financier	Type of Co-financing	Investment Mobilized	Amount($)
GEF Agency	International Fund for Agricultural Development (IFAD)	In-kind	Recurrent expenditures	1,500,000.00
GEF Agency	International Fund for Agricultural Development (IFAD)	Loans	Investment mobilized	1,000,000.00
Private Sector	Foundation Grameen Credit Agricole	In-kind	Recurrent expenditures	54,800.00
Private Sector	Foundation Grameen Credit Agricole	Loans	Investment mobilized	1,500,000.00
			Total Co-Financing($)	**4,054,800.00**

Describe how any "Investment Mobilized" was identified

Based on project preparation grant (PPG) consultations with project teams and institutional partners, the following projects were identified as investment mobilized: IFAD: (i) Rural Youth Agripreneur Support Project (Agrijeunes Tekki Ndaw?i) in Senegal (2019 ? 2025); (ii) Agricultural Development and Market Access support Project (PADAAM) in Benin (2018 ? 2025); (iii) Rural Finance Expansion Programme (RUFEP) in Zambia (2013 ? 2023). GCAF: Discussion with Foundation Grameen Cr?dit Agricole and confirmation of in kind contribution and the possible investment mobilized by Foundation Grameen Cr?dit Agricole relates to loan amounts that may be provided to FSPs participating in the project, to foster their investment in climate change adaptation for their smallholder farmers.

D. Trust Fund Resources Requested by Agency(ies), Country(ies), Focal Area and the Programming of Funds

Agency	Trust Fund	Country	Focal Area	Programming of Funds	Amount($)	Fee($)	Total($)
IFAD	LDCF	Regional	Climate Change	NA	401,825	38,173	439,998.00
			Total Grant Resources($)		**401,825.00**	**38,173.00**	**439,998.00**

E. Non Grant Instrument

NON-GRANT INSTRUMENT at CEO Endorsement

Includes Non grant instruments? **No**

Includes reflow to GEF? **No**

F. Project Preparation Grant (PPG)

PPG Required **true**

PPG Amount ($)

PPG Agency Fee ($)

Agency	Trust Fund	Country	Focal Area	Programming of Funds	Amount($)	Fee($)	Total($)
			Total Project Costs($)		**0.00**	**0.00**	**0.00**

Meta Information - LDCF

LDCF true
SCCF-B (Window B) on technology transfer false
SCCF-A (Window-A) on climate Change adaptation false

Is this project LDCF SCCF challenge program?
true

This Project involves at least one small island developing State(SIDS). false

This Project involves at least one fragile and conflict affected state. false

This Project will provide direct adaptation benefits to the private sector. true

This Project is explicitly related to the formulation and/or implementation of national adaptation plans (NAPs). true

This Project has an urban focus. false

This Project covers the following sector(s)[the total should be 100%]:*

Agriculture	**100.00%**
Natural resources management	**0.00%**
Climate information services	**0.00%**
Coastal zone management	**0.00%**
Water resources management	**0.00%**
Disaster risk management	**0.00%**
Other infrastructure	**0.00%**
Health	**0.00%**
Other (Please specify:)	**0.00%**
Total	**100%**

This Project targets the following Climate change Exacerbated/introduced challenges:*

Sea level rise false

Change in mean temperature true

Increased climatic variability true

Natural hazards true

Land degradation true

Coastal and/or Coral reef degradation false

Groundwater quality/quantity false

Core Indicators - LDCF

CORE INDICATOR 1

Total

Male

Female

% for Women

Total number of direct beneficiaries

17,500

7,000

10,500

60.00%

CORE INDICATOR 2

Area of land managed for climate resilience (ha)

1,750.00

CORE INDICATOR 3

Total no. of policies/plans that will mainstream climate resilience

6

CORE INDICATOR 4

Male
Female
% for Women
Total number of people trained
80
40
40
50.00%

To calculate the core indicators, please refer to Results Guidance

OBJECTIVE 1

Reduce vulnerability and increase resilience through innovation and technology transfer for climate change adaption

OUTCOME 1.1

Technologies and innovative solutions piloted or deployed to reduce climate-related risks and / or enhance resilience

View

OUTCOME 1.2

Innovative financial instruments and investment models enabled or introduced to enhance climate resilience

View

OBJECTIVE 2

Mainstream climate change adaption and resilience for systemic impact

OUTCOME 2.1

Strengthened cross-sectoral mechanisms to mainstream climate adaption and resilience

View

OUTCOME 2.2

Adaptation considerations mainstreamed into investments

View

OUTCOME 2.3

Institutional and human capacities strengthened to identify and implement adaptation measures

View

OBJECTIVE 3

Foster enabling conditions for effective and integrated climate change adaption

OUTCOME 3.1

Climate-resilient planning enabled by stronger climate information decision-support services, and other relevant analysis, as a support to NAP process and/or for enabling activities in response to COP guidance

View

OUTCOME 3.2

Increased ability of country to access and/or manage climate finance or other relevant, largescale, pragmatic investment, as a support to NAP process and/or for enabling activities in response to COP guidance

View

OUTCOME 3.3

Institutional and human capacities strengthened to identify and implement adaptation measures as a support to NAP process and/or for enabling activities in response to COP guidance

View

Part II. Project Justification

1a. Project Description

1) the global environmental and/or adaptation problems, root causes and barriers that need to be addressed (systems description);

Climate finance has not progressed rapidly enough in the last decades, reaching USD 632 billion in 2019/2020[1][1]. The CPI explains that ?based on these estimates, climate finance must increase by at least 590% ? to USD 4.35 trillion annually by 2030 ? to meet our climate objectives?. This gap is particularly relevant for climate change adaptation finance that, even if it has increased in the last few years, it still remains a small part of the overall climate finance, i.e. estimated to USD 46 bn, corresponding to 7% of all climate finance.

UNEP estimate of annual adaptation needs in developing economies of between USD 155 bn to USD 330 bn by 2030, and between USD 310 bn to USD 555 bn by 2050. Overall financial needs of small-scale producers in developing countries is estimated at about $240 bn annually. $300 to 350 bn are required to transition to sustainable food systems and land use while addressing climate change issues. Transforming food systems so they survive and thrive under climate change is estimated to demand USD 1.3 trillion in investment every year over the next three decades. Climate finance for small-scale agriculture has a more balanced distribution between adaptation and mitigation in comparison with total Climate finance with 49% for climate change adaptation, 22% for climate change mitigation, and 29% for dual objectives. It reflects the increased vulnerability of small-scale producers and rural poor to climate change impacts. IFAD?s CF adaptation to mitigation ratio is 90:10. 4% of the climate finance for small-scale agriculture is channeled through domestic financial institutions as intermediaries to facilitate credit lines and improved access to finance for small-scale producers and value chain actors. Further funding to financial institutions bundled with capacity building has the potential to produce transformative and scalable results.

Level of investment needed in the small-scale agriculture sector runs in the hundreds of billions annually. Funding gap for the sector is large and likely to widen. Blended finance and private sector engagement instruments and mechanisms uptake and scale-up of is slow. Growing climate risks require a step change in ambition, with increased ambition for international public climate finance and for overcoming barriers to private sector adaptation. The engagement of private and public sector and linkages with local financial institutions is key to scale up adaptation finance for smallholder farmers, and ensure social inclusion, food security, biodiversity conservation and the financial and rural value chains stability under the threat of climate change.

In Africa, there are an estimated 33 million smallholder farms, and the farmers that live on them contribute up to 70% of the food supply[2][2]. In Western Africa alone, more than 60% of the population depend directly or indirectly on smallholder farmer units for food security and income generation[3][3]. Thus, smallholder farmers in Africa play a crucial role for their countries? food security and income generation. Despite their important contributions, they are amongst the most vulnerable to degrading ecosystems and adverse climate change effects.

Smallholder farmers have to face numerous challenges, as climate change affects agriculture because of increased frequency of dry spells and drought, rising temperatures, changes in precipitation patterns, increasing intensity of extreme weather events and temperature variability. Africa is ?highly dependent on rainfed agriculture, hundreds of millions of smallholder farmers are affected by changes in the monsoons they rely on.? (Dr. Patrick Verkooijen, Global Center on Adaptation, 2021)[4][4]. The productivity of crops, livestock and fishery is highly affected by these negative impacts. Productivity declines due to the negative effects on climate change and it will create severe implications for food security. ?Millions of low income people who are already highly food insecure, are likely to be affected[5][5]?. By 2050, 70% of the total crop value of production in Sub Saharan Africa will come from areas under ?Severe? or ?Extreme? aridity stress, implying an inability to complete agricultural work and/or significant health risk in doing so.

The African continent is therefore at the forefront of our global climate emergency while contributing the least to it. Africa is still paying high interest to manage climate related issues but difficulties and barriers persist.

First, one barrier is the inability for investors to reward investments that can generate climate resiliency and positive impacts on ecosystems. The Indicators and Framework to be developed in the present project, will aim at enabling investors with sound tools and processes to provide loans with better conditions if they are used by the Financial Service Providers (FSPs) to generate resiliency for their clients and to improve their capacity to manage climate change risks.

Secondly, smallholder farmers encounter many barriers to access financial services. Accessing affordable financial services is crucial for smallholder farmers to invest in their farm and remain resilient against shocks, particularly shocks related to climate change. However,1.7 billion people remain excluded from formal financial systems[6][6]. In Africa, smallholders face challenges when it comes to finance, technology and innovation.

On the FSPs side, one main reason for not addressing these needs is that financial institutions lack the required technical skills for designing financial services for smallholder farmers as well as the customer journey. Evaluating smallholder farmers? financial needs and designing appropriate products require specific agricultural expertise that many FSPs lack or have difficulty acquiring. Moreover, lack of agri-insurance products for smallholders also contributes to FSPs? fear with lending. Another significant barrier to standard lending practices is the absence of land titles (for collateralization) and credit bureaus (for customer assessment).

On the smallholder farmers? side, there are plenty reasons that prevent them to access financial services:

- Lack of producer organizations and structured value chains for smallholders;
- Low financial literacy and financial management skills among farmers;
- Low productivity, margins, and cash flow for servicing loans;

- Lack of formal title to the farms (only 2% of smallholders in Zambia have a formal title[7][7]), which makes access to long-term credit very difficult;
- When credit is available, the interest rates are high due to the perceived risk associated with smallholder farmers and rainfed agriculture.

The negative impacts of farmers having limited access to these services are very important. The fact that the entire agricultural sector receives limited investment and a lack of financial services is not just an issue for smallholder farmers.

Financing for climate adaptation falls short of the urgent need to channel finance towards the ones who most need it. The International Fund for Agricultural Development and the Climate Policy Initiative estimate that between 2017 and 2018, only around 1.7% (USD 10 billion) of total climate financing flowed to smallholder farmers in developing countries.

Climate change impacts on ecosystem health, soil fertility, water availability, erratic rainfall and increasing dry periods intensify the vulnerability of smallholders who particularly depend on these resources for their livelihoods. Improving ecosystem health is an important contribution to climate change resilience. Nevertheless, the global investment gap for biodiversity conservation alone is projected to be between USD 598 billion and USD 824 billion per year for the next 10 years[8][8].

In this context, it is of key importance to support smallholder farmers to adapt to and become more resilient to the risks of impacts from current and anticipated climate hazards. Smallholder farmers encounter many barriers in the path of adopting practices that can make their activities and production more resilient, such as labor availability, tenure security, groups/social capital, risks and shocks, information and trainings, credit access and resource endowments, access to the right technologies.

Promotion and financing of practices and technologies for climate change adaptation that can effectively support the generation of resiliency to experienced and forthcoming climate hazards and impacts are key. Smallholder farmers need support to access the right technologies and implementing them. By 2050, less people could be at risk of hunger if improved agricultural technologies are set up.

The main climate adaptation barriers for finance that are directed towards smallholder farmers is a clear signal towards capital markets in the form of shared metrics. Investors lack standards, metrics and financial products to investment into climate resiliency, and hence redirect their funds, and the assets of their investees toward sustainable and inclusive activities and technologies.

To address the funding shortfall, many have called for improved methodologies that include climate risk and resilience in financial decision-making.

? **Description of observed impacts and climate change scenarios until 2050/2060**

See more on climate vulnerability profile per country in annex N

Senegal

Senegal remains vulnerable to environmental shocks that threaten its stability, including recurring natural disasters (particularly floods and droughts) that will increase in magnitude and extent due to increased climate variability. Between 1970 and 2000, the country suffered prolonged droughts that contributed to a rural exodus. Extreme events, rising sea levels place much of the coastal population, infrastructure and ecosystems at risk of flooding and erosion.

Climate change will impact climate-sensitive sectors such as agriculture (70% of production is rainfed), livestock and fisheries, which account for 20% of GDP and employ a majority of the workforce. Food security is already stressed due to low yields and high population growth[9][9].

Projected climate changes by the 2060s include:

- Rising average annual temperatures by 1.1?3.1 ? C, projected rates of warming are faster in the north and interior, and during the dry season.
- Substantial increases in the frequency of ?hot? days and nights, with more rapid increases in the south and east.
- Unpredictability of seasonal rains as well as an increase in the intensity of rainfall events.
- Rising sea level of up to 1 meter (by 2100).

Some of the key climate impacts of climate change that are predicted include:

- In agriculture: reduced crop quality and yields; decreased livestock productivity; increased incidence of locust invasions.
- In water: reduced availability and degraded quality of freshwater resources, reduced hydropower production.
- Coastal Zones : flooding of urbanized areas, damage to coastal infrastructure, salinization of aquifers and arable land.

Senegal ranked 57 in the 2018 Global Climate risk Index, which indicates it is quite affected by extreme weather-related events.

Benin

Manifestations of climate change in Benin are the decline of rains, rising temperatures, especially in the northern part of the country, drought, floods, and late and violent rains. These major climatic hazards affect livelihoods and patterns in the agriculture, water resources, coastal and forestry sectors. This has led to numerous impacts over the last three decades including the drop in agricultural yields, the

disruption of agricultural calendars, the drop in water levels, the prolongation of the low-water period, the submersion of banks, etc. In addition, Benin is a coastal country. Up to one third of the coastline could disappear under the effect of the rise in sea level[10][10].

Climate models project an increase in the normal annual maximum temperature for the whole country, ranging from slight (1?1.5??C) to substantial (2.5?3.0??C)[11][11]. Sea level is projected to rise of 0.81m by 2100. With the current rate of wetlands destruction (due to human intervention), the coastal wetland is projected to reduce by 40% by 2080.

The negative consequences of intense and successive periods of drought and floods will be felt within the agriculture and water resources sector as variability in the seasonal climatic regime and lack of early warning systems will exacerbate sector vulnerabilities, threaten food security and livelihood. Increase in temperature and floods will also have an impact on the spread of infectious diseases.

Climate change is now recognized to have a significant impact on disaster management efforts and poses a significant threat to the effort to meet the growing needs of the most vulnerable populations.

Benin ranked 152/180 on the 2021 Global Climate Risk Index for 2000-2019[12][12].

Zambia

Droughts and floods have increased in frequency and intensity over the last two decades and have adversely impacted food and water security, energy generation and livelihoods[13][13]. Agriculture (9 % GDP), predominantly consists of rainfed, subsistence farming and is thus highly sensitive to changes in climate, as demonstrated by the failure of millet, maize and sorghum crops during the 2004?2005 droughts.

Extreme climate events also pose a risk to other sectors such as health and infrastructure and to biodiversity conservation. For example, recent floods displaced thousands of families, destroyed houses, washed away roads and contaminated water supplies[14][14].

Projected climate changes include:

- Mean annual temperatures increasing 1.2?3.4?C by 2060, with warming occurring more rapidly in the south and west;
- Substantial increase in frequency of hot days and nights;
- Decrease in cold days and nights;
- More extreme weather, with intense precipitation, floods and droughts. Proportion of rain falling in heavy events expected to increase annually[15][15];
- Rainfall variable but total annual averages decreasing.

Climate change is predicted to be a material risk and have hard impacts on agriculture, and in particular:

- Increased crop losses/failure;
- More pests, weeds, pathogens;
- Less predictable growing seasons;
- Increased soil erosion;
- Limited field operations due to waterlogging;
- Decreased productivity of key crops, including maize, cassava and millet;
- Reduced water and feed resources for livestock.

Zambia ranked 137 out of 181 countries on the 2018 Global Climate Risk Index.

Among key solutions to cope with present and forthcoming climate hazards as well as generated impacts in agriculture, climate smart agriculture is reported as central[16][16]. Financing is also critical for incentivizing farmers and communities, public institutions and private sectors to invest in the development and promotion of climate smart agriculture in Zambia. The private sector also presents an opportunity for increasing investment in climate smart agriculture, particularly through private-public partnership for investments in knowledge, technology development, dissemination, and access to financial services for smallholders.

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? **The state of Microfinance for smallholder farmers, including barriers.**

While financial institutions themselves are increasingly affected by adverse climate change effects, there are several causal roots that restrain them to tap into climate adaptation and biodiversity finance. A qualitative study from the GCAF with FSPs in Sub Saharan Africa shows that their ?partner institutions share many examples of disruptions that affect their clients' businesses. Droughts have an impact on yield and reduce access to clean water, and floods destroy crops, infrastructures and interrupt supply chains.? While some institutions already implement concrete actions to increase their clients? climate resilience, they face many obstacles: 78% of the interviewed institutions claim to lack financial resources and 52% to lack expertise to set up their projects. In terms of financial support, examples of effective tools requested by GCAF?s partners are long term financing of more than 3 years, as well as loans at advantageous rates indexed to environmental performance objectives. In addition, GCAF finds that technical assistance is an effective mechanism for supporting companies in designing new products, raising awareness, training their customers, and adapting their business to be more resilient and environmentally friendly. According to their partners? interviews, receiving technical assistance plays a key role in their development, and the FSPs' needs for technical assistance are significant.

Further international and peer reviewed flagship reports summarize the following **barriers** as main restraints to why FSPs do not cater financial services for climate adaptation towards smallholder farmers. These are:

- Lack of shared climate adaptation finance metrics;
- Lack of access to concessional finance;
- Low internal capacities and expertise;
- Limited knowledge about the economic benefits of climate change adaptation.

It results in the following picture:

- Smallholder farmers are among the most vulnerable to climate change while, at the same time, they lack the necessary financial and non-financial inputs to implement climate-smart practices;
- Private and public finance for climate change adaptation is too underdeveloped, and the initiatives that exist are not able to reach those who need it the most: small-scale producers and rural communities;
- Very little progress has been made in establishing a public ? private blended finance scheme able to provide finance, technical assistance, and technology support to FSPs that are presently supporting or would like to support climate change adaptation and ecosystem health for small scale producers and rural communities;
- Private sector is missing key information to be able to channel financial resources to support climate change adaptation, as well as to engage with the public sector to leverage public finance for adaptation;
- There is no sector-recognized metric to assess the status and opportunity of FSPs to finance climate change adaptation.

We can hence conclude that the main gaps to support climate change adaptation for smallholders are the following:

- No recognized metric to assess progresses of FSPs in increasing finance access and impacts for climate change resilience and biodiversity conservation for smallholder farmers and rural communities;
- No established process to assess the present status, progress and define rewards for FSPs that are presently or willing to support climate change adaptation for their clients and/or are willing to invest in measures and technologies to improve ecosystem health (provision of ecosystem services that contribute to smallholder farmers? resilience to climate hazards and their impacts);
- Very limited engagement of private investors that still have difficulties to see the economic rationality to invest in climate resilience.

2) the baseline scenario and any associated baseline projects;

? **Regional view**

The year 2021 was among the three warmest years on record for the African continent. This trend is expected to continue as African temperatures in recent decades have been warming faster than global mean surface temperature.

The latest predictions (2020-2024) show continued warming and decreasing rainfall, especially over North and Southern Africa, and increased rainfall over the Sahel. Much of Africa has already warmed by more than 1?C since 1901, with an increase in heatwaves and hot days.

Tropical Cyclone Idai was one of the most destructive tropical cyclones ever recorded in the southern hemisphere, resulting in hundreds of casualties and hundreds of thousands of displaced.

Southern Africa suffered extensive drought in 2019. In contrast, the Greater Horn of Africa shifted from very dry conditions in 2018 and most of 2019 to floods and landslides associated with heavy rainfall in late 2019. Flooding also affected the Sahel and surrounding areas from May to October 2019.

Africa is the most vulnerable continent to climate change impacts under all climate scenarios above 1.5 C. UNEP-commissioned research estimates that the cost of adapting to climate change across Africa could reach USD 50 billion a year by 2050, if the global temperature increase is kept within 2?C above preindustrial levels. With a +2?C scenario, water resources will be highly impacted. Soil degradation quality will also increase which will contribute to developing more disease and the biomass loss will generate a production loss for food security.

From data collected from 114 field officers of FSPs in Benin Madagascar and Senegal (2019-21)[17]17, it results that clients of FSPs in Sub-Saharan Africa (SSA) are often impacted by climate change (specific frequency of impact per each climate impact is reported in the table below under the voice ?% Reporting?).

	Statistic	At Least One Impact	Crop Damage	Crop Losses	Need for More Inputs	Productivity Losses	Reduced Food Safety	Avenues	Drought	Erosion	Fires	Floods	Landslides	Increase in Pets	P
SSA	Observations	114	111	111	112	111	107	104	111	109	110	109	109	107	
	% Reporting	94%	64%	67%	53%	82%	50%	18%	31%	27%	21%	39%	15%	35%	

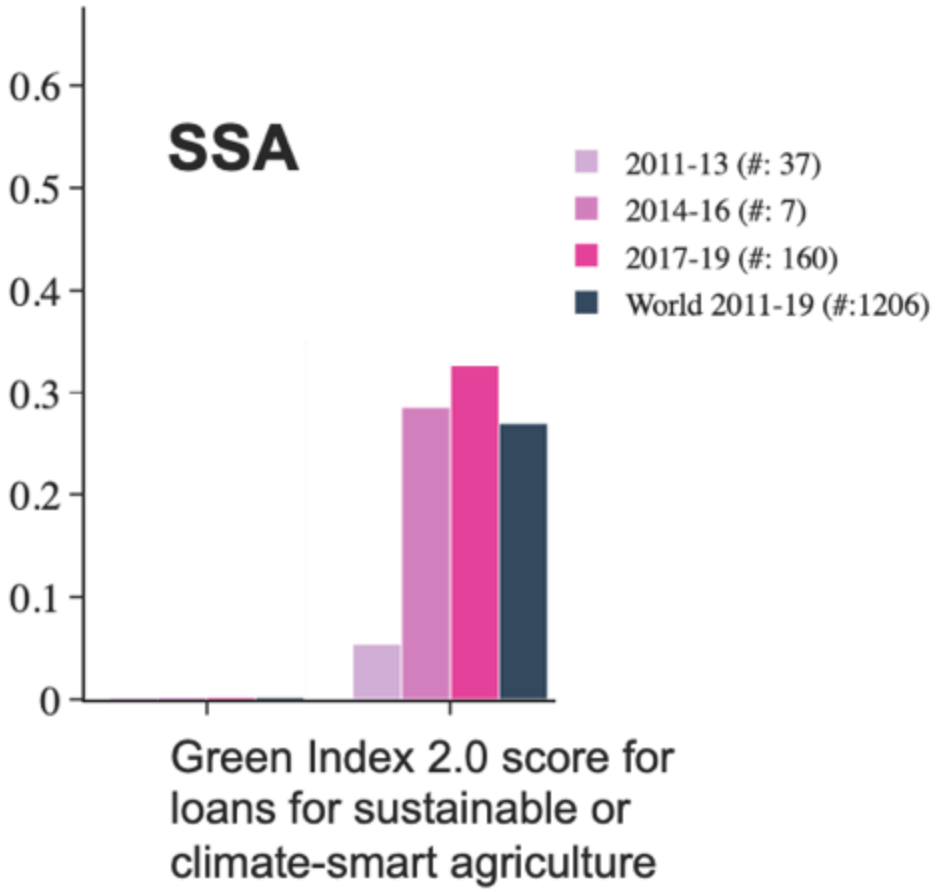
The most relevant impacts are productivity losses, crop damage, crop losses, and reduced water availability. These are often due to climate hazards such as change of rainfall patterns, heat extreme, abrupt temperature changes that are relevant for more than 90% of the field officers responses. These impacts affect the FSP?s clients by generating economic consequences such as increased cash flow variability and loss of income sources.

	Statistic	At Least One Consequence	Decreased Income per Unit	Increased Cash Flow Variability	Increased Cost of Crop Production	Loss of Income Sources
All SSA	Observations	114	113	99	112	87
	% Reporting	91%	48%	67%	56%	67%

It is observed that clients of FSPs naturally implement practices and technologies that support the generation of climate resilience, among which the more frequent are organic inputs, crop diversification, crop rotation, agriculture drainage, pisciculture, solar home systems, and fodder plant.

	Statistic	At Least One Consequence	Organic Agriculture	Organic inputs	Crop diversification	Agricultural Drainage	Family Gardens	Pisciculture	Crop rotation	S
All SSA	Observations	105	105	105	105	105	105	105	105	
	% Reporting	99%	49%	47%	63%	33%	29%	33%	58%	

Since historically renewable energy have been the main climate investments in SSA, it can be observed that the number of FSPs that engage in developing and disbursing loans for sustainable or climate smart agriculture has increased and is constantly increasing since 2011 in Sub Saharan Africa[18]18.



FSPs usually provide loans to smallholder farmers for working capital and the financing of the season. In rare cases, FSPs also finance investments through longer terms loans beyond one year. This limited panel of financial products is due to the fact that FSPs do not have the technology to assess the climate change adaptive capacities of smallholder farmers, nor the capacity to manage climate risks and develop products and services to reduce the risks. FSPs also lack dedicated finance to expand their offer for climate change adaptation. The present project will use the developed indicators and framework to target FSPs that can contribute to climate change adaptation of their smallholder farmers and improve their climate change adaptation engagement through dedicated capacity building, technology and finance.

? **Country selection**[19]19

The present project will be implemented in a set of selected countries in Africa, that have been selected to ensure:

- Relevance of smallholder farmers agriculture portfolio of FSPs, and climate change adaptation needs and opportunities for targeted clients of the FSPs.
- Diversity of countries to ensure sound piloting, replicability and adaptation at regional level, both in West and East Africa.
- Presence and engagement of both Grameen Credit Agricole Foundation and IFAD in terms of existing and forthcoming available financing for loans, technical assistance and projects / programs, to ensure scale up, institutionalization, private-public engagement, and alignment of implementation between parties.

In order to ensure that the indicators and framework of the present project can actually leverage private and public finance with dedicated conditions to support climate change adaptation of smallholder farmers, the countries have also been selected based on the actual portfolio of investment of Grameen Credit Agricole

Foundation and its strategy to expand climate change adaptation finance for its investees.

See more on climate vulnerability profile per country in section 1.a. above (?Description of observed impacts and climate change scenarios until 2050/2060? paragraph) and Annex N. Also refer to Annex N for a more comprehensive description of each section per country.

? **Senegal**

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General information

Although Senegal it one of the region?s most stable countries, it remains a low-income, food-deficit nation with a high poverty level that is decreasing slowly. Senegal continues to rely on remittances to fuel domestic demand: it is the fourth-largest recipient of remittance inflows in Sub-Saharan Africa. A key factor for poverty is the vulnerability of the rural population to external shocks, especially droughts, leading to increased migrations towards cities, in particular Dakar.

Microfinance sector

The penetration rate of the microfinance sector (21% as of September 2021) reflects the weight and increasingly important contribution of FSPs in financing the economy by taking into account the needs of rural populations, the informal sector and micro and SMEs. It is observed that clients of FSPs naturally implement practices and technologies that support climate change adaptation; the most frequent being organic inputs, crop diversification, crop rotation, seed banks, solar water pumps, drip irrigation, family gardens, among others. In the country, it has been observed that at least four FSPs offer specific loan products dedicated to promoting sustainable or climate-smart agriculture.

Baseline Projects (more projects in Annex N)

Project titles	Objectives

MEbA, UN Environment - BMU (https://unepmeba.org)	The main objective was to increase the climate resilience of small-scale farmers through innovative financial mechanisms. The project encouraged investments in ecosystem-based adaptation alternatives, which provided benefits for both families and ecosystems, reduced potential productive losses due to weather events and promoted practices that use ecosystems in a more sustainable way. The Microfinance for Ecosystem-based Adaptation (MEbA) project sought to provide vulnerable rural and peri-urban populations with access to

	microfinance products and services that allowed them to invest in activities that improved their income, increased their climate resilience and allowed them to sustainably use ecosystems and their services. This project is funded by Germany?s Federal Ministry for the Environment, Nature Conservation and Nuclear Safety (BMU) and is implemented by the United Nations Environment Programme (UNEP) in six Latin American countries and two African countries, including Senegal.

MEbA Biodiversity Platform UN Environment - BMU - BNP Paribas (https://unepmeba.org/biodiversity-platform/)	The MEbA-project is offering Financial Service Providers the opportunity to access enhanced digital credit analysis, including dedicated biodiversity and climate risk indicators for free. By measuring biodiversity and climate risks in their credit decisions, Financial Service Providers lay the basis to qualify for new funding sources, like green credit lines.

Stars Icco (https://www.icco-cooperation.org/en/project/stars/)	Strengthening African Rural Smallholders, in short STARS, is a five-year (2017 ? 2021) project in partnership with Mastercard Foundation and ICCO Terrafina. Through a market system development approach, the project focuses on improving access to finance and markets for more than 200,000 smallholder farmers in Ethiopia, Rwanda, Senegal and Burkina Faso. The project plans to have an overall impact on the lives of more than 1 million people.

PAMIGA (http://www.pamiga.org/pdf/pdf-para367-pamiga-1417444779.pdf)	The Water and Microfinance initiative was set up thanks to the support of the Swiss Cooperation. Launched in 2012, it was a pilot program covering 5 countries in West Africa (Benin, Burkina Faso, Mali, Senegal and Togo). It aimed at promoting access to productive water (irrigation) for small producers, clients of rural microfinance institutions, in order to enable them to secure their productions, improve their productivity, increase the areas cultivated and the profitability of their operations and thus sustainably increase their income.

Strengthening Climate Resilience through People- Centered Approaches, GEF - FAO (https://www.thegef.org/sites/default/files/publications/GEF_GoodPracticesBriefs_Senegal_r2%20%281%29%20%281%29.pdf)	Enhance the resilience of people to climate change by building the capacity of communities and women through two innovative, people centered approaches? Farmer Field Schools (FFS) and Dimitra Clubs, and by strengthening agro-climate information communications and setting up a climate resilience fund for scaling up project achievements. The project operates in 17 communes located in seven administrative regions across three Eco geographical zones of Senegal and supports climate change mainstreaming and integration of FFS approach in national

	policies and programs.

The Africa Integrated Climate Risk Management Programme: Building the resilience of smallholder farmers to climate change impacts in 7 Sahelian Countries of the Great Green Wall (GGW) , GCF (https://www.greenclimate.fund/project/fp162)	The program will build, strengthen and scale up the resilience and adaptive capacities of smallholder farmers and rural communities of seven least developed countries (LDCs) in the Sahel region, including Senegal. It will provide capacity building and institutional development on integrated climate risks management. This includes reducing obstacles to access agricultural insurance for governments and smallholder farmers to enhance resilience building, and strengthening climate weather information services.

Building the climate resilience of food insecure smallholder farmers through integrated management of climate risk (R4), GCF (https://www.greenclimate.fund/project/fp049)	Increasing the resilience of vulnerable households in Senegal to climate-related risks through better risk management, water and soil conservation. Risk-reduction activities such as water and soil conservation measures, increased water availability, livelihood diversification and training on climate-resilient practices will be undertaken. These activities will be complemented by risk transfer through a weather index insurance programme that will transfer risk to the international market and provide farmers with compensation in case of climate shocks.

Focus on IFAD projects[20]20

IFAD has implemented 20 projects (including ongoing, closed and planned) in Senegal, for a total project cost of USD 843.31 million, a total IFAD financing of USD 336.66 million, generating impacts for 667,643 households.

In Senegal, IFAD loans help sustainably increase food security and smallholder incomes and create permanent employment for rural people, particularly women and young people. IFAD-funded projects help smallholders? and their organizations gain better access to farm inputs and services, appropriate technologies and markets. Activities focus on the development of sustainable value chains and the integration of women and youth into economic activities. IFAD also helps rural people learn how to set up and run businesses.

From recent experience and forthcoming projects of IFAD it results that financial institutions in Senegal are looking for climate finance, they do not know what to do, and how the performance would be measured. There is also uncertainty concerning the materiality of a market for the climate finance. IFAD is looking for new instruments to financial services providers. IFAD has recently started a new methodology of intervention consisting of providing financing to smallholder farmers through financial institutes. This is a new area for IFAD, and perfectly aligned with the project described in this proposal. The challenges of market development and identifying financial institutions with the capacity to deliver climate finance should be overcome.

The present GEF project *"Indicators and Framework for Climate Change Adaptation and Biodiversity conservation finance for Smallholders and Rural communities: leveraging private and public finance"* will mainly interact in Senegal with the IFAD project ?Rural Youth Agripreneur Support Project (Agrijeunes Tekki Ndaw?i)-Senegal[21][21]?, that will also be the source of IFAD co-finance for Senegal. The Rural Youth Agripreneur Support Project (Agrijeunes Tekki Ndaw?i)-Senegal ?is a rural transformation initiative targeting rural youth who have been excluded from the wealth creation process due to a lack of productive and innovative jobs in the agro-sylvo-pastoral and fisheries sectors. Its aim is to enable them to become agricultural entrepreneurs.?. ?The project will benefit 150,000 rural young people. Among this group, 45,000 young people (50 per cent of whom will be female) will be integrated into or receive support to start up a sustainable profitable activity in the agro-sylvo-pastoral and fisheries value chains. At project completion, 25,000 viable enterprises in the agro-sylvo-pastoral and fisheries value chains will have been created and/or strengthened and will have created 35,000 decent jobs, 50 per cent of which will be to the benefit of young women. ?. The project started in 2019 and it

will last until 2025. The tootal amount of the project: US$ 83.61 million. The project operates in the following county regions: Thi?s, Kaffrine , Louga , S?dhiou , Diourbel , Ziguinchor, Fatick , Kaolack.


Louga
Kebemer
Linguère
Tivaouane
Thiès
Bambey
Diourbel
Mbacke
Dakar
Mbour
Gossas
Fatick
Guinguinéo
Malème Hodar
Kou
Kaolack
Birkilane
Kaffrine
Foundiougne
Nioro du Rip
Gambia
Bounkiling
Bignona
Sédhiou
Goudomp
Ziguinchor
Oussouye

Source: IFAD

Within this project IFAD is already working with 3 FSPs. The present GEF project *"Indicators and Framework for Climate Change Adaptation and Biodiversity conservation finance for Smallholders and Rural communities: leveraging private and public finance"* will aim to generate synergies with the IFAD project Agrijeunes Tekki Ndaw?i, in two main ways:

a) by connecting, to the extend as possible the beneficiaries of the agro-sylvo-pastoral and fisheries support provided by the project Agrijeunes Tekki Ndaw?i, that are implementing practices or technologies that contribute to climate change adaptation, with the FSPs part of the present GEF project, with the aim to provide access to finance for the ones that are credit worthy.

b) by engaging in mutual learning and cooperation with the FSPs that participate to the project Agrijeunes Tekki Ndaw?i, to enhance their capacity identify and eventually finance practices and technologies in agro-sylvo-pastoral and fisheries that contribute to climate change adaptation.

? **Benin**

General information

The free market economy of Benin remains underdeveloped and dependent on subsistence agriculture, cotton production, and regional trade. In spite of the GDP growth and several poverty reduction strategies implemented at the government level, the poverty rate in Benin has been rising in the past few years. With agriculture accounting for more than 25% of GDP, growth will be supported by rising agricultural output as the major economies surpass their 2019 pre-pandemic levels of growth that year, driving up external demand for Benin's exports.

Microfinance sector

The Benin microfinance sector is one of the most dynamic in Sub-Saharan Africa, although it is highly concentrated (as of December 2017, the country had 18 large FSPs representing 90% of the sector). It is observed that clients of FSPs naturally implement practices and technologies that contribute to climate change adaptation, the most frequent being organic inputs, crop diversification, crop rotation, conservation agriculture, apiculture, direct drilling and intelligent storage. In the country, it has been observed that at least 3 FSPs offer specific loan products dedicated to promoting sustainable or climate-smart agriculture.

Baseline Projects (more projects in Annex N)

Project title	Project Objective
MEbA, UN Environment - BMU (https://unepmeba.org)	The main objective was to increase the climate resilience of small-scale farmers through innovative financial mechanisms. The project encouraged investments in ecosystem-based adaptation alternatives, which provided benefits for both families and ecosystems, reduced potential productive losses due to weather events and promoted practices that use ecosystems in a more sustainable way. The Microfinance for Ecosystem-based Adaptation (MEbA) project sought to provide vulnerable rural and peri-urban populations with access to microfinance products and services that allowed them to invest in activities that improved their income, increased their climate resilience and allowed them to sustainably use ecosystems and their services. This project is funded by Germany?s Federal Ministry for the Environment, Nature Conservation and Nuclear Safety (BMU) and is implemented by the United Nations Environment Programme (UNEP) in six Latin American countries and two African countries, including Senegal.
MEbA Biodiversity Platform UN Environment - BMU - BNP Paribas (https://unepmeba.org/biodiversity-platform/)	The MEbA-project is offering Financial Service Providers the opportunity to access enhanced digital credit analysis, including dedicated biodiversity and climate risk indicators for free. By measuring biodiversity and climate risks in their credit decisions, Financial Service Providers lay the basis to qualify for new funding sources, like green credit lines.

Strengthening human and natural systems resilience to climate change through mangrove ecosystems conservation and sustainable use in southern Benin, GEF- FAO (https://www.thegef.org/projects-operations/projects/10166)	The project aims at increasing the adaptive capacity of human and natural systems to climate change through mangrove ecosystem restoration and sustainable use in southern Benin. The project focuses on the agricultural, forestry and fishery communities located in and around two 2001 assigned Ramsar sites. Expected outcome: national institutional and policy frameworks strengthened to sustainably manage mangrove ecosystems in a context of climate change and knowledge on climate-resilient mangrove ecosystems management is improved, captured and disseminated.
Enhanced climate resilience of rural communities in central and north Benin through the implementation of ecosystem-based adaptation (EbA) in forest and agricultural landscapes (https://www.greenclimate.fund/project/sap005)	The project objective is to halt the negative cycle of climate change, agricultural yield depletion and natural resource degradation in central and northern Benin to build resilience of local communities, using an Ecosystem-based Adaptation (EbA) approach. The EbA will integrate climate-resilient agriculture techniques with the tailored restoration of degraded forest ecosystems. Thus, the project will address current and future climate change impacts through three components focusing on restoration of degraded forest ecosystems, enhancing agricultural productivity and improving technical and institutional capacity of governments and communities.
Strengthening the Resilience of Livelihoods and Sub-national Government System to Climate Risks and Variability in Benin (https://www.thegef.org/projects-operations/projects/5904)	The objective of the project is to support resilient agriculture and livelihoods and to mainstream climate risk considerations into national and sub-national planning processes so that local communities are less vulnerable to climate change.
IFAD - Market Gardening Development Support Project (PADMAR) https://www.ifad.org/en/web/operations/-/project/2000002342	The overall project goal is to help sustainably improve food and nutrition security and reduce rural poverty in the project area. The development objective is to sustainably boost the income of market gardeners, while strengthening their resilience to the effects of climate change. The project started in 2015 and it will last until 2023. Total amount of the project is : US$ 49.64 million with objective to outreach 20,000 smallholders, in the regions Atlantique, Couffo, Littoral, Mono, Ou?m?, Plateau, Zou

IFAD ? Agricultural Development and Market Access Support Project (PADAAM)	PADAAM?s general objective is to reduce rural poverty in the project intervention area by including stakeholders, both women and men, in diversified and profitable value chains. The project?s development objective is to sustainably increase the food and nutrition security, as well as the income, of smallholder farmers, particularly women and young adults.

Focus on IFAD projects[22]22

IFAD has supported 14 projects in Benin (including closed, ongoing, and planned projects) for a total project cost of USD 495.43 million, total IFAD financing of USD 231.75 million, and 485,900 households impacted. IFAD loans support the Government in reducing poverty and improving the livelihoods of poor rural people. IFAD approach is based on the use of local service providers to support communities.

Key activities include:

- Improving access by small- and medium-sized rural operations to adapted financial services;
- Improving income for smallholder farmers and vegetable growers and enhancing resilience to climate change through their integration into sustainable value chains for production, distribution and sale of flowers, rice, soya, pineapple, cassava, and maize;
- Helping farmer organizations and local associations take part in steering and managing economic development within their communes.

The present GEF project *"Indicators and Framework for Climate Change Adaptation and Biodiversity conservation finance for Smallholders and Rural communities: leveraging private and public finance"* will mainly interact in Benin with the IFAD project ?Agricultural Development and Market Access Support Project (PADAAM)[23][23]?, that will also be the source of IFAD co-finance for Benin. The Agricultural Development and Market Access Support Project (PADAAM) is a ? value chain approach to bring about economic growth and improved food security in the country. Priority is being placed on rice, maize and cassava?. ?PADAAM will focus on derisking agriculture through adaptation to climate change and putting in place an insurance scheme that primarily targets smallholder farmers. ?. ?PADAAM will target 51,000 households ? Critical among the target value chain actors are women and young people, who will account for 40 per cent and 30 per cent of the beneficiaries, respectively, to create employment opportunities and increase incomes while promoting food and nutrition security.? The project started in 2018 and it will last until 2025. The tootal amount of the project: US$ 106.41 million.

The project operates in the following county regions: departments of Atlantique, Collines, Couffo, Mono, Ou?m?, Plateau and Zou.

Source: IFAD

Within this project IFAD is already working with 3 FSPs. The present GEF project *"Indicators and Framework for Climate Change Adaptation and Biodiversity conservation finance for Smallholders and Rural communities: leveraging private and public finance"* will aim to generate synergies with the IFAD project Agricultural Development and Market Access Support Project (PADAAM), in two main ways:

a) by connecting, to the extend as possible the beneficiaries in the rice, maize and cassava value chains supported by the project PADAAM, that are implementing practices or technologies that contribute to climate change adaptation, with the FSPs part of the present GEF project, with the aim to provide access to finance for the ones that are credit worthy. The support provided by the PADAAM project in derisking agriculture through adaptation to climate change will be leveraged to better shape the climate change adaptation practices and technologies targeted by the present GEF project. To the extend as possible synergies will be developed with the insurance scheme targeting smallholder farmers, implemented in the project PADAAM, and the climate change adaptation practices and technologies financed in the present GEF project.

b) by engaging in mutual learning and cooperation with the FSPs that participate to the project PADAAM, to enhance their capacity identify and eventually finance practices and technologies in agro-sylvo-pastoral and fisheries that contribute to climate change adaptation.

? **Zambia**

General information

Zambia?s economy relies mostly on services (60.2% of GDP in 2018) and industry (33.5%), including copper of which Zambia is Africa?s second largest producer, and to a lesser extent on agriculture. Agriculture employs 85% of the workforce. The landlocked country is endowed with a wealth of natural resources, including an assortment of mineral deposits and more than a third of the Southern African region?s water supply, with resultant opportunities for tourism, agricultural development, and hydroelectricity.

Microfinance sector

The microfinance sector in Zambia is relatively young and underdeveloped. The microfinance institutions represent a small proportion of financial sector assets and are mainly focused on payroll lending. The high cost of providing financial services, especially in rural areas and to poorer populations,

can explain the overall low level of financial inclusion. Low levels of consumer trust and confidence in formal financial service providers have also been identified as one of the causes of financial exclusion in Zambia.

Baseline Projects (more projects in Annex N)

Project title	Objective
Strengthening climate resilience of agricultural livelihoods in Agro-Ecological Regions I and II in Zambia, GCF (https://www.greenclimate.fund/project/fp072)	This initiative focuses on smallholder farmers in two agro-ecological regions covering the five provinces of Eastern, Lusaka, Muchinga, Southern and Western. It will take a value-chain approach and help to provide a number of benefits, including increased access to climate information services, support for climate-resilient agricultural inputs and practices, sustainable water management, and alternative livelihoods
Building the Resilience of Local Communities in Zambia through the Introduction of Ecosystem-based Adaptation (EbA) into Priority Ecosystems, including Wetlands and Forests, GEF-UN Environment (https://www.thegef.org/projects-operations/projects/8034)	The objective of this project is to improve resilience of local people living around the wetlands and forests by strengthening the capacity of local communities ? as well as local and national governments ? to implement Ecosystem-based Adaptation (EbA) interventions. This will be achieved by demonstrating on-the-ground EbA interventions in pilot sites in wetlands and forests in the Bangweulu Wetlands ecosystem and by providing training to local and national governments to implement EbA as a tool to adapt to climate change.
Improving the livelihoods of poor rural households through enhanced access to financial services and sustainable economic growth in Zambia with the Rural Finance Expansion Programme (RUFEP), IFAD (https://www.ifad.org/en/web/operations/-/project/1100001650)	The primary target group encompasses economically active small and micro-entrepreneurs and smallholder farmers, with an emphasis on women and young people. The objectives of the program will be achieved through strategic partnerships, innovation and outreach. The strategic partnerships component aims to enhance the capacity of financial service providers to deliver demand-driven services in rural areas. The innovation and outreach component seeks to improve the efficiency and sustainability of rural financial services.

IFAD?s Private Sector Financing Program through a regional CCA finance mechanism, also under design and not yet approved by financier	The primary objective of the project is to increase the climate resilience of rural populations through access to finance for investments in adaptation solutions and best practices, enhanced by institutional and financial innovation mechanisms (products, systems). Empowering people in communities with relevant knowledge to change towards investment in climate change adaptation are integral to the primary objective.
Accelerate Water and Agricultural Resources Efficiency (AWARE) programme **2019 ? 2022** **Financed by BMZ-GIZ and EU**	To improve climate-sensitive water management, including efficient use by small-scale farmers, in the lower Kafue Basin. The programme promotes effective, integrated water resources management as well as efficient practices in water extraction and irrigation. The effort also includes the development of a financing approach that will ensure access to funding. This will help the farmers apply technological options such as harvesting rainwater from roofs and storing it, drip irrigation systems and the use of communal dams and boreholes.
Promotion of Agricultural Finance for Agri-based Enterprises in Rural Areas (AgFIn) **2016 ? 2025** **Financed by BMZ-GIZ** **Regional project (Benin, Burkina Faso, Cameroon, C?te d?Ivoire, Malawi, Mali, Nigeria, Togo, Zambia)**	To improve the provision of financial services to agricultural and agri-based enterprises in rural areas that are tailored to their business models. The project is part of the One World ? No Hunger Initiative. It advises and supports the expansion of financial institutions into the agricultural sector and assists them with developing adapted financial services.
IFAD?s Rural Finance Expansion Programme (RUFEP)	The development objective is 'access to and use of sustainable financial services by poor rural men, women and youth has increased'. This will be indicated by increases in the number (about 140,000 households) and percentage of the adult population using financial services, and a decline in the cost of borrowing.
Climate resilience through risk prevention and innovative climate risk insurance **2020 ? 2022** **Financed by BMZ-GIZ**	To ensure agricultural actors have better access to private-sector climate risk insurance and information on climate risk. The project takes a private sector approach to support the market for climate risk insurance and the dissemination of climate risk information. The project offers training to employees of insurance companies, brokers and governmental institutions in the area of climate risk insurance and to selected actors involved in providing climate risk information.

Focus on IFAD projects[24]24

IFAD has supported 15 projects in Zambia (including closed, ongoing, and planned projects), of which 3 are ongoing, for a total Project Cost of USD 354.07 million, with USD 225.81 million of total IFAD financing, generating positive impacts on 1,014,818 households.

In Zambia, IFAD loans support the commercialization of smallholder agriculture, in particular by enhancing crop and livestock productivity (including by reduction of livestock disease). It also creates links between small-scale farmers and suppliers and market intermediaries, and help to increase access to rural financial services by small-scale farmers.

The IFAD country strategic opportunities program is designed to help poor smallholders in remote areas make the best use of natural resources to improve food production and food security.

Activities target the poorest rural people, including households headed by women and/or affected by HIV/AIDS. Because women are largely responsible for household food production and income generation, they play a key role in IFAD's programs and projects, which aim to reduce poverty by generating income.

IFAD also promotes policy dialogue on issues related to rural financial services, and to the development of policy, regulatory and institutional arrangements for the control of livestock diseases.

The present GEF project *"Indicators and Framework for Climate Change Adaptation and Biodiversity conservation finance for Smallholders and Rural communities: leveraging private and public finance"* will mainly interact in Zambia with the IFAD project ?Rural Finance Expansion Programme (RUFEP)[25]25?, that will also be the source of IFAD co-finance for Zambia. This programme aims to improve the livelihoods of poor rural households through enhanced access to financial services and sustainable economic growth. The primary target group encompasses economically active small and micro-entrepreneurs and smallholder farmers, with an emphasis on women and young people.

The objectives of the programme will be achieved through strategic partnerships, innovation and outreach. The strategic partnerships component aims to enhance the capacity of financial service providers to deliver demand-driven services in rural areas. The innovation and outreach component seeks to improve the efficiency and sustainability of rural financial services.

Measures to stimulate demand for financial services include, among others:

- Helping beneficiaries participate in savings and credit activities to build their financial history
- Encouraging savings to reduce vulnerability to fluctuations in income and food security
- Establishing a ?social fund' for consumption or emergencies

•Developing value chains to include the target group.

? **Identified gaps**

Despite the recent progresses in green inclusive finance worldwide and in particular the renewed focus towards climate change adaptation finance for smallholders and rural communities, major gaps still exist, that present projects were not able to fill, and in particular:

- **Information gap:** investors are not aware of the actual climate change adaptation potential of each FSP to foster resilience of their clients. No agreed metric exists to assess the progresses of FSPs in financing climate resilience;
- **Capacity gap:** smallholders and rural communities, as well as FSPs, do not know how to integrate climate change into their risk management and investment strategy;
- **Lack of appropriate incentives**: investors are not able to correctly price their products against climate change risk and the creation of resilience . There is a need for appropriate products (financial and non-financial) that reward institutions that aim to improve their clients? adaptation capacity and can show progress in this direction.

Country	**Gaps**
Benin and Senegal	<u>Expertise gaps:</u> - On the supply side (FSPs), adaptation to climate change is a new topic. It is therefore fundamental, when introducing the concept of green finance / climate within an FSP, to train the employees. It is also important to support FSPs in the development of green strategies, with strategic documents guiding the implementation of adaptation solutions fitting the client? needs. In this context, technical assistance is an important tool to train and accompany MFIs in the development of adapted solutions. -On the demand side (end clients), clients lack access to training on the implementation of climate change adaptation solutions. -At the level of technical assistance providers, the topic is very new too, and it can be challenging to find specialized providers. <u>Funding gaps:</u> -On the demand side, end clients lack access to appropriate funding sources to implement adaptation solutions. -On the supply side, there is a lack of appropriate incentives for FSPs to implement adaptation solutions.

Zambia	The expertise gap is the main challenge identified by GCAMF partners: -On the demand side in particular (end clients), clients lack access to training on the implementation of climate change adaptation solutions, but also for awareness raising on climate issues. -On the offer side, FSPs need capacity building on climate change adaptation solutions. -At the level of technical assistance providers, the topic is very new too, and it can be challenging to find specialized providers. Funding gaps: -On the demand side, end clients lack access to appropriate funding sources to implement adaptation solutions. -On the supply side, FSPs lack access to appropriate and competitive funding, which in turn is due to a lack of appropriate incentives for investors.

Three main challenges that are broadly diffuse in all three countries, and that hamper the support for climate change adaptation, are:

- ***On the supply side:*** climate finance is new. Financial institutions do not have staffing capacity (major gap). There is a need to introduce climate change and build capacity.
- ***On the demand side***: many of IFAD clients, smallholders are doing business and climate adaptation and mitigation activities but cover their activities only with loans.

They still do not know how to deliver a business proposal for climate change adaptation practices and technologies, and hence they are not able to claim for appropriate finance for the climate change adaptation practice and technologies that they are already implementing or that they would like to implement.

- ***On technical support***: who provides the capacity and technical assistance is still weakly defined and the required capacity of technical assistance providers should be identified to ensure quality of services and hence impact.

There is an important need for capacity development on both the supply and demand sides. This is specific to climate adaptation, and smallholder farmers and rural value chain actors should become knowledgeable about that screening process they will have to comply with if they want to have access to climate finance.

From the preparation of related climate change adaptation project by IFAD ?IGREENFIN[26][26]? further information on gaps and opportunities for climate change adaptation finance for smallholders appears.

In term of gaps and opportunities, it results that[27][27]:

Gaps	Opportunities
1) Smallholders and green finance are **perceived** as risky.	1) Once IFSPs start developing and disbursing loans for green practices and technologies, and in particular climate change adaptation for smallholders, they realize that **the risks of such financing is actually lower** compared to the rest of the portfolio[29][29].
2) Lack of green finance market potential	2) Once demand by smallholders is properly assessed, the majority of smallholders would be willing to take a loan for adaptation and mitigation technologies[30][30] (with adapted loan conditions)
3) Lack of green finance know-how and funds.[28][28]	3) Increasing yield in a sustainable way requires more investments in climate change adaptation. Prioritization of finance based on adaptation technology robustness/ profitability can generate higher income for smallholders.[31][31]

? **Climate Change Adaptation Practices and Technologies for smallholder farmers**

The project will focus its intervention on FSPs that are financing the implementation or maintenance of technologies and practices by small-scale producers, or rural communities / value chain stakeholders, that support climate change adaptation. They include, among others[32]32: Nature Based Solutions (NbS), Ecosystem Based Adaptation (EbA) Solutions, Climate Smart Agriculture (CSA). In the document, we call these practices and technologies ? Climate Inclusive Rural Solutions? (CIRS). They are promoted for their key benefits to reduce small scale producers' vulnerability to climate change and build climate resilience. CIRS also generates additional benefits in terms of productivity improvement for small scale producers, improvement of quality of production, protection and promotion of healthy ecosystems and biodiversity, reduction of greenhouse gas emissions, among others. A specific taxonomy

of CIRS will be adopted during the project, nevertheless a preliminary view of the possible CIRS to be considered in the project is as follows[33]33:

Examples of practices and technologies for climate change adaptation, ?CIRS?		
- organic fertilizers - soil conditioning - conservation agriculture - agroecology - crop diversification - drainage systems - ecotourism - firewall - organic farming - beekeeping - seed banks - windbreak - live fences - family orchards - filter dams - rainwater tanks - drip irrigation - contour trenches - greenhouses - vermicompost - fog trap	- sustainable forest management - infiltration pits - integrated nutrient management - agro-sylvo-pastoral systems - integrated pest control - agroforestry systems - natural retaining walls - permaculture - sylvo-pastoral systems - natural shade - aquaculture - agricultural terraces - soil restoration - mixed nurseries - crop rotation - no-till systems - association of cultures - managed grazing	- improved pasture (GMO free) - forage plants - filter for dirty water from agricultural production - resilient seeds (GMO-free) - direct drilling - intelligent storage of agricultural production - precision fertilization - protection of coastal wetlands (with associated fishing) - restoration of coastal wetlands (with associated fishing) - solar dehydrators - solar hydroponics - solar cookstoves - solar water pumps - biodigesters - efficient biomass stoves / Improved cooking stove - biomass (agriculture residue, such as rice husk) gasifier stove

? **Background work done on indicators and framework**

The financial product that will be developed in the framework of the present project, and that will be dedicated to support climate change adaptation for smallholder farmers, is the operationalization of some of the common work performed by an engaged set of private investors.

Indeed, in April 2021 private investors members of the European Microfinance Green Inclusive and Climate Smart Finance Action Group (GICSF-AG: https://www.e-mfp.eu/gicsf-ag) have joined forces

and launched the initiative ?Climate & Biodiversity Positive Initiative for Smallholder Finance". This initiative aimed to meet the increasing visibly needs to consider climate change effects and biodiversity preservation in investment decisions. The initiative was composed of private actors, lenders and supporters of inclusive finance service providers who share a common objective. Members of the initiative are: the Grameen Credit Agricole Foundation, the BNP Paribas (https://group.bnpparibas/en/), the SIDI (https://www.sidi.fr/?lang=en), Oikocredit (https://www.oikocredit.coop/en/), the BBVA Microfinance Foundation (https://www.fundacionmicrofinanzasbbva.org/en/), YAPU Solutions.

The Climate & Biodiversity Positive Initiative for Smallholder Finance was born out of the previous initiatives in green inclusive finance, and more in details in climate change adaptation and biodiversity conservation of each members, and common initiatives, such as:

- The GICSF-AG (https://www.e-mfp.eu/gicsf-ag), unique multi-stakeholders think tank that supports the development of common standards for green inclusive finance, as well as dissemination of lessons learnt, and stimulate collaborative activities in green inclusive finance (IFAD is a member of the GICSF-AG).
- MEbA Biodiversity Platform, a UN Environment based project that has piloted climate change adaptation and biodiversity conservation indicators in clients and portfolio assessment, as well as the development and disbursement of loans dedicated to EbA, with 30+ MFIs and 10+ countries in LAC and SSA. MEbA and MEbA Biodiversity Platform projects have been implemented in the period 2018-2020 in SSA and in particular in Benin with 4 FSPs and in Senegal with 3 FPSs.

The members of the Climate & Biodiversity Positive Initiative for Smallholder Finance, observed that one of the obstacles they all faced was the lack of appropriate indicators, tailored to inclusive finance, to assess and monitor FSPs that would like to receive funds for climate change adaptation. They hence decided to join forces and develop such indicators for climate change adaptation and biodiversity conservation to be used to support the provision of funds with better conditions for FSPs that commit to improve their capacity to finance climate change adaptation and biodiversity conservation for small scale producers and rural communities.

Such indicators have been developed based on best international standards for green, and in particular climate change adaptation, in inclusive finance, namely:

- ***The Green Index 3.0***[34]34: a unique assessment tool to assess the green inclusive finance performance of FSPs, developed by the GICSF-AG with the participation of 2000+ stakeholders since 2014, among which investors, networks of FSPs, FSPs, consultants, academics etc. The Green Index was published for the first time in 2014, and it has been implemented in the field with FSPs since 2014, by various institutions and individuals, ensuring constant learning, and collecting 1000+ environmental assessments of FSPs worldwide;

- ***The indicators of the UN Environment project MEbA***: a set of indicators to be used by field officers to assess the risks and the investments done by the client in terms of climate change and ecosystems. The indicators include climate sensitivity of various crops, the climate adaptive capacity of clients, the biodiversity risks, and verification if the investment done by the clients can be claimed to be an EbA solution. Such indicators have been implemented in 11 countries in LAC and SSA, since 2012, and with more than 30 FSPs.

These standards for inclusive finance have been developed in alignment with existing standards, regulations, and frameworks, such as the European Taxonomy[35]35, the TCFD[36]36, ASAP[37]37, CCRI[38]38, among others [39]39.

The result is a set of 11 qualitative indicators, and 5 quantitative indicators, organized along 4 standards and 6 essential practices. In the table below, we provide a view of the standards and essential practices considered (each one contains an actual set of detailed indicators, with multiple choice answers, as well as quantitative information, that are not reported in the table here below. In the table, ?Institution? refers to FSP):

Standard CB.0	**The institution defines its climate and biodiversity strategy and has systems in place to implement it**
Essential Practice CB.0.1	The institution defines its climate and biodiversity strategy
Essential Practice CB.0.2	The institution has systems in place to implement its climate and biodiversity strategy
Standard CB.1	**The institution identifies climate and biodiversity risks and opportunities**
Essential Practice CB.1.1	The institution identifies client- or portfolio-level climate and biodiversity risks and opportunities
Standard CB.2	**The institution manages climate and biodiversity risks and opportunities**
Essential Practice CB.2.1	The institution manages client- or portfolio-level climate and biodiversity risks and opportunities

Standard CB.4	**The institution offers green financial and non-financial products and services for climate change adaptation and biodiversity conservation**
Essential Practice CB.4.1	The institution offers financial products and services for climate change adaptation and biodiversity conservation
Essential Practice CB.4.2	The institution offers non-financial products and services for climate change adaptation and biodiversity conservation

The present proposal aims to capitalize on these previous experiences and key sector stakeholders? engagement, to support the establishment of a specific financial, technical assistance and technology support product for FSPs that will qualify as potential recipients of more favorable conditions according to indicators and frameworks. The indicators from the Climate and Biodiversity Positive Initiative for Smallholder Finance will be used as a basis to define such investment instruments for climate change adaptation.

The indicators have been developed for an integrated approach on climate change adaptation and biodiversity conservation. In the present project, the focus will be on climate change adaptation and the biodiversity part of the indicators will be used to assess the level of ecosystem health to ensure the generation and enhancement of climate resilience for smallholder farmers.

3) the proposed alternative scenario with a brief description of expected outcomes and components of the project;

The present project aims to support smallholder farmers and rural communities to adapt and become more resilient to the risks of impacts from current and anticipated climate hazards. To reach this objective the project will contribute to reducing the gaps identified above, and in particular: information gap, capacity gap, and financing gap, by establishing specific financial products dedicated to support climate change adaptation for smallholder farmers.

Such financial products will consist of:

? ***Product 1: Establishment of a dedicated financial product for Climate Change Adaptation finance for Smallholders and Rural communities, to be used by each individual investor***

The product will be composed of:

- Specific financing conditions linked to progresses in climate change adaptation of the FSP;

- As well as a technical assistance component to generate capacity within the FSPs to manage climate change risks and develop adaptive capacities;

- As well as a technological packages component that aims at enabling the FSP to assess, manage and monitor the climate risks and climate resilience of its smallholder farmers clients and the institution itself.

The product will define its rewarding policy based on specific indicators and targets established for these indicators, as well as a clear framework to follow. It will provide a scheme for all investors in inclusive finance, able to reward FSPs that can show progress in climate change adaptation for their smallholder farmers clients. The product developed will be piloted during the project by the Grameen Credit Agricole Foundation with selected FSPs. Lessons learnt will be established and shared with the aim to further engage other private and public investors to adapt similar products, along the framework developed in this project, but adapted to their needs, processes and target investees.

? ***Product 2: a framework for a blended finance scheme for climate change adaptation*.**

Building on the experience developed in the project with the dedicated financial product for climate change adaptation (product 1), a framework for blended finance for climate change adaptation will be proposed. The aim will be to attract dedicated private-public finance, and blend them, to provide a better offer and higher supply of finance to smallholder farmers and FSPs to foster the promotion of climate change adaptation practices and technologies. It will support coordination among actors and the scale up of available finance for adaptation. It proposes a concrete offer to the FSPs that is shared and supported by private and public investors of the sector and not only by the individual institutions.

The proposed project is a cost effective and innovative way to help beneficiaries to adapt and become more resilient. Indeed, by providing more favorable conditions and additional technical and technology support to FSPs that demonstrate progress in financing climate resilience for smallholder farmers, the project aims at providing sound incentives to FSPs to support their clients to adapt to climate change, as well as the institution itself to develop or improve its processes and products offer dedicated to climate change adaptation.

With this intervention the project aims to create systems change in the inclusive finance sector so that second tier investors are more aware of the gains (social / environmental impact as well as economic return) and as well as lower risks and higher resilience, and therefore more incentivized to finance FSPs lines of credit for climate adaptation and resilience-oriented lending projects. The promotion of the two products above will allow investors to engage alone (product 1) or as a sector (product 2), and hence to FSPs and smallholder farmers to have different options adapted to their needs.

This objective will be achieved by completing three key milestones:

- ***Conditions, process and indicators***: As a first step, the process, the conditions and indicators will be defined, for the provision of more favorable loan conditions for FSPs that are financing climate change adaptation to smallholders and rural communities. The more favorable conditions will include: access to training and capacity, access to technology digital solutions, cheaper funds. Process, conditions and indicators developed and used will be in line with the Paris Agreement, and other international standards, with the goal to avoid overloading countries and FSPs with different reporting formats and indicators. Indicators will indeed be based on the ones developed by the Climate and Biodiversity Positive Initiative for Smallholder Finance (see previous section) - *Establishment of product 1*.
- ***Proof of concept****:* Piloting the approach with four FSPs to demonstrate its feasibility to the sector - *Piloting of product 1*.
- ***Engaging the sector****:* Engage other private investors to develop a similar approach - *lessons learnt and extension of product 1*-, as well as to join forces with public investors in a blended finance scheme - *public - private engagement product 2*.

The specific financial products for climate change adaptation that will be developed in the project will aim to finance the implementation or the maintenance of practices and technologies that ensure the creation and enhancement of climate resilience for small scale producers and rural communities, i.e. Climate Inclusive Rural Solutions (CIRS)[40]40. CIRS include, among others: Nature Based Solutions (NbS), Ecosystem Based Adaptation (EbA) Solutions, Climate Smart Agriculture (CSA). The specific Climate Inclusive Rural Solutions considered should:

- Be dedicated, as first priority, to agriculture, livestock, fishery production;
- Target first the generation of material positive impacts for smallholder farmers in terms of climate resilience and healthy ecosystems;
- Support benefits for rural communities and related value chains;
- Be sustainable, i.e. reducing costs or generating further income.

The sustainability of CIRS will ensure that the CIRS can be naturally implemented by smallholder farmers including beyond the project?s scope and duration, as well as be naturally financed by the FSPs, and spread through rural communities.

The specific financial products for climate change adaptation developed in the project will not only reward the financing of CIRS to smallholder clients, but also the development or strengthening of other dedicated actions within FSPs, such as sound processes, risks and products management, strategy and responsibility. These actions will support the actual transition of the FSPs towards a permanent focus on supporting climate change adaptation and their scale up in their operations and products for the benefits of smallholder farmers livelihood and resilience.

The alternative scenario proposed will follow the approach explained here below:

? ***Expected result: Increased climate resilience, and improved livelihoods & land use management for smallholder farmers***

The project's key expected impact is to build climate change adaptation capacities for smallholders, and therefore enhance the climate resilience of smallholders and rural communities', and to support their adaptation to climate change by decreasing their vulnerabilities.

? ***Project Objective: Increasing smallholder farmers? access to climate adaptation finance***

The project aims at generating the expected result by fulfilling its key objective to increase smallholder farmers? access to climate adaptation finance. This is expected to be achieved by scaling up and improving the focus of FSPs towards disbursing finance to smallholder farmers targeted to CIRS and the generation of climate resilience.

? ***The key project intervention and approach***

Because the supply side of the challenge described in the previous session has been identified as the main gap that is not properly addressed yet, including by existing projects and interventions, this will be the focus of the present project. The project Outcome (see here below): ?Public and private investors are enabled to provide improved financing conditions to the FSPs that improve their capacity to finance climate change adaptation for smallholders and rural communities? will allow to overcome the information and capacity barriers at supply side (both FSP and Investors) and hence the financing barrier (i.e. dedicated finance for climate resilience targeting smallholder farmers). The Theory of Change is: ***IF*** a Sustainable Linked Loans Scheme to finance Climate Inclusive Rural Solutions exists, rural livelihoods and environmental health will improve ***BECAUSE*** the ability of smallholder farmers to access and implement Climate Inclusive Rural Solutions will be enhanced.

Hence solving the supply gap is seen as the means to achieve the actual result to improve smallholder farmers and rural communities livelihood in a sustainable way.

? ***Articulation of Demand, Supply, Environment side interventions***

By solving the supply gap, the project will generate capacities for FSPs to develop better processes and products offer to smallholder farmers, specifically targeting the development of their climate resilience. This will have positive effects also on demand and environment gap, i.e:

- At demand side, the intervention will contribute at generating awareness and capacities for smallholders first, and for rural communities, on how to implement CIRS, how to maintain, how to scale them, and commercialize their products, as well as propose an investment plan to financial intermediaries.

- At environment side, the intervention will contribute to develop capacity of technology and technical providers, local, but also international, that can support both smallholder farmers and rural community in the transition towards more resilient and sustainable economy and society.

Such articulation between supply and demand and environment gap will materialize in the synergies and collaborations that will be put in place between the present project and some key IFAD pre-existing project in the region, namely the projects: ?Rural Youth Agripreneur Support Project (Agrijeunes Tekki Ndaw?i)", in Senegal; the project ?Market Gardening Development Support Project (PADAAM)? in Benin; the project ?Rural Finance Expansion Programme (RUFEP)? in Zambia. Details are explained per country and per project in the previous section.

The project logframe is defined as follows:

Outcome	Output	Activity	Adaptation Benefits	Deliverable

Outcome 1: Public and private investors are enabled to provide improved financing conditions to the FSPs that improve their capacity to finance climate change adaptation for smallholders and rural communities	**Output 1.1:** Investment Product for Climate Change Adaptation Smallholder Finance (Product 1) established. This is a dedicated financial product for Climate Change adaptation finance for smallholders and rural communities to be used by each individual investor.	***Activity 1.1.1*** Define conditions and processes	**AB 1.1.1** The definition of a structured and transparent process will ensure FSPs have access to the needed support to successfully finance climate change adaptation for their clients.	**D1.1.1.** Short white paper for investment in climate change adaptation (for the sector); project manual
		Activity 1.1.2 Establish institution reporting scheme	**AB 1.1.2** Indicators and reporting framework align with those developed by Climate & Biodiversity Positive Initiative for Smallholder Finance, facilitating a fast, confident reporting alignment between actors	**D 1.1.2** Manual on indicators; Document on Green Taxonomy of the project.
		Activity 1.1.3 Operationalize indicators and framework via software packages	**AB 1.1.3** Indicators and reporting available in centralized platform that integrates use cases for all actors, from FSP credit officers and managers to investor reporting	**D 1.1.3** Use of (adapted version) MEbA Biodiversity Platform for the project scope

			for funding vehicles	

	Output 1.2: Investment Product for Climate Change Adaptation Smallholder Finance (Product 1) piloted with 4 FSPs in 3 selected countries. .	***Activity 1.2.1*** Identify and select 4 suitable Financial Service Providers ***Activity 1.2.2*** Provide dedicated training to FSPs on climate risks and financing of adaptation solutions ***Activity 1.2.3***: Pilot phase with FSPs utilizing digital tool to disburse and monitor credit line funds ***Activity 1.2.4*** Verification of accomplishment of conditions ***Activity 1.3.1*** Establish first version of framework for Blended Finance scheme	**AB 1.2.1** Pilot phase constitutes FSPs capable and motivated to test the finance vehicle and tools, provide feedback and demonstrate efficacy of fund **AB 1.2.2** FSPs are trained conceptually and technically regarding indicator information intake and interpretation of results. **AB 1.2.3** FSPs apply fund concepts via digital tool in the field with actual clients, generating learnings for fund concepts, criteria and tools.	**D 1.2.1** 4 plans for product 1, one per each FSP; 4 Assessments of present performance of Climate finance for the 4 FSPs **D 1.2.2** Training material (recording of trainings and presentations) **D 1.2.3** Access provided to all users of the platform; pilot protocols; helpdesks channels; Kick off material; Pilot report; Protocol for institutionalization **D 1.2.4** Verification report Reward/price discount (if applicable)

		Activity 1.3.2 Update framework for blended finance scheme ***Activity 1.3.3*** Finalize blended finance scheme operations manual	**??** **AB 1.2.4** Adaptation impact is verified and certified, to ensure that preferable loan condition support creation of resilience for small scale producers and FSP	**D 1.3.1** First draft of operations manual for blended finance scheme **D 1.3.2** Updated Operations manual for blended finance.
	Output 1.3: Blended Finance Framework for Climate Change Adaptation Smallholder Finance (Product 2) designed and tested with private and public investors.		**AB 1.3.1** Conditions and terms of adaptation funding line that attracts cross-sectoral participation and public-private involvement **AB 1.3.2** Conditions and terms of adaptation funding line that attracts cross-sectoral participation and public-private involvement will be updated according to findings in pilots. It ensures optimization of	**D 1.3.3** Finalized version of operations manual for blended finance.

			resources and impact for climate change adaptation. **AB 1.3.3** Coordinated engagement of public and private investors and funds will support the generation of climate resiliencies thanks to the appropriate allocation of private and public resources according to different parties' risk appetite and available financial and not financial instruments per each party.	

Outcome 2: Enhanced knowledge and stakeholder engagement	**Output 2.1**: Pilot results assessed through a consultative process with stakeholders and results and lessons learned disseminated	***Activity 2.1.1*** Assess project results ***Activity 2.1.2*** Draft paper and present project results ***Activity 2.1.3*** Present results and organize roundtable with participants	**AB 2.1.1** Pilot benefits, challenges and learnings are collected from all stakeholders via assessment of pilot outcomes versus objectives, analysis to ?baseline? scenario and interviews with stakeholders; audit of end-clients **AB 2.1.2** Pilot assessment results are consolidated and formulated into both a paper and visual presentation with proposals for future development **AB 2.1.3** Presentation of results and dialogue with fund stakeholders to improve facility criteria, conditions and processes	**D 2.1.1** Report on project assessment **D 2.1.2** Project results paper **D 2.1.3** Presentation material; Updated framework in Activity 1.1.1: a) positioning paper for investment in climate change adaptation b) project manual

	Output 2.2: Project implementations supported by an M&E strategy (annual monitoring reports)	***Activity 2.2.1*:** monitoring and reporting of project progresses	**AB 2.2.1** monitoring and reporting will enhance transparency and capacity to act according to the project progress	**D2.2.1:** annual project implementation reports

The various activities will be achieved in the following order (from left to right), that provides plan for project implementation.

Activity 1.1.1	**Activities 1.3.1**	**Activities 1.1.2-3**	**Activities 1.2.1-1.2.4**	**Activity 1.3.2**	**Activities 2.1.1-2.1.3**	**Activities 1.3.3**

The project will hence articulate its implementation according to the following framework:

Expected results <- Outcomes <- Outputs <- Activities:

- ***Expected results***: increased climate resilience, and improved livelihoods & land use management for smallholder farmers
- ***Outcome Demand side***: Increased implementation of Climate Inclusive Rural Solutions
- ***Outcomes Supply side*** :

? 1 ?Public and private investors are enabled to provide improved financing conditions to the FSPs that improve their capacity to finance climate change adaptation for smallholders and rural communities?;

? 2 ?Awareness raised about possible financing conditions for smallholder farmers on climate adaptation ?

The Outcomes Supply side are the ones described in the Project logframe, here above.

The Outcome Demand side ?Increased implementation of Climate Inclusive Rural Solutions? will be ensured by articulating the supply side intervention of the project, supported by GEF resources, with the existing projects and activities by IFAD in the countries, among which the project ?Rural Youth Agripreneur Support Project (Agrijeunes Tekki Ndaw?i)", in Senegal, the project ?Market Gardening Development Support Project (PADAAM)? in Benin, and the project ?Rural Finance Expansion Programme (RUFEP)? in Zambia. Details are explained per country and per project in the previous section. Such IFAD projects are indeed focused to fill the demand gap by building capacity for smallholder farmers and rural communities.

The results: ?Increased climate resilience, and improved livelihoods & land use management for smallholder farmers? will be achieved by:

- Articulating the supply side intervention with the demand side intervention, and aligning practices, Climate Inclusive Rural Solutions promoted indicators, as well as TA and finance support.
- Filling the environment side intervention gap, by establishing a project steering committee with the newly established non for profit entity Climate and Biodiversity Inclusive Finance Institute (CBIFI) that will take care of:

? Ensuring activities alignment and synergies;

? Engaging further resources (investment and technical assistance) by private and public sector, dedicated to climate change adaptation for smallholder farmers;

? Blending private and public resources;

? Providing training to technology and technical providers on the scheme and framework developed in the project to ensure sector capacity.

It is worth observing that only the Outcomes Supply are within the scope and description of the present project.

The project aims to support the sector transition towards mainstreaming climate change adaptation finance for smallholder farmers by:

- *Developing, piloting and demonstrating:* the establishment and piloting of a specific Climate change adaptation investment product (Sustainable Linked Loan ?SLL? concept) by GCAF, able to reward with discount on interest rate the FSPs that can show progress in their actual capacity to finance climate change adaptation for their smallholders clients. This product will also provide technical and technological capacity to FSPs to support the development of their capacity in climate change adaptation finance. The developed Sustainable Linked Loan product in climate change adaptation in inclusive finance will be utilized and adapted by the full sector and in particular other members of the "Climate and Biodiversity Positive Initiative for Smallholder Finance".
- *Provide the framework to act*: The proposal of a framework for blended finance scheme for private-public climate change adaptation that can be used by private and public investors to enhance and improve their climate change adaptation finance. The aim is to lay the foundation of a sectoral transformation and stimulate private as well as public sector engagement, in terms of both individual products, and blended finance schemes.

Short description of process for provision for climate change adaptation SLL

A first proposal for the process to follow for the provision of better loan conditions for FSPs that demonstrate their improvement in climate change adaptation, per each FSP, is provided in the summary table here below[41][41].

		Key owner of the

Key items	Suggested Process	process step
Selection of FSP	Due diligence, selection of FSP, and discussion of KPI and STP	Investor
Indicators and Sustainable Performance Targets (SPT)	Validation by third party of the KPIs and STP to be used to assess its progress as well as the targets to achieve to validate loan price discount	Standards/Indicators setting entity
Baseline Climate change adaptation capacity of FSP	FSP is assessed with the selected KPI (adapted) of the Climate and Biodiversity Positive Initiative for Smallholder Finance.	Standards/Indicators setting entity
Climate change adaptation contract conditions	Agreement on actual climate change adaptation objectives to achieve (SPT) for the specific funds provided, and associated repayment schedule and discounts, and contract signature	Investor
Pilot protocol	Selection of branches and staff engaged into the climate change adaptation finance risks and credit provision	FSP
Training provision	Capacity on: i) climate change as well as biodiversity risks management, ii) as well as on CIRS and green/climate change adaptation products, iii) indicators, reporting; provided to FSPs	Standards/Indicators setting entity
IT solutions provision	IT platform provided to FSPs, software training provided, helpdesk channels set up, pilot kick off	Technical Provider
Funds disbursement	FSPs receive (first tranche of) funds	Investor
Ongoing monitoring and reporting	The IT solutions provide ongoing support to assess clients and portfolio, as well as monitoring and reporting	Technical Provider
Pilot finalization	The objectives concerning the use of new concepts and indicators, as well as related technology are reviewed and achieved. The extension of the use of such indicators, concepts and technology beyond the pilot branches is prepared.	Technical Provider
Verification of achievement of SPT	Verification of objective fulfillment, comparison baseline-progresses against objectives	Standards/Indicators setting entity
Decision	Assessment of Verification and decision on fulfillment of objectives.	Investor
Funds discount	Validation or not of funds discount	Investor
Ongoing monitoring and reporting	Ongoing use of IT platform to monitor and report on: financing of CIRS, climate change and biodiversity risks, FSPs processes for climate change adaptation	Technical Provider

As explained in column ?Key owner of the process step? of the table above, four main actors will participate and contribute to the process, namely:

- ***Investor***: responsible of the selection of FSP (including due diligence), discussion with FSP on the loan conditions, KPIs, and STP; definition and agreement with FSP on the climate change adaptation contract conditions; disbursement of funds; validation of progresses of FSP in climate change adaptation; provision of funds discount, if conditions apply.

- ***Standards / Indicators setting entity***: responsible of the set up of the standards, i.e. climate change adaptation indicators & framework for the project, definition of the process for the climate change adaptation investment product for the sector; validation of KPI and SPT selected by investor and FSP; provision of the assessment of initial performance of the FSP in climate change adaptation; development and provision of trainings and capacity building to FSP; Verification of objective fulfillment, comparison baseline- progresses against objective.

- ***FSP***: responsible of the selection of branches and staff for piloting climate change adaptation finance risks and credit provision.

- ***Technical provider***: responsible of the provision of access to the IT platform to the FSP, of adapted indicators, process and framework of the project, of the provision of training to FSP on the use of the IT platform, of the provision of support to the FSP with helpdesk channels; guidance and monitoring of the pilot kick off; ongoing monitoring and reporting of FSP performance; validation of the achievement of pilot and preparation of the FSP to scale up the approach within the institution.

In the present project, the specific key owners of the process steps will in particular be:

- ***For the Investor***: the **Grameen Credit Agricole Foundation (GCAF)**, who will also support in adapting the indicators, framework, process, and training to its partner FSPs.

- ***For the Standards / Indicators setting entity***: the **Climate and Biodiversity Inclusive Finance Institute (CBIFI)**;

- ***For the FSP***: the **FSPs selected** in the project.

- ***For the Technical Provider***: **YAPU Solutions**.

Here below we provide a short description of the activities in the logframe:

? **Outcome 1: Public and private investors are enabled to provide improved financing conditions to the FSPs that improve their capacity to finance climate change adaptation for smallholders and rural communities**

The implementation of such frameworks and indicators, as well as dedicated products will allow the public and private sector to coordinate their methodology and activities and propose a concrete offer to the FSPs that is shared and supported by stakeholders of the sector and not only individual institutions.

Outcome 1 will be achieved through the delivery of the following outputs:

- **Output 1.1:** An investment product for climate change adaptation is established.

Activity 1.1.1: Define conditions and processes

The definition of a structured and transparent process will ensure FSPs have access to the needed support to successfully finance climate change adaptation for their clients.

In this activity the conditions of funding line, as well as, the process to follow to establish, monitor, verify and validate the Key Performance Indicators (KPI) as well as the Sustainable Performance Targets (SPT) of the specific loan product for climate change adaptation will be conceptualized and validated.

Milestones: definitions, conditions, and process that private and public investors can apply to provide more favorable conditions for access to funds to FSPs that engage in financing climate change adaptation, are established and reported a in positioning paper supported by (part of) the investors members of the Climate and Biodiversity Positive Initiative for Smallholder Finance, and other interested investors (if it applies). Definitions, conditions, and processes that GCAF will implement and follow during the project implementation are established and reported in a project manual to be shared with the sector. A short white paper (estimated: 10 pages) will be produced as well with the aim to spread the proposed framework within the sector and position it among other interested stakeholders and investors, as well as attracting further interested investors.

This activity is targeting what an individual (private or public) investor can do to support better conditions for funds to FSP that aim to support climate change adaptation.

Activity 1.1.2: Establish institution reporting scheme

Indicators and reporting framework will be defined in alignment with those developed by Climate & Biodiversity Positive Initiative for Smallholder Finance, facilitating a fast, sound reporting and alignment among sector stakeholders and in particular between the Investor and the FSPs. The reporting scheme defined in this activity will be followed by FSPs to report internally as well as externally on advancement of disbursement of loans for climate change adaptation, as well as their capacity to manage climate.

Milestones: the set of indicators to be used by the FSP to monitor, report and validate its progress are finalized and agreed upon. The set of indicators to be used by the FSP to monitor its actual loan disbursement at client level (based on the MEbA Biodiversity Platform) is finalized and agreed upon. The mapping between institution level indicators (used to assess and monitor FSP performance in climate change adaptation) and clients level indicators (used to collect information on climate change adaptation practices with clients during the loan process) is established. The CIRSs eligible for the project (i.e. project green taxonomy) are defined. A framework for using and interpreting selected indicators is defined and agreed upon. Manual with details on indicators, as well as framework for use and interpretation is prepared. A document on the green taxonomy of the project is produced.

Activity 1.1.3: Operationalization of indicators and framework via software

In this activity, the indicators, reporting and verification of CIRSs defined in previous activities are operationalized into software solutions, enabling the reporting requirements specified in Activity 1.1.2 as well as the implementation of the process defined in Activity 1.1.1. To achieve this we will use as the basis the MEbA Biodiversity Platform, for clients level indicators, and digital version of indicators (adapted) of the Climate and Biodiversity Initiative for Smallholder Finance.

Indicators and reporting will be available in a centralized platform that integrates use cases for all actors, from FSP credit officers and managers to investor reporting for funding vehicles.

Milestones: The clients indicators defined in Activity 1.1.2 are encoded into the (adapted version of) MEbA Biodiversity Platform; report forms to the various users and to the (adapted version of / selected set of) the institution level indicators of the Climate and Biodiversity Positive Initiative for Smallholder Finance are ready; various platform users are ready; Platform and project are presented to FSPs in virtual demo event.

- **Output 1.2:** Climate change adaptation investment product piloted.

Activity 1.2.1: *Identify and select 4 suitable Financial Service Providers*

4 FSPs will be identified and selected. The pilot phase constitutes FSPs capable and motivated to test the finance vehicle and tools, provide feedback and demonstrate efficacy of funds. The KPIs and SPTs are agreed upon, validated and established for each FSP. The baseline for the present performance of climate adaptation finance is defined for each FSP. Baseline, KPIs and SPT are included in the loan contracts.

Milestones: 4 FSPs are identified to participate in the project, have been approved by GCAF investment committee and have signed the loan contract.

Observation: The reward for the FSPs that achieved the SPT (Sustainable Performance Targets) established will be a discount in interest rate of the loan for the FSP. During the discussion of loan contract details with each FSP, awareness of the FSPs will be raised on the rationality to transfer the lower interest rates to clients and how this could be a good practice in terms of promoting climate resilient investments will be highlighted. Discussions with the FSPs on potential incentive schemes for lower interest rates for clients will be considered during project design as well as during implementation when the contracts with each FSP are being elaborated. The actual decision on rewarding the clients will depend on each FSP, and this will be known only at the time when contracts are being negotiated with each FSP during the project implementation.

Activity 1.2.2: Provide dedicated training to FSP on climate risks and financing of adaptation solutions

FSPs are trained conceptually on climate risks and CIRSs, as well as technically regarding the related indicators for climate risks management and verification of CIRSs. The training will include information that should be collected and how to collect it, as well as how to interpret the results of the assessment.

In this activity the CBIFI will prepare the training modules for selected FSPs, as well as deliver the training to the institutions and provide ongoing support. Training will be done virtually and will include the following sessions: concepts (climate change and biodiversity finance); indicators for climate change adaptation and biodiversity conservation, and CIRSs; the operationalization of indicators and reporting into credit process with software technology;

Milestones: Trainings are delivered, training material (record of trainings and presentations) are provided to each FSP.

Activity 1.2.3: Pilot phase with FSPs utilizing digital tool to disburse and monitor credit line funds

In this activity, the FSPs apply fund concepts via digital tools in the field with actual clients, generating learnings for fund concepts, criteria and tools.

The digital tools provided will work at two levels:

- *At clients? level*: a software platform, adapted by the MEbA Biodiversity Platform, will be used by loan officers and staff of the FSP to assess the climate risk, biodiversity risk and verify the climate change adaptation investments done by the clients in term of the technologies and practices they use for their agriculture production.
- *At institution level*: the software platform will be able to extract the data collected at clients? level as aggregated data structured along (some of) the (adapted version of) indicators of the indicators of the Climate & Biodiversity Positive Initiative for Smallholder Finance.

The software solution will hence provide the key benefits of enabling the FSPs to include climatic risks into their loan assessment and portfolio management, categorizing loans in function of their climate risks, as well as their positive impacts on ecosystems and climate resilience.

Funds will be provided to FSPs, monitoring on disbursement of funds will be ensured via the platform. The development of capacity to understand and manage climate and biodiversity risks and financing selected CIRS will be ensured. Ongoing training to support the FSP to understand how to use and interpret the new concepts and indicators into their lending and reporting process will be provided (during pilot).

Milestones: selection of pilot branches, pilot kick off, users of platform open to field officers and management of the 4 FSPs participating in the project; pilot finalized; preparation of scale up done. Logins are provided to all users of the platform, 4 pilot protocols (one per FSP) are established, helpdesks channels are opened for each FSP, Kick off material (presentation and video) is provided, Pilot report are defined and agreed with each FSP, Pilots are finalized with each FSP (6 months) and pilots objectives validated, Protocol for institutionalization of the use of indicators and reporting beyond the pilot branches. Ongoing trainings are delivered, ongoing training material (record of trainings and presentations) are provided to each FSP.

Activity 1.2.4: Verification of accomplishment of conditions

Climate change adaptation impact is verified and certified (along the indicators used: KPI and SPT) by the Climate and Biodiversity Inclusive Finance Institute (CBIFI), to ensure the possibility for FSPs to have access to preferable loan conditions to support the creation of resilience for small scale producers and FSP.
The verification of accomplishment of conditions to trigger more favorable funding terms, is key to ensure trust, transparency, impacts for climate resilience, and allocation of private and public funds.
In this activity, after one year of funds disbursement, the conditions defined in Activity 1.2.1 are verified with each FSP.

It is estimated that the overall project pilot phase will last 1 year : 6 months to test/get used to the digital solutions (client face and reporting to investors) and the new methodology (climate and biodiversity risks assessment and verification of CIRSs financed), .i.e. Activity 1.2.3, plus 6 months after which the assessment of the achievement of the SPT related to the selected KPIs will be verified, i.e. Activity 1.2.4.

The verification will be ensured by triangulation of information done by a third party (i.e. the CBIFI): the FSP will be supported to fill directly the indicators (adapted version of) of the Climate and Biodiversity Positive Initiative for Smallholder Finance, the result will be compared with the automatic report on data collected by the (adapted version of) MEbA Biodiversity Platform). The result will be compared with the agreed SPT at the beginning of the pilot. A report will be generated describing the level of fulfillment of KPIs and SPT established. Gap and over performing will be highlighted. The report will be provided to GCAF for its review and decision on the application of interest discount.

Milestones: For 4 FSPs the comparison between expected results and actual results produced is done; the decision for reward / price discount is taken.

Output 1.3: Framework for blended finance scheme

Activity 1.1.3: Establish first version of framework for Blended Finance scheme

Conditions and terms of adaptation of funding lines that attract cross-sectoral participation and public-private involvement are defined. The aim is to prepare the ground to leverage public ? private funds to scale up the approach of Activity 1.1.1 thanks to a blended finance scheme.

Milestones: the first version of a possible blended finance scheme for climate change adaptation for smallholders and rural communities is defined, and key private and public investors are sensitized. The concept, framework and details are reported in a preliminary operations manual shared with potentially interested investors.

The operation manual will be refined, on an ongoing basis, during the project implementation to ensure the inclusion of lessons learnt during the project. Interested private and public investors will be engaged all along the project implementation.

This activity is targeting what private and public investors can do together to support better conditions for funds to FSP to invest in climate change adaptation and biodiversity conservation. I.e. how to blend private and public funds for efficient finance for climate change adaptation of smallholders and rural communities.

Activity 1.3.2: Update framework for blended finance scheme

Conditions and terms of adaptation funding lines that attract cross-sectoral participation and public-private involvement will be updated according to findings in pilots implemented in Activity 1.2.3-4, to ensure optimization of resources and impact for climate change adaptation.

Milestones: Operations manual for blended finance is updated.

Activity 1.3.3: Finalize blended finance scheme operations manual

In this activity the operations manual for blended finance scheme will be finalized. Private and public investors that had followed the project will be sensitized to understand the benefits and opportunity to join forces to support climate change adaptation finance. The aim of the activity is to stimulate the development of coordinated engagement of public and private investors and funds to support the generation of climate resiliencies thanks to the appropriate allocation of private and public resources according to different parties? risks appetite and available financial and non-financial instruments per each party.

In this activity, the operations manual for the funding line for blended finance scheme first defined in Activity 1.3.1., and then updated in Activity 1.2.5, will be finalized.

Milestones: Operations manual for blended finance is finalized. The proposal is shared with relevant private and public investors.

? **Outcome 2: Enhanced knowledge and stakeholder engagement**

The lessons learnt from the implementation of the first pilots of climate change adaptation investment product are shared with the sector stakeholders and in particular private and public investors. Updated version of the blended finance scheme is presented to investors. Insights are collected by other investors that are engaged in using, adapting and expanding the products of the project within their operations.

- **Output 2.1.: Pilot result assessed through a consultative process with stakeholders and results and lessons learned disseminated**

Activity 2.1.1: Assess project results

Pilot benefits, challenges and learnings are collected from all stakeholders via assessment of pilot outcomes versus objectives, analysis to ?baseline? scenario and interviews with stakeholders; audit of end-clients.

Milestones: the results of the project are understood, a project assessment is produced.

Activity 2.1.2: Draft paper and present project results

Pilot assessment results are consolidated and formulated into both a paper and visual presentation, with proposals for future development.

Milestones: paper on project results and presentation material are produced

Activity 2.1.3: Present results and organize roundtable with participants

This activity consists in presenting the results of the project with all fund stakeholders. The aim is to share experience and collect feedback to improve criteria, conditions and processes of the climate change adaptation investment product, as well as the blended finance scheme developed in the project. Dialogue is established with public and private investors and sector stakeholders to replicate, adapt, and expand the project approach within their own activities and funds.

Milestones: the project closing event is done. The positioning paper for investment in climate change adaptation, as well as the project manual produced in Activity 1.1 are updated according to project results.

Output 2.2: Project implementations supported by an M&E strategy (annual monitoring reports)

Activity 2.2.1 *Monitoring and reporting of project progresses*

Project progress will be monitored and reported through annual- Project Implementation Reports (PIRs).

Milestones: Annual project implementation report ready.

? **Implementation methodology**

Early engagement of FSPs: to ensure high engagement and commitment of FSPs, as well as early implementation, awareness raising and engagement will be initiated with the FSPs in target countries at the very beginning of the project. Opportunities for public ? private intervention will be explored already during the project, with existing resources from ongoing projects and portfolio. The inclusion of key impacts for smallholders will be ensured. In the preparation phase of the project, we have already approached various FSPs to present them the project and receive their feedback to improve project design. This has helped to better shape the project and prepare the ground for more structured engagement of FSPs at the beginning of the project. In the preparation of the project, we have also already approached public and private investors to make them aware of the project, receive their feedback to improve the project design, as well as stimulate their interest to utilize and adapt the products developed in the present project for their own operation and participate in providing inputs for the Blended Finance Framework for Climate Change Adaptation Smallholder Finance that will be developed in the project. Such preparatory discussion with private and public stakeholders should facilitate as well the engagement of FSPs at the beginning of the project and stimulate their interest to join the project.

Targeted FSPs: The FSPs participating in the project will be selected in collaboration between the Grameen Credit Agricole Foundation and IFAD to ensure:

- Scalability and access to finance and TA during the project and beyond;
- Sustainability after project;
- Possibility to at once become the target of private and public intervention.

Overlap between Grameen Credit Agricole Foundation?s portfolio of credits, and IFAD portfolio of existing and forthcoming projects will be prioritized.

Articulating with existing and forthcoming indicator frameworks**:** various indicators frameworks for climate change adaptation exist and will be further developed. These includes for example Task Force on Climate-Related Financial Disclosures (TCFD:https://www.fsb-tcfd.org), Coalition for Climate Resilient Investment (CCRI:https://resilientinvestment.org), the Adaptation Sme Accelerator Project (ASAP:https://lightsmithgp.com/asap/), Science Based Targets (SBTi:https://sciencebasedtargets.org), Principles for Responsible Banking (PRB:https://www.unepfi.org/banking/bankingprinciples/), Microfinance for Ecosystems based Adaptation (MEbA: https://unepmeba.org/).).

The present project will ensure that the indicators and framework used through this project will build on, align with, and influence existing and emerging indicator frameworks being developed by other different, but complementary indicator frameworks. The ongoing alignment, as well as cross fertilizing among

different initiatives on climate change (adaptation) finance, will be ensured by the CBIFI, which has indeed, as part of its core mission, to coordinate and ensure alignment with other sector initiatives and support innovation. The key added value of the indicators framework used in the present project is that it is tailored to local inclusive financial intermediary institutions and hence designed explicitly to unlock finance towards smallholder farmers for climate change adaptation. Moreover, the framework and indicators used in the project are based on the work already done by the Climate and Biodiversity Initiative for Smallholder Finance, as well as the project Microfinance for Ecosystem based Adaptation, that were themselves originally developed in alignment with other sector indicators and framework.

4) alignment with GEF focal area and/or Impact Program strategies;

The project supports the priorities and actions identified in the NDCs and National Action Plans (NAPs) of the participating countries. The project aims to provide more favorable conditions for financial service providers by supporting the establishment of a specific financial, technical and technology support product that rewards financial service providers that demonstrate progress in their processes, strategy and products towards the financing of climate change adaptation for smallholder farmers. In particular the financial product will reward FSP that expand their financing of technologies and practices aimed at supporting smallholder farmers and rural communities to build their resilience to climate change impacts. Through building innovative partnerships, the project will pilot a dedicated financing product for climate change adaptation, that will be piloted during the project, and that can be replicated and expanded with other private or public investors. The project also aims at attracting private and public finance and defining a blended finance scheme that can be used by private and public investors to scale-up, both in terms of increased climate finance and smallholder farmers? and rural communities? access to climate finance.

Through its innovative partnership with the private sector, the project is well aligned with CCA-2 Mainstream climate change adaptation and resilience for systemic impact and will contribute to Outcome 2.2 Increased ability of the country to access climate finance or other relevant, large-scale programmatic investments. By developing an incentive package to encourage financial service providers to support investments to smallholder farmers to meet their adaptation needs, the project will help deliver scaled up climate finance to vulnerable countries.

5) incremental/additional cost reasoning and expected contributions from the baseline, the GEFTF, LDCF, SCCF, and co-financing;

Baseline	Alternative to be put in place	Additional cost reasoning

Smallholder farmers are among the most vulnerable to climate change and do not have access to the finance that is necessary to build their resilience to climate change impacts. Private and public finance for climate change adaptation is inadequate and, where it exists, does not reach the small-scale producers and rural communities that need it most. There are higher operational costs to reach the smallholder producers, and agriculture is perceived as a potentially high risk investment. Many private investors are still not aware of the economic benefits to be achieved by investing in actions to enhance climate resilience which can result in reducing their investment risk. MFIs/FSPs do not currently differentiate between higher risk investments and those that are less risky as a result of resources being used to finance climate change adaptation. MFIs/FSPs therefore cannot show investors the positive economic, social and ecosystem impacts and fewer loan defaults associated with financing activities to enhance climate resilience throughout the value chain. There is no sector recognized metric to assess the status and opportunity of financial service providers to finance climate change adaptation. Neither is there a public ? private blended finance scheme able to provide finance, technical assistance, and technology support to FSPs that are presently supporting climate change adaptation and/or would like to enhance their services in this area. Hence, the private sector is missing key information to channel finance to support investments in climate change adaptation, as well as to engage with the public sector to	This proposal aims to develop and pilot a dedicated financial product to finance climate change adaptation, as well as propose a framework for blended finance scheme. It will develop specific financial, technical assistance and technology support products to improve the financing conditions and capacity for FSPs to finance the adaptation needs of smallholders and rural communities. It is envisaged that this framework and support products will encourage public-private partnerships and increase finance for climate change adaptation.	The present project aims to support smallholder farmers and rural communities to adapt and become more resilient to the risks of impacts from current and anticipated climate hazards. Building on IFAD?s value chain, capacity-building, and inclusive finance work, the project will address the supply side by enabling and incentivizing public and private investors to provide improved financing conditions to the FSPs, which, in turn, will strengthen their capacity to provide climate finance to smallholder producers and rural communities to strengthen their resilience to climate change. Solving the climate finance supply gap is seen as an important means to achieve on-the-ground impacts and improve rural livelihoods in a sustainable way. The project is designed to create systems change in the inclusive finance sector so that 2nd tier investors are more aware of the lower risk, economic, social and environmental gains associated with investing, increasing the climate resilience of smallholders and rural communities. The project aims to strengthen weak capacities and fill information and technical gaps of MFIs/FSPs by developing specific financial product for investors in inclusive finance with the objective to support climate change adaptation for smallholder farmers. This specific financial product will be able to reward MFIs that can show progress in providing financial support to smallholder farmers and rural communities to invest in technologies and activities to enhance their resilience. Through building innovative partnerships, the project aims to attract private

leverage public finance for adaptation. IFAD has a long history of working in the proposed participating countries on building capacity of smallholder farmers and the rural poor, financing activities and interventions throughout the value chain, and building public-private-produce partnerships in agricultural value chains. The Fund is also promoting differentiated inclusive rural finance solutions that address demand-side constraints, in particular, and reflect the diversity of beneficiary populations and needs.		and public finance and pilot a blended finance scheme that can be scaled-up, both in terms of increased climate finance and smallholder farmers? and rural communities? access to climate finance.

6) adaptation benefits (LDCF/SCCF);

The proposed project responds to priorities and actions identified in the NDCs and NAPs of Benin, Senegal and Zambia which emphasize the need to address pressing adaptation needs in agriculture, food security, land and water management. The proposed project interventions will promote innovative public-private partnerships and create the tools and incentives for MFIs/FSPs to increase climate financing to smallholder producers and rural communities. Increased ability of countries to access climate finance.
The main adaptation benefits will be:

- Increased ability of MFIs/FSPs to provide climate finance;
- Innovative private-public-producer partnerships established;
- Strengthened capacities of MFIs/FSPs to provide, review and monitor financing for climate change adaptation.

The ultimate benefit of this pilot will be to test an innovative climate change adaptation investment product, as well as propose a framework for private-public blended finance for climate change adaptation, that can ultimately be replicated and scaled up, by individual or group of investors, resulting in increased access of smallholders and rural communities to climate finance. With increased climate financing focused on innovation and nature-based solutions, adaptation benefits such as reducing vulnerability and increasing resilience in terms of sustainable land and water management, improved natural resources management, etc. may ultimately be achieved.

The proposed project is fully aligned with the goal of the LDCF/SCCF Programming Strategy 2018-2022 and the objectives of the Adaptation Innovation Challenge Program, through its efforts to promote innovation and entrepreneurship to enhance adaptation and resilience in priority sectors.

7) innovativeness, sustainability and potential for scaling up. ?

The project ***innovation*** is reflected in various components of the project:

- Private sector engagement to leverage public finance for climate change adaptation at small-scale producers and rural community level.

- FSPs receive the required financial, technical, and technological support to sustain climate adaptation for their clients.

- Common framework and indicators for inclusive finance stakeholders available at the sector level, and proof of concepts, to scale private sector finance for climate change adaptation.

Sustainability and scaling-up will be achieved through the following:

- *A"2.0" approach*: The operationalization of indicators, reports, definitions and processes is IT-backed and hence ensures 100% transparency, optimization of efficiency, as well as scalability and constant learning.

- *Independence*: the proposed framework is applied to a specific set of indicators and green taxonomy during the project, nevertheless it is applicable independently of the underlying specific indicators and taxonomies, ensuring replicability and scalability for the full sector.

- *Setting common standards:* the standards developed in the project can be used by each stakeholder, supporting the development of an agreed and common framework.

- *Rewarding impacts*: the project aims at once to provide non-refundable support (trainings and IT) to FPS willing to finance climate change adaptation, as well as provide financial reward (discount interest rate) for successful FSPs in term of their improvement in financing climate change adaptation (i.e. the ones that will be able to fulfill the objectives established for the specific funds). The access to more favorable conditions should generate incentives for FSP to pay for the part of the TA / technology support (beyond the end of the project), the verification, monitoring and transparent reporting of sounder risks management and socio-ecosystems impacts should generate incentives for investors to pay for part of the TA / technology support (beyond the end of the project).

- *Sector engagement*: during the project implementation private and public investors, beyond the ones engaged in the project will be made aware of the products developed in the project and invited to join effort and expand the outreach and impact.

- *Hosting the methodology*: the Climate and Biodiversity Inclusive Finance Institute (CBIFI), an independent and not for profit institute, will host the indicators, framework, processes, and products developed in the project also beyond the project lifetime. The CBIFI will work, as part of its main institutional mission, to ensure that the financial product developed and piloted in the project, as well as the blended finance scheme proposed in the project is known, understood, improved and adapted also beyond the project scope and by other investors. The CBIFI will work to replicate, adapt and expand the products developed in the present project to other projects, as well as within the processes and product offer of private and sectors investors in inclusive finance. The CBIFI will also work to make known and usable for the FSPs the products developed in the present project by working with network of FSPs, within inclusive finance initiatives, and directly with FSPs.

- *Engagement of private and public investors;* the product 1 and 2 developed in the project will foster further investment of the FGCA in climate change adaptation beyond the project scope with the aim to institutionalize the offer to all its FSPs. Moreover other private and public investors will be invited to use the same framework to foster their offer for climate change adaptation finance. Main channel to foster the scaling up of the approach developed in the project will be:

a. Investors engaged during the Knowle management phase

b. The work of the CBIFI with the inclusive finance sector

c. The members of the Climate and Biodiversity Positive Initiative for Smallholder Finance

d. The investors part of the Green Inclusive and Climate Smart Finance Action Group

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[1] https://www.climatepolicyinitiative.org/publication/global-landscape-of-climate-finance-2021/

[2] https://www.ifad.org/thefieldreport/

[3] https://www.ifad.org/thefieldreport/

[4] https://www.unepfi.org/publications/driving-finance-today-for-the-climate-resilient-society-of-tomorrow/

[5] https://www.fao.org/3/i6372e/i6372e.pdf

[6] https://globalfindex.worldbank.org/basic-page-overview

[7] APRI. 2016. Rural Agricultural Livelihoods Survey 2015. Lusaka: Indaba Agriculture Policy Research Institute (IAPRI)

[8] Lovejoy et al. 2020

[9] FEWS NET. 2012. A Climate Trend Analysis of Senegal Fact Sheet, Informing Climate Change Adaptation Series; GFDRR. 2015. Senegal Country Profile; USDA. 2007. Senegal Agricultural Situation Country Report. GAIN report; WFP. N.d. Climate Risk and Food Security in Sene;World Bank. 2011. Senegal Climate Risk and Adaptation Profile; World Bank. 2016. Senegal Overview.

[10] ?Benin adopts national legislation on climate change?, United Nations Development Program, June 2018

[11] Jalloh et al. (2013)

[12] The Global Climate Risk Index analyses to what extent countries have been affected by the impacts of weather-related loss events (storms, floods, heat waves etc.). It analyses the quantifiable impact of extreme weather events both in terms of fatalities as well as economic losses that occurred. The most affected countries as of Index for 2019 are: Mozambique, Zimbabwe and The Bahamas.

[13] USDAID, Climate Change Risk Profile Zambia (2016)

[14] Fumpa-Makano, R. 2011. Forests and Climate Change: Integrating Climate Change Issues into National Forest Programmes and Policy Frameworks; United Nations Development Programme. 2012. Zambia: Climate Change Country Profile; USAID. 2012. Climate Change Adaptation in Zambia Factsheet; Wilkins, H. 2016. Low water levels at Victoria Falls highlight southern Africa?s worst drought in 30 years.

[15] World Bank. n.d. Climate Change Knowledge Portal: Zambia

[16] Climate-Smart Agriculture in Zambia

[17] Data from YAPU Solutions, collected during project implementation with UN Environment

[18] Data from the e-MFP Green Inclusive and Climate Smart Finance Action Group (GICSF-AG), from 1206 environmental assessments of MFIs worldwide done in the period 2011-19, by members of the GICSF-AG.

[19] We report here below only a summary of the countries' baseline. For more details on each country, please refer to the Annex N. Detailed countries description.

[20] IFAD website

[21] https://www.ifad.org/en/web/operations/-/project/2000002342

[22] IFAD website

[23] https://www.ifad.org/en/web/operations/-/project/2000001073

[24] IFAD website

[25] https://www.ifad.org/en/web/operations/-/project/1100001650

[26] IFAD IGREENFIN 2 Feasibility Study: https://www.greenclimate.fund/project/fp183 & https://www.greenclimate.fund/document/inclusive-green-financing-initiative-igreenfin-greening-agricultural-banks-financial-sector

[27] E-MFP Green Inclusive & Climate Smart Finance Action Group webinar ?Inclusive Green Finance Global Trends & Good Practice?, 15 September 2022, IFAD, Marc de Sousa Shields.

[28] IFAD IGREENFIN 2 Feasibility Study, Nigeria 2021: 42% of households interviewed mentioned the lack of funds and 33% the lack of information on available technologies as major barriers to investment.

[29] See for example: Microfinance for Ecosystems based Adaptation (MEbA) project: https://unepmeba.org/ ; FDL-Nitlapan GICSF-AG Green Heroes report: https://www.youtube.com/watch?v=41jD28WHzkc ; UBTEC Burkina Faso : https://cerise-spm.org/en/blog/environmental-performance-management-in-practice-2/

[30] See for example: IFAD IGREENFIN 2 Feasibility Study.. 79% of the smallholders interviewed would be willing to take a loan for adaptation and mitigation technologies, 33% has sufficient finance capacity with average loan of 1000 USD. Estimated potential smallholders green loan market 8.8 billion USD in Nigeria.

[31] IFAD IGREENFIN 2 Feasibility Study, 2021: without robust adaptation crop yield are projected to detrimentally decrease (e.g. -18% for cassava,Nigeria). Economic analysis shows that under various conditions NPV and IRR of practices and technologies for climate change adaptation is positive.

[32] **Nature Based Solutions (NBS):** Solutions inspired and supported by nature that are cost effective, simultaneously deliver environmental, social and economic benefits and help build resilience. (source: EC).

Ecosystem Based Adaptation (EbA): the use of biodiversity and ecosystem services as part of a comprehensive adaptation strategy to help people adapt to the adverse effects of climate change (IPCC, 20143).

Climate-smart agriculture (CSA): three main objectives: sustainably increase agricultural productivity and income; adapt and build resilience to climate change; and the reduction and / or elimination of greenhouse gas emissions, to the extent possible. - (FAO)

[33] See for example: MEbA project (https://unepmeba.org), Green Index 3.0 (https://www.e-mfp.eu/gicsf-ag). For a description of certain oft he CIRS listed here, please refer to MEbA catalogue (EbA solutions):https://unepmeba.org/wp-content/uploads/2020/03/Fichas-franc?s_marzo_2020.pdf ; or to the Green Inclusive and Climate Smart Finance Action Group catalogue (renewable energy or energy efficiency solutions):https://www.e-mfp.eu/actions-groups/microfinance-environment

[34] https://www.e-mfp.eu/resources/green-index-20-innovative-tool-assess-environmental-performance-microfinance-sector-brief

[35] https://ec.europa.eu/info/business-economy-euro/banking-and-finance/sustainable-finance/eu-taxonomy-sustainable-activities_en
[36] TCFD, Task force on Climate - related Financial Disclosure: https://www.fsb-tcfd.org
[37] ASAP, the Adaptation SME Accelerator Project: https://lightsmithgp.com/asap/
[38] CCRI, Coalition for Climate Resilient Investment: https://resilientinvestment.org
[39]70+ existing standards, regulations, and frameworks have been reviewed in the development of the Green Index 3.0 and ensured alignment of the Green Index 3.0 with them.
[40] Examples are provided in previous sections.

[41] The process presented in the table is provided only for illustrative purposes. The actual process will be defined during the project, and it could imply changes with respect to the one presented in the table.

1b. Project Map and Coordinates

Please provide geo-referenced information and map where the project interventions will take place.

The project will be implemented in Africa (Benin, Senegal, Zambia). The actual FSPs that will receive the first financing from the climate change adaptation will be selected at the beginning of the project. Geo-information and maps where the intervention will take place will become available once the FSPs participating in the project will be known.

1c. Child Project?

If this is a child project under a program, describe how the components contribute to the overall program impact.

2. Stakeholders

Select the stakeholders that have participated in consultations during the project identification phase:

Civil Society Organizations

Indigenous Peoples and Local Communities

Private Sector Entities Yes

If none of the above, please explain why:

Please provide the Stakeholder Engagement Plan or equivalent assessment.

Stakeholder Engagement Plan in Project Preparation and Execution

- Stakeholders engaged:
  - Private public investors and development agencies
  - FSPs
  - Local communities
  - GEF?s Operational Focal Points (OFP)
- Means of engagement (project preparation):
  - Workshops (at the European Microfinance Week Nov 2022) with Private public investors and development agencies
  - Bilateral discussion and interviews with private public investors and development agencies: OFP; FSPs.
  - Surveys with FSPs
  - Dialogue through FSPs and ongoing IFAD projects with local communities.
- Dissemination of information (during project implementation):
  - through project steering committee where stockholders will be invited to participate. Regular meetings with aim to exchange information on project advancement, challenges encountered, agree and coordinate on way forward on problems solutions, sharing learning and exchange good practices
  - through communication to smallholders farmers through FSPs channels (one to one or group meeting) and through value chains within IFAD projects (one to one or group meetings)
  - written report on project advancement per year diffused to all stakeholders engaged in the project implementation, including summary reports of stakeholder consultations and of data on stakeholders and beneficiaries
  - participation in conferences, workshops to share the projects results or objectives , e.g African Microfinance Wee in 2023 in Togo, e-MFP European Microfinance Week, among others.
- roles and responsibilities:
  - The CBIFI will coordinate the projects key stakeholders: IFAD, GCAF, YAPU
  - Each one of the projects stakeholders will coordinate with the other stakeholders:
    - CBIFI IFAD, GCAF, YAPU : with FSPs
    - IFAD: with OFP and stakeholders engaged in IFAD other projects, value chains actors
    - CBIFI IFAD, GCAF: with public and private investors and development agencies.
- Resource requirements: human resources provided as in kind co-finance to the GEF projects by GCAF, IFAD , CBIFI and YAPU
- Timing of engagement throughout the project:

- at PIF stage preparation
- at CEO endorsement preparation
- at project kick off meeting
- every semester during the project execution, to monitor projects progresses and react to provide any required adjustments on projects execution to ensure objectives achievements including ongoing project learning. Related project reports will be delivered to stakeholders in their language.

? Safeguards and monitoring in project preparation and implementation, including:

- Social and Environmental Impact Assessments at project preparation and ongoing, where relevant
- A Gender Analysis to ensure that project activities are gender inclusive.
- Engagement and participation of Indigenous Peoples thought IFSPs engagement with their clients.

? Monitoring and reporting: during the project implementation it will be ensured the monitoring of the activities and the reporting internally though the project steering comities, and externally through dedicated communication channels.

? Key indicators of stakeholder engagement during project implementation: presence of stakeholders in regular meeting, progresses on project advancement as percentage of accomplished targets per each project KPI.

In addition, provide a summary on how stakeholders will be consulted in project execution, the means and timing of engagement, how information will be disseminated, and an explanation of any resource requirements throughout the project/program cycle to ensure proper and meaningful stakeholder engagement

Stakeholders consultations

2.1. For the preparation of the PIF and the CEO Endorsement

The main stakeholders that have participated in consultations during the project identification phase are:

- *Investors*: commercial banks, private and public impact investors, development agencies, microfinance investment vehicles. The scope was to understand their challenges, their capacity and interest to finance climate change adaptation, as well as gather their suggestions on how to spur climate change adaptation finance.
- *FSPs*: the scope was to understand their main challenges to finance smallholder farmers and in particular climate change adaptation, as well as gathering their interest to finance climate change adaptation practices and technologies. Moreover, we collected their input on how to better support them to deliver tailored finance (and non-financial services) to smallholder farmers to hence their climate resilience.
- *Local communities:* thanks to the implementation of the project MEbA, information has been collected for three years on the needs and challenges of smallholder farmers and rural communities to adapt to climate change. Such information has been collected directly through field missions during the project implementation in Senegal and Benin, and indirectly through the data collected by FSPs as well as interviews with loan officers and managers of FSPs.

- GEF?s Operational Focal Points : bilateral meetings have been held between IFAD and OFPs, where the project have been introduced, opportunities for stakeholders to participate in or contribute to project development and implementation have been explained.
-

2.2 During the preparation of the CEO Endorsement

After the submission and approval of the PIF, further stakeholders consultation have been performed by the GCAF and the CBIFI. The key scopes was to raise awareness on the project among various stakeholders, as well as to receive feedback and inputs to adapt the project details according to stakeholders needs, experience and demand. The feedback collected have fed the preparation of the CEO Endorsement.

Two types of actors have been consulted:

1) Private and Public investors and development agencies

2) IFSPs in the countries of operation of the present project

This also included the development of marketing material, mainly 1 pagers, describing the project with tailored messages per each key audience stakeholders, and explaining the benefits and opportunities of the project.

2.2.1 Private and Public investors and development agencies

During the European Microfinance Week (https://www.e-mfp.eu/european-microfinance-week-2022), i.e. the European annual event for inclusive finance, the 17 November 2022, a dedicated event was organized, and selected key private and public investors and development agencies were invited. The project ?Indicators and Framework for Climate Change Adaptation and Biodiversity conservation finance for Smallholders and Rural communities: leveraging private and public finance? was presented by GCAF and CBIFI to all participants and feedback were collected in terms of interest to the project, suggestions on how to shape the Product 1 so that other stakeholders could utilize it also beyond the project scope and the specific stakeholders involved, as well as other private and public stakeholders can engage to contribute to shaping the Product 2 of the present project. 12 institutions including European Microfinance Vehicles, Development agencies, banking foundations, and impact investors participated to the event.

All participants agreed that dedicated financial products for climate change adaptation are key to fill the financing gap for climate change adaptation, in particular for smallholders in developing countries.

Participants appreciated the use of indicators based on pre-existing standards, such as the Green Index 3.0 or the framework developed in MEbA, and sector initiatives, such as the indicators and framework developed in the Climate and Biodiversity Positive Initiative for Smallholder Finance. This approach would help to develop a sectorial movement toward climate change adaptation finance, develop virtuous coalitions and reduce the multiplication of independent solutions and approach, that can jeopardize the impact.

It has been suggested that, in the general framework developed in the present project, the better conditions that can be provided to FSPs that improve their capacity to adapt to climate change, will include also other benefits beyond the decrease of interest rate for the loan. It has been suggested that

this can indeed support various stakeholders to appropriate the products developed in the present project and adapt them to their own processes and available facilities.

2.2.2. FSPs in the countries of operation of the present project

A sample of FSPs in the countries of implementation of the present project have been contacted through two means:

- one to one interview to a representative management of the IFSP, usually the CEO

- survey to FSPs representative as well as a sample of its staff, including loan officers and branch managers.

Both in the interviews, as well as in the survey, the scope was collected information on status for FSPs concerning climate risks management capacity, their actual financing of practices and technologies for smallholders that contribute to climate change adaptation, their capacity to track KPIs and the content of their portfolio, and of course the interest of the FSPs to participate to the projects, and their suggestions of items we should consider during the project implementation. In particular the survey and the interviews the witnessed impacts of climate change on the FSPs? clients, as well as the practices and technologies implemented by clients to face such impacts; the current capacity of FSPs to measure the percentage of their agricultural portfolio contributing to climate change adaptation; the interest of FSPs for funding at improved conditions, upon reaching agreed KPIs on climate change adaptation and biodiversity solutions, and the specific conditions that could be of interest to them.

One to one interview

As part of the stakeholder engagement process, seven microfinance institutions were consulted, four of them based in Benin, one in Senegal, and two in Zambia. All the consulted FSPs are GCAF?s current clients or prior clients.

The interviews revealed the following:

- All FSPs (67) indicate that they are witnessing strong impact of climate change on their clients.

- FSPs in Benin cite as the main witnessed events droughts and flooding (3/4, heavy rains (3/4) as well as the degradation of the quality of soil (1/4).

- The interviewed FSP in Senegal mentions reduced productivity for its clients with agricultural activities.

- FSPs in Zambia mention a delayed rainy season (2/2) and heavy rainfalls (1/2).

- One third of FSPs witness a clear degradation of their portfolio quality due to climatic events (the two FSPs having a high exposure level to the agricultural sector). One third somehow witnesses an impact of climatic events on their portfolio quality, but find it challenging to draw clear links. The last third sees a limited impact of climatic events on their portfolio quality, because agriculture represents a limited share of their portfolio.

-All FSPs (7/7) declare that they currently do not have any specific tools or indicators in place to track the impact of climate change of their clients or portfolio.

- Most FSPs (5/7) explain that their clients have either not put in place any practices / technologies to adapt to climate change, or only have very ?artisanal? practices in place. Some initiatives have however

been developed at sporadic levels: use of organic fertilizers, irrigation systems, crop diversification, conservation farming.

- Only two FSPs are actively financing practices and technologies to their smallholder farmers? clients to adapt to climate change, with specific products to finance equipment (improved cook stoves, solar panels, solar pumps, irrigation systems). Two indicate that it is part of their plans to do more. Two FSPs are also proposing non-financial services (trainings) to sensitize smallholder farmers about practices to adapt to climate change.

-All FSPs indicate that are currently not able to track the percentage of their agricultural portfolio contributing to climate change adaptation of their smallholder clients. Three of them declare that they would be highly interested in benefiting from a tool allowing them to track such an indicator, while the remaining four declare that they could potentially be interested.

- Only one FSP declares already being able to track its progresses in terms of capacity to finance climate change adaptation, but four declare being ready to do so and having the capacity to do it. Only one FSP out of the seven expressed doubts about its capacity to track specific KPIs on finance for climate change adaptation.

- All FSPs declare that they could be interested in receiving financing with specific conditions to support the improvement in climate change adaptation of their clients. The most cited conditions are:

a) Longer term funding, to match the financing needs of clients to finance technologies / practices for climate change adaptation.

b) Improved interest rates.

c) Access to technical assistance, in particular to train clients and staff, or to review their environmental strategies.

Survey to FSPs

A survey was submitted to FSPs to be answered by management, moreover it was asked to the management to share the survey with the staff of the FSPs, and in particular loan officers and branch managers, to collect some first feedback from the field and the activities of the clients financed, the climate risks observed, as well as the practices and needs of smallholder clients to adapt to climate change.

9 FSPs answered to the survey, providing in total 89 completed filled survey by 89 staff from FSPs among which headquarters staff, head of branches and loan officers. In Benin and Senegal all FSPs and all respondents to the survey manifested their interest to the project and to know more details to assess their eventual participation, in Zambia all FSPs and 96% of the respondents to the survey manifested their interest to the project and to know more details to assess their eventual participation

Here below we provide the summary of some further inputs collected in the survey.

The table here below shows that the clients of the IFSPs have been impacted by climate change events with different level of actual losses, due to a multitude of different impacts such as droughts, floods etc.

	NOS CLIENTS N'ONT PAS SUBI D'ÉVÉNEMENTS IMPACTANT DE CETTE MANIÈRE	NOS CLIENTS ONT SUBI CES ÉVÉNEMENT AVEC UN IMPACT MODÉRÉ	NOS CLIENTS ONT SUBI CES ÉVÉNEMENT AVEC UN FORT IMPACT
Sécheresse	30,77 % 16	55,77 % 29	13,46 % 7
Perte de productivité	9,62 % 5	61,54 % 32	28,85 % 15
Perte de récolte	13,46 % 7	59,62 % 31	26,92 % 14
Besoin de plus d'intrans	19,23 % 10	50,00 % 26	30,77 % 16
Glissements de terrain	76,92 % 40	17,31 % 9	5,77 % 3
Dommages aux cultures	17,31 % 9	65,38 % 34	17,31 % 9
Augmentation des ravageurs	40,38 % 21	53,85 % 28	5,77 % 3
Changements phénologiques (ex. changement de floraison, fructification, etc.)	36,54 % 19	61,54 % 32	1,92 % 1
Formations de canaux dans le sol	57,69 % 30	30,77 % 16	11,54 % 6
Innondations	42,31 % 22	46,15 % 24	11,54 % 6
Incendies	30,77 % 16	57,69 % 30	11,54 % 6
Erosion	59,62 % 31	30,77 % 16	9,62 % 5
Moins de disponibilité en eau	28,85 % 15	48,08 % 25	23,08 % 12
Moins de sécurité alimentaire	15,38 % 8	65,38 % 34	19,23 % 10

Western Africa

	OUR CLIENTS WERE NOT AFFECTED BY THIS IMPACT	OUR CLIENTS WERE MODERATELY AFFECTED BY THIS IMPACT
Droughts	14,81 % 8	74,07 % 40
Loss of productivity	12,96 % 7	74,07 % 40
Loss of crops	12,96 % 7	68,52 % 37
Need for more fertilizers	18,52 % 10	37,04 % 20
Landslide	50,00 % 27	38,89 % 21
Crops damage	16,67 % 9	62,96 % 34
Increase in pests	31,48 % 17	46,30 % 25
Phenological changes (e.g. change in flowering periods)	37,04 % 20	53,70 % 29
Flooding	44,44 % 24	40,74 % 22
Fires	87,04 % 47	11,11 % 6
Erosion	44,44 % 24	53,70 % 29
Less of water availibility	18,52 % 10	57,41 % 31
Decrease in food security	18,52 % 10	64,81 % 35

Eastern Afric

Various practices and technologies that contribute to climate change adaptation have been already observed to be implemented by smallholders clients of IFSPs, some of them are already financed (with standard products or with dedicated products) by the IFSPs, and for some of them, local providers are known of the IFSPs. A gap is in general observed between the practices and technologies that contribute to climate change adaptation implemented by the clients and the ones that are actually financed by the IFSPs. This would show an untapped needs or demand that could be attended by the IFSPs once better transparency in the portfolio is achieved, as well as dedicated products are better adapted and prioritized.

	CETTE PRATIQUE EST MISE EN OEUVRE PAR NOS CLIENTS	NOUS FINANÇONS CETTE PRATIQUE	NOUS CONNAISSONS DES FOURNISSEURS POUR CES SOLUTIONS
Fertilisants organiques	84,62 % 44	19,23 % 10	15,38 % 8
Agriculture de conservation	65,38 % 34	26,92 % 14	25,00 % 13
Agriculture biologique	57,69 % 30	30,77 % 16	36,54 % 19
Apiculture	51,92 % 27	13,46 % 7	46,15 % 24
Banques de semences	57,69 % 30	23,08 % 12	36,54 % 19
Diversification des cultures	88,46 % 46	30,77 % 16	9,62 % 5
Ecotourisme	38,46 % 20	9,62 % 5	57,69 % 30
Poêles efficaces	40,38 % 21	9,62 % 5	57,69 % 30
Jardins familiaux	78,85 % 41	34,62 % 18	19,23 % 10
Lutte intégrée contre les nuisibles	65,38 % 34	19,23 % 10	32,69 % 17
Agroforesterie	57,69 % 30	32,69 % 17	38,46 % 20
Pépinière mixte	67,31 % 35	38,46 % 20	26,92 % 14
Barrières brise-vent/Clôtures vives	59,62 % 31	21,15 % 11	28,85 % 15
Biodigesteur	42,31 % 22	9,62 % 5	57,69 % 30
Sécheur solaire	48,08 % 25	15,38 % 8	51,92 % 27
Irrigation efficace (goutte à goutte)	63,46 % 33	23,08 % 12	32,69 % 17

Western Africa

	THIS PRACTICE IS IMPLEMENTED BY OUR CLIENTS	WE FINANCE THIS PRACTICE
Organic fertilizers	66,67 % 36	9,26 % 5
Conservation agriculture	75,93 % 41	14,81 % 8
Organic agriculture	59,26 % 32	7,41 % 4
Beekeeping	37,04 % 20	5,56 % 3
Seed banks	33,33 % 18	5,56 % 3
Culture diversification	62,96 % 34	3,70 % 2
Ecotourism	42,59 % 23	3,70 % 2
Efficient stove	40,74 % 22	1,85 % 1
Family gardens	75,93 % 41	7,41 % 4
Integrated pest management	51,85 % 28	7,41 % 4
Agroforestry	50,00 % 27	3,70 % 2
Mixed plant nursery	55,56 % 30	5,56 % 3
Windbreak barrier	62,96 % 34	3,70 % 2
Biodigester	40,74 % 22	3,70 % 2
Solar dryer	40,74 % 22	1,85 % 1
Efficient irrigation (drip)	44,44 % 24	9,26 % 5

Eastern Africa

2.3 Stakeholders participating to the project implementation

Indicative Stakeholder Engagement Table

The main stakeholders that will participate to the project are described in the table here below

Stakeholder	Responsibility	Role in Project

Grameen Credit Agricole Microfinance Foundation (GCAF) Created in 2008, at the joint initiative of Cr?dit Agricole and the Nobel Peace Prize Laureate Professor Muhammad Yunus, the Grameen Credit Agricole Foundation (GCAF) is a cross-business actor committed to promoting financial inclusion and social entrepreneurship. At the end of January 2022, the Foundation has 76 partners (microfinances institutions and social business) in 37 countries and has EUR 81 mln under management. Women and rural populations represent respectively 88% and 78% of beneficiaries of the institutions funded by the Foundation. The Foundation's mission is to finance and accompany microfinance institutions, enterprises and projects that promote inclusive finance and rural economic development, anywhere in the world. Ten years later, this mission has lost none of its relevance, as rural areas are still home to the majority of poor people and are already disproportionately affected by major global challenges such as climate change. Resilient rural economies rely on a diversity of economic activities, mechanisms to cope with shocks, access to essential services and infrastructures as well as the respect of natural resources and the environment. The Foundation provides financial and technical assistance to microfinance institutions and businesses with social impact in rural areas to help them be drivers of change. The Foundation supports its partners to further explore new ways in which financial services can contribute to development goals and will foster partnerships to test new approaches and business models. Funder, investor, technical assistance coordinator and investment fund advisor: the Foundation is a versatile partner with a range of complementary instruments at hand: - Funder: The Foundation grants funding to Financial Services Providers (FSPs), or social impact enterprises through loans, guarantees or other funding instruments.	In the project GCAF will administrate the project implementation; it will provide support to adapt the indicators, frameworks and processes developed for the processes of GCAF and its target FSPs; it will provide and manage the funds to be disbursed to 4 FSPs for supporting their efforts in climate change adaptation; it will pilot and monitor the climate change adaptation financial product; and it will support to engage other private and public investors, knowledge generation and diffusion, as well as define, in collaboration with the sector, the framework for blended finance scheme for climate change adaptation.	GCAF will contract the CBIFI (The Climate and Biodiversity Inclusive Finance Institute) for the provision of dedicated technical support on climate change adaptation finance, including the development of framework for product 1 and 2 of the present project, definition of KPIs, taxonomy to be used, establishing the baselines for KPIs, verification of SPTs, development and provision of the training, contracting and coordinating with technical and technology provider for the execution of the project.

- Investor: The Foundation acquires equity stakes and becomes actively involved in social impact enterprises or social businesses essentially in the field of agrifood processing and financial services. - Technical assistance coordinator: The Foundation sources and coordinates technical assistance for its partners with a focus on strengthening their operations and supporting the diversification of the financial services they offer to clients. - Investment advisor: As an investment fund advisor, the Foundation helps investors engage in inclusive finance and investments with positive impact in rural areas. GCAF has developed extensive experience working with FSPs to improve the livelihood, climate resilience, the environmental impacts, of the most vulnerable population with special focus on smallholders and rural communities. The GCAF is supporting 11 FSPs in Benin, Senegal and Zambia with technical assistance and in particular thanks to the African Facility TA programme, launched in 2013 with the support of the French Development Agency and grants allocated by European Investment Bank in 2019, 2020, 2021, 2022. Topics covered through technical assistance in these countries include governance, digital and IT, social performance management, strategic planning, finance, financial and non-financial products development, risk management, green finance and green products development, HR management, as well as capacity building on various topics. At the end of December 2021, the Foundation had 4 active partners in Benin (RENACA, VITAL, COMUBA, ACFB), 1 in Senegal (CAURIE) and 4 in Zambia (AMZ, FINCA Zambia, MLF Zambia and EFC) for a total outstanding of EUR 7,8 mln of loans.		

The CBIFI: The Climate and Biodiversity Inclusive Finance Institute (CBIFI) is the not for profit, members based, entity that enables the financial sector's transition towards Inclusive, Biodiversity, Climate Change Positive Finance. It works to catalyze market development for all stakeholders, it is focused on actions.	designing and managing indicators, standards and framework for climate change adaptation; design and test climate change adaptation finance products; developing and implementing monitoring and reporting systems for climate change adaptation; design of the KPIs and STPs, and assess the baseline; translating indicators into software solutions; training provision and capacity building to FSPs and investors; assessment, audit and verification of actual climate change adaptation performance of FSPs and progresses; stakeholders engagement; analysis of results and diffusion of lessons learnt through presentations and papers, contracting and coordinating implementation of software and	Among its services offer the CBIFI has strategic and operational advisory, development and implementation of climate change adaptation investment products, trainings and capacity building for FSPs. GCAF will contract the CBIFI for the provision of dedicated technical support on climate change adaptation finance, including the activities described in the responsibility

	technical providers.	
IFAD IFAD is the only specialized global development organization exclusively focused on and dedicated to transforming agriculture, rural economies and food systems. It targets its support to reach the last mile and remotest areas and to transform rural economies and food systems by making them more inclusive, productive, resilient and sustainable.	Beyond ensuring the administration of the project for GEF, IFAD will also take an active role in the implementation of the project and engage (see co-finance) existing projects in the countries to ensure the actual outreach of the present project to smallholder farmers and improve their livelihood.	IFAD is the GEF selected agency for the present project. Expertise of IFAD will be mobilized for coordination with public stakeholders and other projects implemented in the countries selected for the present project; to co-develop together the framework for blended finance scheme for climate change adaptation; engage smallholder farmers, and associated value chains and providing them capacities on agriculture production and climate change adaptation; coordinating with local banks. IFAD will participate in the selection of the FSPs part of the project, as well as engage in the overall implementation of the project at supply and demand level.
YAPU**[1]**: YAPU Solutions is a Berlin based company that fosters access to finance for smallholder farmers in developing countries all around the world. YAPU enables IFSPs, and in particular microfinance institutions, cooperative and local banks, to act as agents of change for the most vulnerable to climate change. YAPU is specialized in: the development and commercialization of software solutions such as the YAPU platform that integrate and operationalize agricultural, green and climate finance, and the development, implementation and support of services and business models for the promotion of Nature-based Solutions to the most vulnerable for climate change adaptation.	YAPU Solutions will in particular provide the IT solutions to monitor KPIs at the clients level, define a pilot protocol and manage the implementation of the pilots, provide ongoing monitoring and reporting through its platform.	YAPU Solution will be contracted by the CBIFI to implement part of the present project with focus on software technology and IT platform, as well as expertise in climate change adaptation financing products.

FSPs	Support the definition of the KPIs, the establishment of the baseline and STPs. Support the portfolio analysis, following the trainings, using the software platform, engage with their own clients. Engage its working force to improve the FSP performance according to the KPIs and STPs established in the SLL contract.	Finance service providers in the selected countries will be engaged to participate in the present project. To the extent possible, FSPs inputs and feedback will be included in the design of the KPIs and STPs to ensure alignment with their internal processes, market and objectives, as well as their capacity to spur their climate change adaptation finance for smallholder farmers.
Smallholder farmers:	Implement and improve NbS in their field, improve their climate change adaptation capacity	They are the recipient of the finance provided by the FSPs, and its investment into climate change adaptation practices and technologies, as well as supporting the management of climate risk.

Other stakeholders suggested to involve in the project are briefly presented here below

- *Social Performance task Force (SPTF):*

SPTF is a global membership dedicated to social and environmental performance management of microfinance institutions ? a way of doing business that puts client well-being, employees, and the environment at the center of every decision within the Microfinance Institution. This institution offers a full suite of tools to help financial service providers and impact investors define their goals for social and environmental performance, improve their practices, and deliver positive outcomes for all stakeholders. Discussions will be held and collaboration will be created between the programme implementation unit and the SPTF. The SPTF is member of the Green Inclusive and Climate Smart Finance Action Group (e MFP GICSF-AG), with whom, together with CERISE, has developed the new Environmental

Management dimension. The relation between the Products developed in the present project and the environmental and social performance management of FSPs will be explored.

- *Microfinance Associations:*

Microfinance Associations (APSFD-Benin, APSFD-Senegal and AMIZ-Zambia) in the selected countries will be engaged to participate actively in the present project. Their roles will be to promote and raise awareness in promoting climate finance. They will also play a pivotal role in building the capacities of financial services providers in country-level and promote standards and norms for climate change adaptation finance for microfinance associations. Discussions will be held and collaboration will be created with the Microfinance African Institutions Network: MAIN, the main network of FSPs in Africa, with 128 members, and engaged in the Social and Ecological Transition (TES).

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[1] For what concerns the choice of Technical Provider, GCAF does not aim to favor YAPU Solutions against other service providers for the technological solution. GCAF has been working with YAPU Solutions on different projects for several years, developing solid collaboration links especially in the area of green microfinance and climate change. GCAF and YAPU Solutions decided to partner for this GEF project given this existing relationship and the relevant experience of YAPU Solutions, which was involved in the definition of the indicators and already developed a similar digital tool in the frame of the MEbA Biodiversity project. This partnership between the two organizations will therefore enable us to cover the scope of the GEF project in the most efficient manner.

Select what role civil society will play in the project:

Consulted only; Yes

Member of Advisory Body; Contractor;

Co-financier;

Member of project steering committee or equivalent decision-making body;

Executor or co-executor;

Other (Please explain) Yes

FSPs and its clients, as well as the rural communities where the FSPs operate and where the clients are located will benefit from the training and the financing provided in the project by being the recipient of it directly or indirectly.?

3. Gender Equality and Women's Empowerment

Provide the gender analysis or equivalent socio-economic assesment.

Women do not have equal access to financial service than men. Especially less in agricultural production. Many smallholder women do not have access to land and depend on the family structures to access financial services. While women are known to have lower loan defaults than men they face gender specific barriers, e.g:

- They have higher workloads for their families and agricultural production and less time to take care of accessing financial resources. In the specific case of drought impacts, women are oftentimes in charge of their family and farm water supply. In times of water shortage, they are forced to walk far distances to access water.

- They are oftentimes less digitally and financially literate.

At the same time, they are important drivers for their farms? crop diversity by e.g. establishing seed banks and keeping crucial knowledge about their surrounding ecosystems.

This project will take these gender differences into account and will, especially in all capacity building activities, integrate important tools and knowledge that will enable financial decision makers to strengthen women farmers and increase their access to finance.???

The promotion of women?s leadership and women?s participation in economic activity is at the heart of GCAF?s strategy. GCAF finances and supports microfinance institutions and social enterprises that promote financial inclusion and the empowerment of women through entrepreneurship.

As of September 2021, 90% of the beneficiaries of credit of the FSPs funded by GCAF were women. 42% of the employees in the funded FSPs were women and 30% of the FSPs were headed by women (women on the board or management committee).

Evidence demonstrates that, in economies where gender equality is greater in terms of both opportunities and benefits, there is not only higher economic growth but also a better quality of life. Addressing gender inequalities and empowering women are vital to meeting the challenge of improving food and nutrition security, and enabling poor rural people to overcome poverty. Agricultural growth is enhanced if both women and men are enabled to participate fully as economic actors. Development programmes are more relevant and sustainable if both women and men are able to participate in rural institutions and express their own needs and priorities in decision-making forums.

If women had equal access to productive inputs, the Food and Agriculture Organization of the United Nations (FAO) estimates that yields from women?s farms would increase by 20-30 per cent and total agricultural output by 2.5-4.0 per cent in developing countries. In effect, this would reduce the number of hungry people globally by 12-17 per cent, or 100 million to 150 million people.

The project will aim to support closing gender gaps in access to and control over natural resources and generating socio-economic benefits or services for women. This will be done by including in the training and capacity building provided to FSPs elements related to the importance of women empowerment to ensure climate change adaptation for smallholder farmers, as well as the importance of gender centric elements for climate change adaptation practices and technologies to be financed (e.g. in terms of use or needs and related enhanced livelihoods).

A simple Gender Action Plan will be developed at the beginning of the project to ensure that women can influence climate change decisions, and that women and men are represented equally.

The Gender Action Plan will specify:

-Equal access to training and capacity for women and men

-Integration of gender considerations, such as addressing women?s specific vulnerability to climate change, the women role in agriculture, and the specific climate change adaptation practices and technologies of higher priorities for women

- Monitoring and reporting that includes the gender disaggregated data, as well as gender-related decisions.

1. The state of rural women in Senegal, Benin and Zambia

Women, especially rural and indigenous communities are among the most vulnerable populations to climate change: social, political, economic and environmental conditions in Senegal, Benin and Zambia are root causes for the extreme poverty that many rural women experience in these countries.

Political conditions such as a lack of participatory empowerment and a lack of policies that foster equal access to natural resources, land and financial services and such political frameworks that protect the physical and psychological safety of women are one of the key factors observed in Senegal, Benin and Zambia.

Economic factors such as a lack of opportunities and employment or formal access to education deepen poverty, violence and social exclusion.

Social factors such as domestic violence or the constant experience of micro-agressions deepen the barriers for equitable resilient communities.

Nevertheless, women in Senegal, Benin and Zambia play a key role for their countries? food security. Women farmers are responsible for 60 ? 80% of the developing world?s food production[1]. In many countries, they are the primary income producers, earning their livelihoods mainly from agriculture and other land-based activities and represent 40 ? 80% of the agricultural labor force in Africa.

While they are key contributors and crucial agents of change in agri-food systems, their productivity and ability to innovate, implement, and lead climate solutions is limited due to inequitable access to inputs, information and finance. Gaps exacerbated by climate change due to these same inequalities increase women?s vulnerability to climate shocks and lowers their adaptive capacity leading to an exacerbating cycle of entire communities? climate vulnerability.

Transforming the project countries? agri-food systems requires the systematical consideration of gender and climate aspects. For the specific project objective this means to address the market failure of channeling access to adaptation finance to smallholder farmers, even more so to women. While only 1.7% of all the global climate finance flows currently support smallholder farmers only 7% of this are reaching women in agriculture, food, forestry and fisheries[2]. Evidence shows that **access to finance remains a key barrier to increasing women?s climate resilience.**

Due to insufficient data this couldn?t be individually assessed for each of the project countries. However, FGCA, through anecdotal evidence and project assessments found that women are oftentimes left behind when it comes to accessing credit and impact investments and actively works towards addressing this challenge. As of September 2022, 93% of the beneficiaries of the FSPs funded by GCAF were women. 41% of the employees in the funded FSPs were women and 31% of the FSPs were headed by women and 29% of Board members were women.

Senegal:

In Senegal 70% of labor force is constituted by women. They ensure 80% of the countries agricultural production while at the same time highly vulnerable to poverty and climate change, especially a change in rainfall patterns:

?We walk for long hours to find wood. Our wells are empty. Goods for sale are hard to find. Our land becomes idle. We don?t have money. It doesn?t rain the way it used to before? (ENDA, Denton, 2005). Women experience great difficulty to access water, have to walk long distances or shuttle back and forth between their farms and the water sources.

Benin:

About 70% of the female population live in rural areas, where they carry out 60-80% of the agricultural work and provide up to 44% of the work necessary to feed their families. In rural areas women represent 42.2% of 65.5% of assets.3 Women are active both within the farm operations and food processing activities where men are sometimes almost non-existent. Despite women are heavily used throughout the various links of the various value chains, they are not really gratified by merit that is supposed to be theirs by right. Unlike men, they do not have sufficient autonomy and their voice is hardly heard when it comes to decision making. Volatile climate patterns and degrading natural resources force rural communities from Benin to migrate to other regions in Western Africa.

Zambia:

In Zambia 48% of labor force is constituted by women. Women are estimated to provide **60-80%** of smallholder production in Zambia (Farnworth et al., 2011). As is the case in many parts of the world, Zambian women work in agriculture with little reward or income in return for their labour. They traditionally have less access than men to productive resources, services and opportunities, including land, financial services and education.

- Lack of inclusive financing options:

Women farmers are often excluded from financing due to cultural norms, lack of financial education, lack of collateral, poor understanding of financing procedures and inability to meet traditional banking requirements. Also, Marketing strategies of FSPs oftentimes cater to traditional client profiles that aren?t women.

- Lack of information and knowledge:

Women farmers and rural business owners need capacity building to ensure that their businesses are investable from both a technical and managerial standpoint. Even if available agricultural extension usually doesn?t focus on female farmers? needs. Women farmers in Senegal, Benin and Zambia are oftentimes also responsible for family care hence not able to participate in outside locations for trainings and capacity building measures. Due to cultural and gender norms, women farmers are often excluded from networks and facilities that could provide them with the necessary information and knowledge to scale their enterprises.

- Lack of support systems:

Because of family care taking responsibilities, women need additional support to be fully present and effective in professional and business settings. The lack of childcare in rural areas is a constraint that

maintains women farmers in household activities that don?t directly create economic benefits for themselves and their households.

On the supply side the following has been found:

- Perception of high risk aggravated by lack of data:

FSPs may not consider women bankable as the margins and returns from women-owned businesses are often smaller. Additionally, false perception (often based on limited research on women?s preferences) such as ?women are risk averse? means that FSPs do not see a business case to target women (Global Banking Alliance for Women 2016) and therefore do not invest in reaching female clients. These assumptions about women?s bankability or risk appetite comes from comparing women to men, as opposed to understanding that women?s businesses often do not take large loans due to prevalent gender norms such as ***?women should not take financial risk as it may bring shame on the family?*** or ***?women should not own large businesses as it can challenge the authority of men or undermine their role as a caregiver?***.

Even though evidence shows that women are more reliable borrowers they are perceived as high-risk clients from FSPs. Private investors consider agriculture to be risky and climate change as an aggravating factor because the oftentimes lack tools and data to measure the risk and identify mitigating solutions in a targeted way. Combined with the false perception of women as high-risk borrowers their lack of collateral, credit history and formal business registration leads to higher interest rates which increases womens? pressure of economic performance.

Nevertheless in various microfinance institutions the vast majority of clients are women because it has been known since long time that, through direct experience, that they have a good repayment rate, better social impact and somehow more risk adverse, even if they have lower loan amount, and investment capacity. Climate change adaptation need investment into more adapted practices and technologies, hence the FSP should build on the positive experience they had with women to support tailored investment by women clients that can be beneficial for specific gender related climate risks.

- High transaction costs for financial services that are targeted to women:

Small ticket sizes lead to high transaction costs in rural areas. At the same time there are limited options for financial services. The ones available are often short-term and expensive and despite women farmers? positive repayment records they are often not graduated to larger individual or business loans as opposed to loans for male FSP clients.

- Insufficient regulatory and policy environment:

Even though gender diverse lending shows positive effects for families? socioeconomic situation and positive returns the regulatory environment in Senegal, Benin and Zambia does not sufficiently address the need to systematically promote women?s access to finance, not to mention women?s access to adaptation finance.

This project will address the mentioned barriers and challenges in a targeted way by especially focusing on the following strategic entry points the GEF-7 programming strategy with the envisioned outcome to increase rural women?s access to adaptation finance:

(c) Targeting women as specific beneficiaries (v) supporting women entrepreneurs, and activities that offer women access to credit and finance. This will be done in the project by including gender specific elements related to climate change adaptation in the trainings to FSPs, as well as to include, to the extend as possible, the segmentation of KPIs and SPTs per gender. Such approach aims to provide the enabling condition, in term of capacity and financial incentive for enhancing gender inclusion in inclusive finance as a mean for climate change adaptation. As consequence FSPs participating in the project could decide to pursue some of the activities here below:

? generate enabling conditions for women?s access to financial schemes, that facilitate access to finance for women producers and women's cooperatives and help strengthen women's entrepreneurship initiatives at the local level and with climate change adaptation activities.

? ensure the active participation of women producers and women's organizations in the programme's decision-making processes, as well as in water committees. women's participation in the decision-making spaces of the project activities is a priority. one of the main gender gaps is precisely in decision-making processes.

(d) Investing in women?s skills and capacity by (i) supporting capacity development of different groups, including communities, women?s organizations, and government officials at the national and subnational levels to capitalize on the complementary roles of women and men and mobilize people for collective action in forest regeneration, biodiversity conservation, and watershed protection; and (ii) providing full and timely access to knowledge and information. To support this it will be recommended to civil society actors and local organization to:

? strengthen the technical capacities of women's organizations at the local level. this represents an element of women's empowerment, facilitating access to resources, both financial and training and support of human resources, certification advice and/or legal persons.

? organizing itself has an impact on their self-esteem and empowerment and generates more opportunities for all of them. rural women's participation in cooperatives and associations also increases their participation in local development spaces.

•Generate spaces of empowerment for women producers that ensure the inclusion of topics that they identify. Some examples: Training women in new technologies and promoting the exchange of successful experiences in this regard. institutional strengthening of women's community organizations, through a wide range of trainings: from courses focused on various agricultural issues, to gender awareness workshops and local leadership promotion.

•Generate actions that allow women to self-recognize their fundamental role in agriculture and adapt to variability and climate change. This is because in the rural area there are women who do not yet have the same rights as men

•**Strengthen the technical capacities of women's organizations at the local level. This represents an** element of women's empowerment, facilitating access to resources, both financial and training and support of human resources, certification advice and/or legal persons.
•Organizing itself has an impact on their self-esteem and empowerment and generates more opportunities for all of them. Rural women's participation in cooperatives and associations also increases their participation in local development spaces.

3. Gender Action Plan

This Gender Action Plan (GAP) presents the basis to operationalize the results and recommendations of the gender analysis section 2. It contains specific gender elements to be considered during the implementation of the project measures and activities. Moreover, it helps to monitor implementation of these measures and activities. Hence, the GAP ensures an effective gender mainstreaming and integration of a consistent gender-perspective in the project to maximize climate adaptation and development co-benefits. The aim is to promote opportunities, drivers of change and positive gender dynamics as well as to manage and mitigate potential adverse risks over the duration of the project. The GAP ensures that the project is compliant with GEF?s gender policy.

In strengthening resilience at the community level, the regional project will take concrete measures to break down barriers to women?s access to adaptation finance.

Project Objective:

Establishment of a dedicated financial product for Climate Change Adaptation conservation finance for smallholders and rural communities

Admin, Coordination, Preparation:

- gender-sensitive stakeholder assessment; integration of at least 30% female leaders into project steering committee

Establishment of Product for Climate Change Adaptation Smallholder Finance and definition of blended finance Framework for Climate Change Adaptation Smallholder Finance.

- in a first step the project foresees to conduct a desk review. The literature review revealed useful research and data available on climate change and gender issues in the countries. This

will be accompanied by a quantitative analysis and collect data to measure women?s exposure to climate risks such as drought, floods, storms and heat. In a next step a qualitative survey will determine how exactly the specific climate risks affect the productive reality of women farmers. As a result of this process the participating IFSPs will be invited to develop a roadmap on how these considerations can be integrated into the loan evaluation process. It will be also suggested that risk policies should be reviewed and adjusted according to women farmers? specific needs.

- In a second step the project foresees to analyze specific investible adaptation solutions that are women-led. These solutions will be included in the climate adaptation taxonomy that the project envisions to produce as an outcome.

- As an overarching step the IFSPs gender ? climate change adaptation specific items will be included in the training provided to the IFSPs, especially targeting female managers and loan officers to understand the specific climate vulnerabilities that women change and how specific adaptation solutions can not only increase their climate resilience but also their likelihood and agency for positive economic performance.

- A further overarching activity is the development and integration of a specific climate resilience KPIs and SPTs disaggregated per gender.

- GCAF could consider offer better conditions for access to finance to IFSPs that can comply with KPIs and SPTs that includes a gender-specific or gender disaggregated climate resilience items, or that engage in their improvement according to well defined timeline and KPIs.

- The analysis will also produce a gender-sensitive climate change adaptation indicators

- Because there exists a linkages between women?s tenure security and access to finance, during the project implementation we will assess the actual impact on women reduced of access to land compared to men on their capacity to receive financial services. Lots of GACF partners have a strong focus to women financial inclusion and so have a high percentage of women clients, and they do provide specific training and mentoring. Nevertheless access to land is a systemic issue usually linked to cultural and regulatory issues, that requires a systemic approach beyond the scope of a single financial actor. Nevertheless to remedy, to the extend as possible, to this issue, during the project implementation, we will aim to include gender sensitive KPIs that should stimulate FSPs to further include women, and partially overcome land ownership challenge, and hence favour further more the access to finance to women that implement sustainable practices and technologies that reduce their cliemate vulnerability.

Piloting of Product for Climate Change Adaptation Smallholder Finance

- FGCA integrates a specific objective and monitoring for women farmers into its climate change adaptation product that aim to incentivize IFSPs to mainstream gender across operations. This gender focus is piloted and results are assessed during the pilot.

Knowledge sharing and stakeholder engagement for scaling:

- Final stakeholder consultation workshops socializing the project findings and reflecting on women farmers about how the project specifically addressed their needs and where is room for improvement.

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[1] https://www.thegef.org/sites/default/files/publications/Mainstreaming_Gender_Eng_3.pdf

[2] https://www.ifad.org/en/web/knowledge/-/publication/examining-the-climate-finance-gap-for-small-scale-agriculture

Does the project expect to include any gender-responsive measures to address gender gaps or promote gender equality and women empowerment?

Yes
Closing gender gaps in access to and control over natural resources; Yes

Improving women's participation and decision making

Generating socio-economic benefits or services or women Yes

Does the project?s results framework or logical framework include gender-sensitive indicators?

Yes
4. Private sector engagement

Elaborate on the private sector's engagement in the project, if any.

Private sector engagement is key in the project, both at the level of investors as well as FSPs.

The Grameen Credit Agricole Foundation can be considered as part of the private sector, as it was created by the Groupe Cr?dit Agricole, one of the largest banks in the world. The Groupe Cr?dit Agricole will also be able to bring the expertise of its experience by mobilizing if and when necessary its collaborators. The Grameen Credit Agricole Foundation is managing a specific program called ?Solidarity bankers? that gives the opportunity for some of the Credit Agricole staff to conduct specific missions on specific expertise based on the needs of the Grameen Credit Agricole Foundation?s partners. One can foresee that such missions could be also implemented within the projects if such needs arise.

Furthermore, the IFSPs with which the Grameen Credit Agricole Foundation will collaborate within this project are usually from the private sector in their respective countries. They usually are considered as Non-Bank Financial Institutions or cooperatives playing an important role in the financial inclusion of the clients they serve.

The Grameen Credit Agricole Foundation has been actively involved with other actors from the private sector. It has a strong collaboration with BNP Paribas in France in the topics related to the projects, or with other peers (Microfinance Investment Vehicles), like ResponsAbility, Sidi, Alterfin, MCE, etc. All these private sector actors have a common goal to serve financially excluded persons and are increasingly

keen to work on environmental and biodiversity issues. For sure, they will be interested in knowing about the projects and learning from the experiences and lessons learned through the project.

Lastly, the Grameen Credit Agricole Foundation will leverage the Climate and Biodiversity Positive Initiative for Smallholder Finance to further engage other private investors, part of the initiative and beyond, in using the framework and indicators developed in the present project to provide better conditions to FSP that are able to show progresses into their management of climate risks and generation of climate resiliency.

The present project aims to develop a framework, available and possibly common for all the inclusive finance sector, for both Product 1 and Product 2, as well as their specific adaptation for the processes and partners of the Grameen Credit Agricole Foundation. While the specific adaptation to Grameen Credit Agricole Foundation will work as example for the sector to generate lessons learnt, the framework available for the inclusive finance sector will be developed, incubated and hosted by the CBIFI as key products for the inclusive finance sector at large. This will allow the transform the tools piloted in the present project into a standard offer for the full sector. Hence the present project aims, indeed, through the CBIFI, to engage further other private (and public) investors, among which commercial banks and inclusive finance investors, to adapt and use the Product 1 into their lending decision and conditions for their purposes and partners. Moreover, through the CBIFI project aims to engage other private (and public) investors into the establishment of blended finance vehicle for climate change adaptation inclusive finance by building on the blended finance framework for climate change adaptation smallholder developed by the project into their lending decision and conditions

5. Risks to Achieving Project Objectives

Elaborate on indicated risks, including climate change, potential social and environmental risks that might prevent the project objectives from being achieved, and, if possible, the proposed measures that address these risks at the time of project implementation.(table format acceptable):

Risk description	Risk rating	Mitigation measures

Institutional risk at the FSP level ? weak institutional capacities and lack of implication at the governance level, which may prevent the management team to appropriate the project and engage in its implementation.	High	The capacity of the FSP?s Board members and the Management team to be involved in the project will be a prerequisite in the FSP selection process upstream of the pilot phase.
Human resource risk at the FSP level ? lack of 1/ availability and 2/ expertise of the team at the operational level to take the lead on the project, appropriate the objectives and implement it.	High	The involvement of the FSP?s management team members and their capacity to allocate adequate resources to the implementation of the project will be a prerequisite in the FSP selection process upstream of the pilot phase. Moreover, tailor-made trainings are planned during the pilot phase to support the FSP?s staff acquiring the needed knowledge.
Operational and technical risk ? difficulty to collect data in the field at final beneficiaries? level by FSP?s staff, technical issues in reporting through the platform, complicating the provision of reliable data to analyze the results and apply sustainability-linked loan concept.	Medium	The project will include the provision of dedicated trainings and capacity building to FSPs. This will include conceptual training on climate risks and solutions; practical training on how to manage such risk and finance solutions; trainings on indicators as well as how to interpret results of analysis; monitoring and reporting mythology; as well as training on use of software platform solutions. The project will also provide ongoing support to FSPs during the pilot: expert support as well as technical helpdesk support. Such ongoing training will contribute to generate capacities of FPSs to use the new tools and concepts and hence to mitigate this risk.

Market risk ? external shocks could increase volatility of the interest rates, which could impede negotiations between the FSPs and GCAF regarding the financing planned under a sustainability-linked loan scheme.	Medium	GCAF is used to deal with volatile currencies and hedging solutions to mitigate this risk.
Health risk ? Covid-19 pandemic revival in the countries of implementation limits operational capacities to develop the project.	Medium	After two years of the COVID-19 pandemic, countries have learned how to cope with a crisis situation, especially at FSPs and final beneficiaries levels. Moreover, resilience to the Covid-19 crisis will be one of the criteria included in the FSP selection process upstream of the pilot phase. The majority of the training will be done virtually, and the use of software technology will allow to ensure monitor and reporting without need of physical travels. This project will contribute to climate resilient recovery from the COVID-19 pandemic by focussing its efforts on: expanding finance for productive use, and, hence for economic and social recovery. Financing the agriculture and climate change adaptation part of the portfolio has been shown to contribute significantly to resilience during the crisis. Strengthening further the agriculture and climate change adaptation portfolio, with dedicated training and technology, as well as by expanding its importance within the FSP thanks to the dedicated finance provided in the project will also contribute to recovery from the pandemic. Hence, the project will contribute to enhance the resiliency of the FSPs against COVID -19 pandemic, and support climate resilience recovery of the clients of the FSPs and the FSPs themselves. It will also support healthy food generation for vulnerable communities, contributing to food security and providing health benefits that will strengthen their to COVID- 19 and potential other pandemics.

Technological risk related to the software aiming at facilitating reporting work and centralizing data for funding vehicles ? the software is not robust, intuitive and flexible enough.	Low	The CBIFI will contract YAPU Solutions for the platform services and some other technological expert services. YAPU Solutions has relevant experience since it was involved in the Climate & Biodiversity Positive Initiative for Smallholder Finance, at the origin of the set of indicators. YAPU has already developed and implemented similar digital solutions in more than 10 countries, for example in the frame of projects implemented for UN Environment (MEbA: https://unepmeba.org), for the Inter-American Development Bank (EcoMicro: https://ecomicroecuador.org.ec/en/), UN Environment and BNPP (MEbA Biodiversity platform: https://unepmeba.org/biodiversity-platform/), among others. Staff of the CBIFI has already conceptualized and developed software solutions for the assessment of environmental and climate performance of FSPIs, e.g Digital Solution of Green Index 3.0 (https://www.e-mfp.eu/sites/default/files/resources/2022/11/Green%20Index%203.0_final.pdf), the indicators of the MEbA Biodiversity Platform, as well as it has lead the development of the indicators and framework of the Climate & Biodiversity Positive Initiative for Smallholder Finance,among others.
Financial risk ? the implementation of the project does not fit into the allocated budget.	Low	GCAF is a recognized player in the inclusive finance sector for its professionalism, and has already successfully managed several similar projects with constrained resources. Moreover, GCAF will jointly run the project with experienced professionals in the field of green microfinance and climate change, who demonstrated their expertise and ability to meet projects? objectives in the past.
Climate risk	Moderate	The climate screening has resulted in a moderate risk rating already during the analysis done for the preparation of the PIF. Additional screening has been carried out during preparation of the CEO Endorsement document by engaging FSPs in countries of implementation of the present project to report on the actual impact of climate risks on their clients? livelihoods. Various climate risks have been highlighted to affect FSPs? clients (see Section 2 Stakeholder), nevertheless their actual impacts on clients livelihood have been confirmed to be moderate. We can hence confirm that the risks identified at the PIF level are well understood and addressed in the project design. The purpose of this project is to support smallholders to adapt to potential climate change impacts and strengthen their resilience, and hence to support the smallholders to adopt specific NbS able to reduce the risks of the various climate risks impacts affecting their livelihood. Implementing this approach in a moderate climate risks scenario is the perfect set up: NbS can further reduce such climate risks and generate high benefits, while managing the risks that their benefits will be hampered by very extreme climate events.

6. Institutional Arrangement and Coordination

Describe the institutional arrangement for project implementation. Elaborate on the planned coordination with other relevant GEF-financed projects and other initiatives.

A Project Steering Committee will be organized by GCAF each quarter to report on progresses, resolve potential issues and answer questions of the project?s members. This Steering Committee will be composed of:

- A representative from IFAD (per implementation countries, if it applies);
- A representative from GCAF;
- A representative from CBIFI;
- A representative from YAPU Solutions;
- A representative of each FSP involved in the project;
- GEF country focal point per country (if it applies).

One Steering Committee will be organized for the French-speaking FSPs and another for the English-speaking ones.

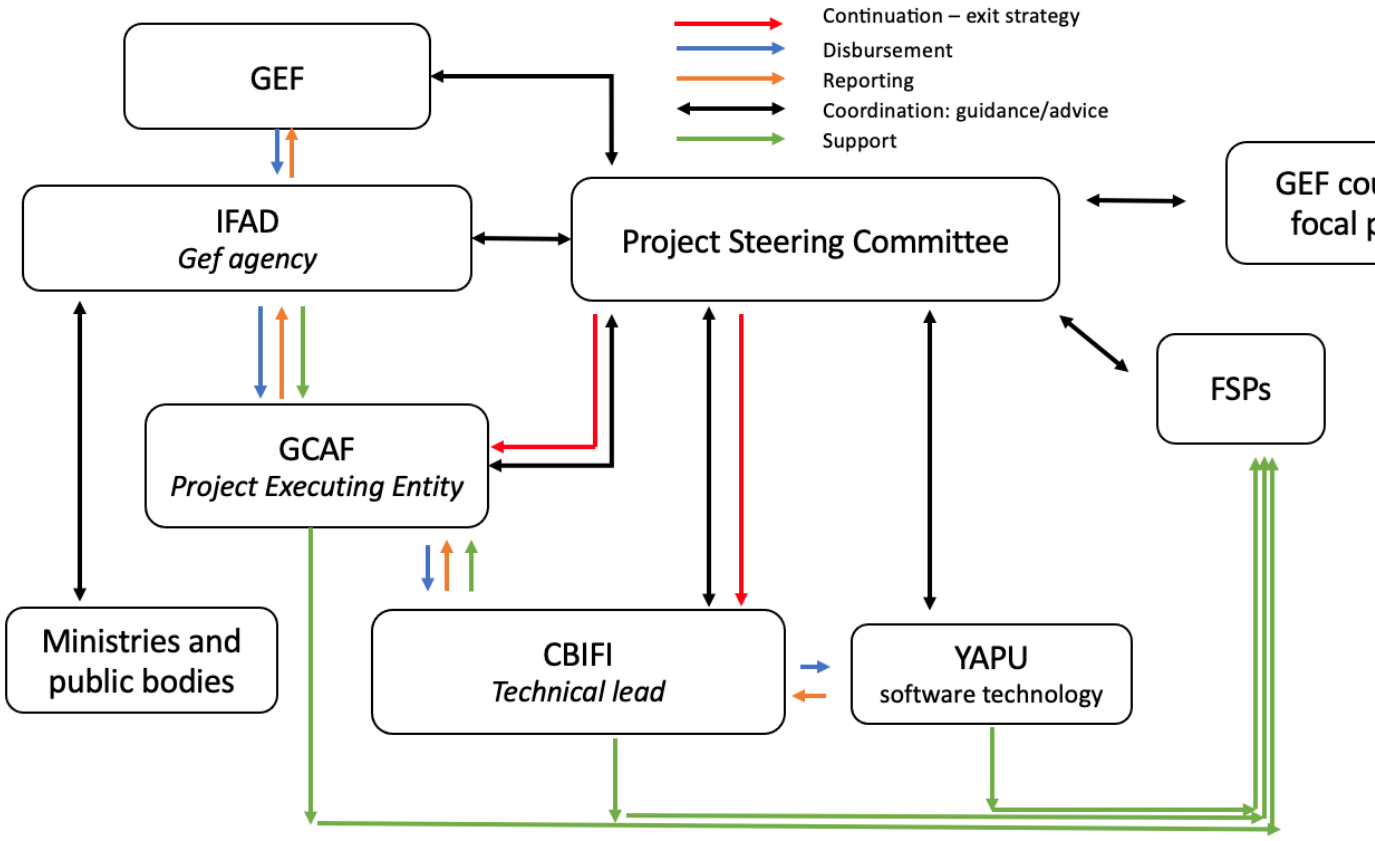
Stakeholder	**Role in the project**
IFAD	IFAD is the GEF Agency and will be responsible for oversight and supervision to ensure that the project is progressing as planned, inputs and outputs are being delivered in a timely manner and resources managed in accordance with the GEF-approved budget. IFAD will be responsible for overall quality assurance and will contract GCAF to serve as the lead executing partner of the project. IFAD will participate in FSPs selection as well as it will have an active role in the project by mobilizing its resources from other IFAD existing projects. IFAD will be in charge of the end-project assessment (recruitment of an external assessment firm/consultant, coordination and follow-up, in coordination with GCAF);

GCAF	GCAF as the main executing partner will be responsible for overall coordination of the project preparation and implementation, ensuring effective coordination with partners and that the project delivers intended results in an efficient manner. In particular, GCAF will: - Ensure the proper implementation of the activities and the respect of the schedule; - Ensure the administrative follow-up of the project and be responsible for the reporting to IFAD;; - Be involved in the implementation of the activities, in particular: ? Definition of funding lines and processes specific for GCAF; ? Definition of framework for blended finance scheme (in collaboration with CBIFI); ? Identification and selection of 4 FSPs for piloting (in collaboration with IFAD); ? Verification of accomplishment of conditions allowing better loans conditions; ? Assessment of project results; ? Knowledge sharing and stakeholders engagement for scaling (in collaboration with CBIFI). GCAF will support through this project 4 FSPs that could be cooperative, NGOs or Non-Banking Financial Institutions. They will be selected during the project based on the social and financial eligible criteria of GCAF and in close relationships with IFAD, as such institutions could also be IFAD?s partners. GCAF will contract the CBIFI to implement the technical and climate change adaptation specific part of the services for the present GEF project (see below). The PSC will have a fiduciary responsibility including approval of AWPBs and scrutiny of any adjustments requested and material unauthorized expenditure overruns. Key audit findings from internal and external audits will be discussed in PSC meetings.

CBIFI	The CBIFI will be in charge of the following activities : ? Strategic and operational advisory to GCAF to develop and implement specific financial product to finance climate change adaptation, as well as blended finance scheme (including processes, indicators, monitoring and reporting) ? Definition of framework for financial product to finance climate change adaptation for private and public investors, and advise GCAF to define their specific financial product (Product 1) ? Development and delivery of trainings and capacity building to FSPs; ? Support to engage other inclusive finance investors in using the framework and indicators developed in the present project; ? Support in development of publication and other knowledge products and services. ? Assessment, audit and verification of actual climate change adaptation performance of FSPs, as well as progresses of FSPs according to the KPIs and targets agreed. ? Engagement of specialized software providers and ensuring the quality of the implementation of the technology in particular concerning the translation into software solutions and processes of the indicators, framework, monitoring and reporting developed in the project. ? Overall quality control of project concerning climate finance adaptation for smallholder farmers. ? The CBIFI will sub contract YAPU for the part of the project related to the software technology and other technical aspects.
YAPU	YAPU will be in charge of the following activities ? Adaptation of the MEbA Biodiversity Platform to the processes, indicators, monitoring and reporting defined in the project ? Training on platform software use for FSPs ? Kick-off pilot and pilot monitoring, as well as helpdesk support along the pilot ? Provision of various users roles, and users access to the software platform ? Alignment of platform report to indicators of (adapted version of) the Climate and Biodiversity Positive Initiative for Smallholder Farmers. ? Expertise support in climate finance ? Ensuring pilot finalization and preparation of scaling up per each FSP.

FSPs	Selected FSPs will be the main direct beneficiaries of the intervention designed in the project, including: trainings and capacity building, access to use of technology platform, as well as funding lines for climate change adaptation. In particular, FSPs will use the trainings and capacity building to include climate risks management as well as financing of CIRS into their risks management and products offer. They will use the funds provided in the project to finance smallholder farmers, in particular to support to build their climate resilience. They will use the software platform in order to i) collect, monitor and analyze climate data on their smallholder farmers clients, ii) better adapt their financing and verify the practices and technologies financed and iii) provide a reporting to their investors. At this stage of the project, while the FSPs that will benefit from the pilots have not been selected yet, FSPs of GCAF's portfolio, as well as indirectly their final beneficiaries part of the local communities, have already been indirectly engaged in the preparation of this project through a study. Conducted among 43 FSP partners (including 4 in Benin, 2 in Senegal and 1 in Zambia) between October and December 2021, this study is intended to serve as a basis for the environmental strategy of GCAF, with the objective of identifying the main environmental risks of the FSPs in GCAF portfolio and the form they take in the field, assessing the progress of the institutions, and designing appropriate support to meet their needs. The survey and interviewed run in December with FSPs (see section ?Stakeholders?) allowed to collect further information about climate risks and climate change adaptation practices and technologies financed by FSPs, as well as their willingness to participate to the present project. In the second phase of the project, selected FSPs will be strongly involved in the preparation of the pilots, especially regarding the selection of the indicators and the due diligence work together with GCAF's team. A significant communication and awareness work among the staff and the final clients will be also performed by the selected FSPs to ensure a good understanding of the challenges faced by the local communities and an efficient data collection process.
Smallholder farmers	Smallholder farmers, clients from the selected FSPs, will be the main indirect target of the project. They will benefit from loans dedicated to the implementation of Climate Inclusive Rural Solutions. These loans will allow them to better manage their climate risks, implement sustainable agricultural practices. These practices will also allow them to adapt from climate change, improve their livelihoods and become more resilient when they have to face shocks.

A simplified preliminary version of the coordination scheme can be found here below:



? **Coordination with other GEF-financed projects and other initiative**

The GEF supports other two Challenge Program projects for which IFAD serves at the GEF Agency. They are, respectively, the project *Certification of Climate Change Adaptation Portfolios of Inclusive Financial Service Providers for Scaling up Adaptation Finance for Smallholder Farmers* led by the BNPP-CBIFI and the project *SMARTFARM - A data and digital technology driven farm and farm management solution for climate resilience* led by Cropin Technology Solutions. There is no overlap of the present project with these two projects. The present project and the BNPP-CBIFI led project have been designed to complement each other.

The BNPP-CBIFI led project focuses on the certification of the part of portfolio of an FSP that is actually financing climate change adaptation (an activity that is not implemented in the present project). This complements the work being carried out by this project, particularly in Senegal which is the only country in which both projects will be implemented. The present project in Senegal could indeed make use of the

certification provided for the portfolio of FSP to strengthen the soundness of assessments carried out in the present project and ensure that the financing provided to the FSP will actually be allocated to expand or re-finance a sound portfolio dedicated to finance practices and technologies for climate change adaptation. To the extent possible, efforts will be made to identify an FSP that could participate in both projects and initialize the certification scheme in the BNPP project to support the loan disbursement for climate change adaptation in the present GEF project and ensure its quality.

On the other side, the funds provided in the present project to finance FSP to support its work on climate change adaption could be a nice reward to institutions in Senegal that have been certified by the project of the BNP Paribas. Both projects will also benefit from lessons learned in the other participating countries of both projects.

The project lead by CROPIN has no overlap with the present project neither in scope nor in location.

IFAD will mobilize its existing and forthcoming projects to support the project in terms of both demand and supply side intervention.

? **General Synergies and complementarity between IFAD activities and the Present project**

One of the core activities of the present project is to train institutions and raise awareness on climate change risks for their clients, and how to include it in their transactions.

IFAD is constantly and extensively working on the training and capacity building of smallholders, value chain actors, etc. i.e. the demand side, including how to prepare the business plan for receiving a green loan. I.e. the demand side intervention to fill the gap observed at the level of Demand.

The present project is focused on how to generate capacity and provide finance to FSPs, that will hence be able to finance smallholders and rural value chains that want to implement practices and technologies that support the generation of climate resilience. I.e. the Supply side intervention.

The two approaches are hence complementary and have great synergies to ensure at once solutions at both demand and supply side.

The more recent projects of IFAD and forthcoming ones in the countries of implementation of the present project will have a specific focus on supply side as well and in particular work with FSPs to channel money that need to reach smallholder farmers to support their adaptation.

The climate change adaptation investment product, as well as the blended finance scheme developed in this project can be used in supply side intervention of IFAD to better disburse climate change adaptation finance, as well as to blend IFAD finance with private finance.

The project will be complementary with the Inclusive Green Financing Initiative (IGREENFIN I) funded by the Green Climate Fund (GCF). The main objective of IGREENFIN I is to build and scale up the resilience and adaptive capacity of farmers? organizations (FOs), cooperatives and micro, small and medium-sized enterprises (MSMEs) by removing key barriers to farmers? access to financial and non-financial services that support the adoption of best climate change adaptation and mitigation practices and solutions. It will contribute to reducing GHG emissions through the promotion of sustainable forest, land, water and energy management and use in selected agricultural value chains, as well as renewable energy technologies (RETs) to power energy efficient processing, storage and packaging equipment and irrigation systems.

The present project will in particular articulate its intervention with the activities of existing IFAD projects in the countries of implementation, and in particular with the following IFAD projects: ?Rural Youth Agripreneur Support Project (Agrijeunes Tekki Ndaw?i)", in Senegal, the project ?Market Gardening Development Support Project (PADAAM)? in Benin, and the project ?Rural Finance Expansion Programme (RUFEP)? in Zambia.

7. Consistency with National Priorities

Describe the consistency of the project with national strategies and plans or reports and assesments under relevant conventions from below:

NAPAs, NAPs, ASGM NAPs, MIAs, NBSAPs, NCs, TNAs, NCSAs, NIPs, PRSPs, NPFE, BURs, INDCs, etc.

- National Action Plan for Adaptation (NAPA) under LDCF/UNFCCC
- National Action Program (NAP) under UNCCD
- ASGM NAP (Artisanal and Small-scale Gold Mining) under Mercury
- Minamata Initial Assessment (MIA) under Minamata Convention
- National Biodiversity Strategies and Action Plan (NBSAP) under UNCBD
- National Communications (NC) under UNFCCC
- Technology Needs Assessment (TNA) under UNFCCC
- National Capacity Self-Assessment (NCSA) under UNCBD, UNFCCC, UNCCD
- National Implementation Plan (NIP) under POPs
- Poverty Reduction Strategy Paper (PRSP)
- National Portfolio Formulation Exercise (NPFE) under GEFSEC
- Biennial Update Report (BUR) under UNFCCC
- Others

?????

The project is consistent with the national strategies of the countries where it will be implemented, and in particular with the NDC and NAPs. Indeed in the adaptation of the indicators that will be used for the climate change adaptation investment product, we will ensure to consider and include climate change adaptation practices and technologies for the agriculture practice and technologies part of the adaptation strategy of each country, as well as consider as target the priorities sectors described in the NDC and NAPs per country.

Senegal - National Determined Contribution and National Adaptation Plans[1]

Total cost of implementation of NDC is estimated at USD 21.07 billion. It is targeting the reduction by 21% in greenhouse gas emission in comparison to BAU, by 2030.

NDC implementation includes the following target activities, relevant for the present project (among others):

- In land use / land use change and forestry, the reduction of rate of deforestation by 25% by 2023 and the improved management of forested land to 60%.
- In agriculture, rice cultivation and agroforestry to reduce emissions.
- NDC also include adaptation strategies and activities to be implementation by 2030 for a cost of USD 14.27 billion. They include (among others):
    - ? In agriculture / climate smart agriculture: the promotion of technologies for sustainable management, improvement of plant and forest production, promotion of agriculture insurance.
    - ? In livestock: the development of pastoral units and pastoral insurance.
    - ? In environment and biodiversity: the implementation of the (i) National Strategy and Action Plan on Biodiversity, and (ii) National Policy on Wetland Management, to strengthen the resilience of ecosystems.

The findings of the NAP in November 2018 highlighted the fact that in Senegal, ?significant efforts are still required to integrate climate change adaptation into all the key climate-sensitive sectors?.

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Benin - National Determined Contribution and National Adaptation Plans[2]

Benin?s first NDC was submitted in December 2017, and consisted of both mitigation and adaptation components. Benin enhanced its NDC in 2021. This latter version mentions an objective to reduce Greenhouse Gas (GHG) emissions by 20.15% between 2021 and 2030.

The implementation of the NDC is based on a sectoral approach, with a focus on agriculture, energy, forestry and waste management. Because Benin is part of the Least Developed Countries (LDCs) and due to its development objectives, adaptation remains a priority for the country.

The development of Intended Nationally Determined Contributions (INDCs) for Benin has been supported by France (Technical Support, through Expertise France), and GEF (Financial support, through UNEP).

Total cost of implementation of NDC is estimated at USD 30.48 billion (mitigation and adaptation).

NDC implementation includes the following target activities, relevant for the present project:

Agriculture, especially promoting specific biological fertilizer and other organic inputs for sustainable soil fertility management.

Land Use and Forestry, especially through the development of natural forests and strengthening reforestation / planting efforts.

NDC also include adaptation strategies and activities to be implementation by 2030 for a cost of USD 18.35 billion. They include:

Disaster Risks Management;

Biomass energy;

Health and Malnutrition and agriculture, especially in promoting agricultural production systems adequate for climate change adaptation, food security and nutrition;

Climate Smart Agriculture;

Water- Water management.

Several adaptation projects have been implemented in Benin in the past decade, including four NAPA projects funded by the Least Developed Countries Fund of the GEF.

Zambia - National Determined Contribution and National Adaptation Plans[3]

Zambia?s first NDC was submitted on December 9, 2016, and consisted of both mitigation and adaptation components based on the country?s national circumstances. This NDC was submitted with a conditional pledge of reducing Greenhouse Gas (GHG) emissions by 25% (20,000 Gg CO2 eq.) by 2030 against a base year of 2010 under the Business As Usual (BAU) scenario with limited international support or by 47% (38,000 Gg CO2 eq.) with substantial international support.

Zambia enhanced its NDC in 2021 by broadening the scope of sectors under mitigation by adding transport, liquid waste and coal (production, transportation and consumption) and by elaborating the adaptation

component of the NDC by developing indicators that will enable the country track progress on building resilience in both the human and physical systems and on adaptation actions.

The development of Intended Nationally Determined Contributions (INDCs) for Zambia has been supported by the US (Technical Support) and France (Technical Support, through Expertise France), GEF (Financial support, through UNEP). The Total cost of implementation of NDC should be USD 55 billion. The target is 47% reduction compared to base year 2010, 38 MtCO2 eq per year reduction.

NDCs contain relevant climate change adaptation activities for an estimated cost of implementation of USD 20 billion by 2030. They include (among others):

- Agriculture /Climate Smart Agriculture, and in particular:
  - Development and implementation of policy incentives for farm diversification;
  - Promotion of climate smart agricultural practices.
- Environment / Ecosystems and Biodiversity.
- Water conservation and reuse.
- Disaster risk management, with the development of an insurance market against climate change induced risks related to agriculture and infrastructure.
- Capacity Building and knowledge transfer to mainstream climate change adaptation into country development plans and strategies.

As a response to climate change, Zambia has been implementing a number of projects[4].

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[1] Intended Nationally Determined Contribution ? (I) NDC Climate Policy Team , World Bank Group , 2016; https://www4.unfccc.int/sites/ndcstaging/PublishedDocuments/Senegal%20First/CDNSenegal%20approuv?e-pdf-.pdf

[3] Intended Nationally Determined Contribution ? (I) NDC Climate Policy Team , World Bank Group , 2016; https://www4.unfccc.int/sites/ndcstaging/PublishedDocuments/Senegal%20First/CDNSenegal%20approuv?e-pdf-.pdf

[4] National Climate Change Response Strategy (NCCRS) Zambia, Final Draft

8. Knowledge Management

Elaborate the "Knowledge Management Approach" for the project, including a budget, key deliverables and a timeline, and explain how it will contribute to the project's overall impact.

Activities will be implemented in three broad areas: knowledge generation, knowledge use, and building the enabling institutional environment for evidence-based learning and knowledge sharing.

GCAMF will raise awareness about and communicate the results of the project through:

- Following the pilot assessment, elaboration and consolidation of the results in both a paper and a visual presentation with proposals for future development;
- Presentation of the project?s results through the organization of roundtables, webinars and exchanges sessions with all projects? stakeholders ;
- Articles, press releases and newsletter, in particular the Cr?dit Agricole newsletter (more than 80,000 recipients);
- A specific part of the Foundation's Annual Report devoted to the project;
- The publication in the "Letter of the Foundation" of articles concerning the project.

Knowledge Management and dissemination is part of the core mission of the CBIFI. The CBIFI will make sure that the lessons learnt and results of the present project will be shared with other private and public investors as well as with the sector at large and with civil society to support the needed green and climate transition. The CBIFI supports knowledge generation through its participation in events, development of publications, inclusion of lessons learnt in its database for the benefit of the sector, and through the outreach of its members and the initiatives it is related to. Ongoing communication on the project achievement will be ensured as well as an ongoing learning process with the sector.

The full **output 2.1** of the project ?Pilot results assessed through a consultative process with stakeholders and results and lessons learned disseminated? deals with knowledge management and it aims in particular to:

- Assess project results and generate lessons learnt for the sector;
- Engage into dialogue with stakeholders to improve criteria, conditions and processes of the framework and indicators developed;
- Organize an event to disseminate the results of the project;
- Produce a short white paper on the framework and indicators of the project.

Timeline: this activity will be implemented at the end of the project, after the product 1 will have been established and piloted, and the product 2 will have been defined (?Activity 1.3.2 update framework for blended finance scheme?).

Key deliverables:

- Report on project assessment

- Project results paper

- Presentation material; Updated framework in Activity 1.1.1: a) positioning paper for investment in climate change adaptation b) project manual

Budget: the budget allocated for the Knowledge management, monitoring and evaluation is of 71,026 USD (GEF project financing; 71,026 USD from LDCF), complemented by 469,975 USD project cofinance. This budget correspond to the total budget for Component 2 of the project and it includes also the Output 2.2, i.e. ?Project implementation is supported by an M&E strategy? (deliverable: annual project reports) that is about one of the component of ?monitoring and evaluation (M&E)?, reported in the next section, with a budget of 6,000 USD.

IFAD will capitalize on the knowledge generated in the present project by including its lessons learnt in other IFAD projects, capacity building, awareness raising activities related to climate change adaptation with inclusive finance. This will contribute to further spread the lessons learnt through the portfolio of activities and partners of IFAD.

9. Monitoring and Evaluation

Describe the budgeted M and E plan

Indicative Costed M&E Plan

Type of M&E activity	Responsible Parties	GEF Project Resources (US$)	Co-financing (US$)	Total Budget (US$)	Time frame
Inception Workshop (IW) and Report	CBIFI & GCAF	8,000 (PMC)	0	8,000	Within first 2 months of project start-up
Project Implementation Reports	GCAF	6,000 (GEF Project Financing)	39,701.7	45,701.7	Annual. Circa 15 September [date provided by GEF]
Financial reports to IFAD	GCAF	5,000 (PMC)	0	5,000	End of each year of implementation
Financial reports to GEF	IFAD	5,000 (Agency fee)	0	5,000	End of each year of implementation
TOTAL INDICATIVE COST		**24,000**	**39,701.7**	**63,701.7**	

Reporting

Inception Workshop and Report - A project inception workshop will be held within 60 days of project CEO endorsement, with the aim to:

? Familiarize key stakeholders with the detailed project strategy and discuss any changes that may have taken place in the overall context since the project idea was initially conceptualized that may influence its strategy and implementation.
? Discuss the roles and responsibilities of the project team, including reporting lines, stakeholder engagement strategies and conflict resolution mechanisms.
? Review the results framework and monitoring plan.
? Review and validate the project indicators, means of verification, and baseline and identify any gaps in information that should be filled during the first year of project implementation.
? Discuss reporting, monitoring and evaluation roles and responsibilities and finalize the M&E budget; identify national/regional institutes to be involved in project-level M&E; discuss the role of the GEF OFP and other stakeholders in project-level M&E.
? Review financial reporting procedures and budget monitoring and other mandatory requirements;
? Plan and schedule Project Steering Committee meetings and finalize the first-year annual work plan and budget.
? Formally launch the Project.

Indicators from Adaptation Results Framework (LDCF and SCCF funds). The Indicators from Adaptation Results Framework included will be used to monitor global environmental benefits and will be updated for reporting to the GEF. Note that the project team is responsible for updating the indicator status. The updated monitoring data will be shared every year.

Financial reporting. Yearly financial reports on the use and status of the GEF resources will be prepared by the GCAF and provided to IFAD. They will be reviewed by the responsible IFAD Finance Officer and than shared with GEF.

Project implementation reports. Annual project implementation reports will be prepared by the GCAF in collaboration with CBIFI and provided to IFAD for review. The Project Coordinator will highlight, inter alia, delays or difficulties encountered during implementation, so that support can be provided and any corrective measures taken in a timely manner

10. Benefits

Describe the socioeconomic benefits to be delivered by the project at the national and local levels, as appropriate. How do these benefits translate in supporting the achievement of global environment benefits (GEF Trust Fund) or adaptation benefits (LDCF/SCCF)?

The project will provide key benefits concerning the capacity of smallholders to adapt to climate change. By providing to IFSPs the smart incentives to expand their capacity to finance climate change adaptation practices and technologies the project will enable dedicated finance to be channeled to smallholder farmers willing to improve their adaptative capacity. The project will also aim to demonstrate the capacity of FSPs to monitor and report the increase in their climate change adaptation capacity, once the dedicated training

and technology tools are provided to IFSPs. This, together with the establishment of a scheme for blended finance for climate change adaptation will enable the sector to finance climate change adaption practices for smallholder farmers.

In the projects the following climate change adaptation benefits are foreseen to be generated:

- A total area of 1,750 ha of land is estimated to be certified with practices that contribute to climate change adaptation[1].

- 17,500 beneficiaries from 3,500 households will have their agriculture activities financed, including their practices for climate change adaptation.

- 80 staff of FSPs will be trained on the assessment and management climate risks and the identification of practices and technologies of smallholder farmers that contribute to climate change adaptation.

- 6 key documents among policy and plans will be developed that will enable to mainstream climate resiliency for smallholders, among which: 1 - manual for the investment product for Climate change adaptation; 4 plans for product 1, one per each FSP, adapted to their specific case, including their KPIs, SPTs, and verification process per each FSP,; 1 operations manual for blended finance

These project benefits will be catalytic and enable the generation of 1 to many times benefit for the sector. Indeed the product 1 and product 2 developed in the present project are foreseen to be replicated as tools and frameworks out of the shell for all countries and IFSPs, as well as proposed as basis tool to be adapted to the processes and targets of investors in the inclusive finance sector. As results smallholders that have more adapted capacity or that are willing to improve their adaptive capacity will be incentivized to further expand their practices and hence decrease their climate risks and enhance their revenues, contributing in this way to enhance their socio/economic inclusion. This will contribute to the achievement of national and international plans for social and financial inclusion, conservation of ecosystems, adaptation to climate change.

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[1] Depending on actual KPIs selected in the SLL per FSPs.

11. Environmental and Social Safeguard (ESS) Risks

Provide information on the identified environmental and social risks and potential impacts associated with the project/program based on your organization's ESS systems and procedures

Overall Project/Program Risk Classification*

PIF	CEO Endorsement/Approval	MTR	TE
Low	Medium/Moderate		

Measures to address identified risks and impacts

Elaborate on the types and risk classifications/ratings of any identified environmental and social risks and impacts (considering the GEF ESS Minimum Standards) and any

measures undertaken as well as planned management measures to address these risks during implementation.

The environmental risk has been assessed as low. Risk mitigation measures are identified for the relevant risks. Additional assessments have been done after the PIF and in preparation of the CEO Endorsement, with focus on the assessment of the processes, risk management and products of IFSPs, as well as their clients? practices and technologies used in agriculture, to manage institutional and clients environmental, climatic and social risks. The outcome of this analysis confirmed the main results reported at PIF level and included further details.

E&S Safeguard Screening

Environmental and Social Safeguards	Likelihood	Consequence	Risk	Mitigation measures
8.1 Could the investment be granted to an institution that does not have an environmental and social policies and an associated environmental and social management system (ESMS) in place (transparent, publicly available)?	Unlikely	Limited	Low It is possible that FSPs have a not detailed ESMS in place. Nevertheless, a lot of activities have been developed in the past years, and more activities will be implement at sectorial level, to improve E&S Risks management of FSPs. Due to this, various FSPs have developed awareness on this topic, as well as tools, processes, and policies related to the E&S Risks management, nevertheless few, in particular the smaller ones (often near to smallholder farmers), have in place a detailed ESMS.	During the due diligence the Foundation Grameen Credit Agricole will assess the social and environmental performance of the FSPs and in particular assess the ESMS in place. In the eventuality that the ESMS in place it is not satsfactory, we will raise awareness of the FSP on best practices for ESMS and, where possible accompany the FSP towards the improvement of its ESMS through the impelmentation of Product 1.

8.3 Could the investment be granted to an institution that does not have an Exclusion List?	Rare	Limited	Low The selection of the FSP will be part of a due diligence done by the Foundation Grameen Credit Agricole. During the due diligence the social and environmental performance of the FSPs are assessed. This includes the capacity of the FSP and the tools it used to manage the eventual environmental risks of the activities if finance. The majority of the FSPs has exclusion list in line with IFC standards. I can happen that FSP use other exclusion lists.	During the due diligence the Foundation Grameen Credit Agricole will assess the social and environmental performance of the FSPs and in particular assess the exclusion list in place. In the rare eventuality that the exclusion list used by the FSP is not standard, the conformity of the exclusion list with IFC and IFAD standards will be considered in selection of the FSP.

8.6 The institution does not provide a stable communication channel with stakeholders and local communities	Unlikely	Limited	Low It is possible that FSPs have not optimized communication channels. Nevertheless, FSPs use to have a direct and regular contact with the communities they work in, including awareness raising and providing advises to clients on how to improve their activities. Moreover FSPs, thanks to their constant use of communication channel with stakeholders and local communities, use to define how they can better improve its own products and services to satisfy clients? needs. Regular reporting is often in place to various stakeholders. These form also part of the due audit done for the selection of the FSPs.	During the selection of the FSP it will be explained to the FSP the importance to ensure a stable communication channel with stakeholders and local communities. During the project training and capacity will be provided to FSPs and this will include: monitoring, reporting, and data collection with clients and communities. A digital platform will be put in place to ensure improved and more granular report internally in the FSP as well as with various stakeholders and local communities.

8.7 The organization does not provide auxiliary or capacity building support services.	Unlikely	Limited	Low The FSPs use to offer basic training services to customers (directly or through third party service providers) to improve business and livelihood opportunities. This is part of the usual risks management of the FSPs, as well as part of their social mission. It can happen that such auxiliary or capacity building support services are not optimized, yet. Nevertheless the FSPs with agriculture portfolio and interested in climate change adaptation use to, more often than other FSPs, implement more in depth and more often auxiliary or capacity building support services to ensure the generation of adaptive capacity for their clients.	During the project, in the selection of the FSP, the capacity of the FSP to provide capacity building support to its clients will be assessed. During the project the FSPs will receive training and capacity building, that will also contribute to strengthen their capacity to provide capacity building support services to its clients. The increase transparency gained with the platform implemented in the project will allow to better understand the needs and challenges of the client and hence the FSPs to provide more efficiently and better tailored services to clients.

Climate risk Screening

The preliminary result of the analysis done has revealed a climate moderate risk. Additional assessment have been conducted after the PIF and in preparation of the CEO Endorsement, with focus on the assessment of the processes, risk management and products of IFSPs, as well as their clients? practices and technologies used in agriculture, to manage climate risk. The level of climate risks of IFSPs and clients have been confirmed as moderate. The project has been designed to stimulate smallholder farmers implementation and strengthen of practices and technologies for climate change adaptation, as well as their financing by IFSPs, that aim to further reduce the climate risks of institutions and clients, and hence of the project itself. In the project the preliminary assessment of climate risks of IFSPs and clients is included in the implementation with each IFSP, allowing the

consideration of specific climate risks exposure of each IFSP and their clients basis in the project intervention, as well as the implementation of needed risks management measures.

Supporting Documents

Upload available ESS supporting documents.

Title	Module	Submitted
Annex K_IFAD_GEF_11001_FGCA_SECAP_ESC_Screening	**CEO Endorsement ESS**	
IFAD_GEF_PIF_MSP_FGCA_SECAP_ESC_Screening	**Project PIF ESS**	

ANNEX A: PROJECT RESULTS FRAMEWORK (either copy and paste here the framework from the Agency document, or provide reference to the page in the project document where the framework could be found).

Indicators and Framework for Climate Change Adaptation and Biodiversity conservation finance for Smallholders and Rural communities: leveraging private and public finance

logical Framework:

Results Hierarchy	Indicators				Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Source	Frequency	Responsibility	
Outreach	**1 Persons receiving services promoted or supported by the project**				KPI and SPT Verification	Annual	GCAF-CBIFI	By "Persons receiving services promoted or supported by the project" it is considered the clients and household members that will have access to finance due to the specific financial product (Product 1) that will be provided by GCAF to 4
	Males - Males	0	3500	7000				
	Females - Females	0	5250	10500				
	Young - Young people	0	5250	10500				
	Indigenous people - Indigenous people	It will be known only once the FSPs will be selected during the project implementation (it depends on the geographical distribution of their portfolio and specific targets of the FSPs)	It will be known only once the FSPs will be selected during the project implementation (it depends on the geographical distribution of their portfolio and specific targets of the FSPs)	It will be known only once the FSPs will be selected during the project implementation (it depends on the geographical distribution of their portfolio and specific targets of the FSPs)				

	Total number of persons receiving services - Number of people	0	8750	17500				FSPs. For the sake of computation, it has been assumed here that the 4 loans provided by the GCAF will be disbursed in full within the 2 years of the project, nevertheless the financing provided by the GCAF has normally longer term (3 years usually), and the amout disbursed by the FSPs strongly depend on their portfolio rollout velocity. In case not all the financing received is disbursed during the
	Male - Percentage (%)		40%	40%				
	Female - Percentage (%)		60%	60%				
	Young - Percentage (%)		60%	60%				
	1.b Estimated corresponding total number of households members				KPI and SPT Verification	Annual	GCAF-CBIFI	
	Household members - Number of people		5	5				
	1.a Corresponding number of households reached				KPI and SPT Verification	Annual	GCAF-CBIFI	
	Women-headed households - Households		It will be known only once the FSPs will be selected during the project implementation (it depends on the geographical distribution of their portfolio and specific targets of the FSPs)	It will be known only once the FSPs will be selected during the project implementation (it depends on the geographical distribution of their portfolio and specific targets of the FSPs)				

	Non-women-headed households - Households		It will be known only once the FSPs will be selected during the project implementation (it depends on the geographical distribution of their portfolio and specific targets of the FSPs)	It will be known only once the FSPs will be selected during the project implementation (it depends on the geographical distribution of their portfolio and specific targets of the FSPs)				project time, the targets provided here should be reconsidered prorata for the amount disbursed diring the project time. For the computation of the targets the

	Households - Households	0	1750	3500				additional assumption have been used: the average loan amount is USD 400; The Foundation Grameen Credit Agricole will provide funds for USD 1,400,000 to finance FSPs to support the climate change adaptation needs of their clients, with, on average, 5 people in the household of clients.
Project Goal Enhance	**Number of FSPs that receive financing from the Investment Product for Climate Change Adaptation Smallholder Finance (Product 1)**							

financing for practices and technologies that support smallholders to reduce their climate change vulnerability.	Number of FSPs that receive financing from the Investment Product for Climate Change Adaptation Smallholder Finance (Product 1)	0	4	4	Financing report	Annual	GCAF	It is assumed that the 4 investments for the 4 FSP are disbursed all during the first year.
Development Objective	**Strengthening institutional framework and investors and FSPs capacity to assess and manage climate risks of their smallholder farmers client, and identify and finance climate change adaptation practices and technologies for smallholder farmers and rural communities**							

	Number of policy and plans that will support to mainstream climate change resilience	0	4	6	Documents produced	Annual	GCAF-CBIFI	1 - manual for the investment product for Climate change adaptation; 4 plans for product 1, one per each FSP, adapted to their specific case, including their KPIs, SPTs, and verification process per each FSP. 1 operations manual for blended finance. It is assumed that the 4 investments for the 4 FSP are disbursed all during the first year.

	Number of staff in FSPs trained to assess and manage climate risks and identify and finance climate change adaptation practices and technologies		40	80	Training report	Annual	GCAF-CBIFI	20 staff (among which loan officers, heads of branches, staff at HQ) per each FSP, will be trained on climate risks and financing of adaptation solutions.
Outcome 1. Public and private investors are enabled to provide improved financing conditions to the Financial Service Providers (FSPs) that improve their capacity to finance climate change adaptation for smallholders and rural communities. (Capacities of 4 FSPs in 3 countries ? 4 FSPs in total	**Number of FSPs that receive financing for climate change adaptation through dedicated Product (i.e. Product 1)**				Financing report	Annual	GACF	It is assumed that the 4 investments for the 4 FSP are disbursed all during the first year.
	Number of FSPs that receive financing for climate change adaptation through dedicated Product (i.e. Product 1)	0	4	4				
	Persons receiving services promoted or supported by the project				KPI and SPT Verification	Annual	GCAF-CBIFI	Same assumptions as reported in the assumption for "Outreach"
	Household members - Number of people	0	8750	17500				
	Households (number) - Households	0	1750	3500				

- strengthened to increase climate finance to smallholder producers and rural communities)	**Number of policy and plans that will support to mainstream climate change resilience**				Documents produced	Annual	GCAF-CBIFI	first version of 1 - manual for the investment product for Climate change adaptation, 4 plans for product 1, one per each FSP, adapted to their
	Number of policy and plans that will support to mainstream climate change resilience	0	5	5				
	Number of staff in FSPs trained to assess and manage climate risks and identify and finance climate change adaptation practices and technologies				Training report	Annual	GCAF-CBIFI	

	Number of staff in FSPs trained to assess and manage climate risks and identify and finance climate change adaptation practices and technologies	0	40	80				specific case, including their KPIs, SPTs, and verification process per each FSP. 1 operations manual for blended finance. 20 staff (among which loan officers, heads of branches, staff at HQ) per each FSP, will be trained on climate risks and financing of adaptation solutions. Same assumptions as reported in the assumption for "Development Objectives"
Output 1.1:	**Number of policy and plans that will support to mainstream climate change resilience**				Documents	Annual	GCAF-CBIFI	first version of

Investment Product for Climate Change Adaptation Smallholder Finance (Product 1) established. This is a dedicated financial product for Climate Change adaptation finance for smallholders and rural communities to be used by each individual investor. (1 white paper for investment in climate change adaptation; 1 project manual; 1 manual on indicators; 1 software platform to verify adaptation investment ready to be used)	Number of policy and plans that will support to mainstream climate change resilience	0	1	0	produced			1 - manual for the investment product for Climate change adaptation Same assumptions as reported in the assumption for "Development Objectives"
Output 1.2: Investment	**Number of FSPs that receive financing for climate change adaptation through dedicated Product (i.e. Product 1)**				Financing report	Annual	GCAF	

Product for Climate Change Adaptation Smallholder Finance (Product 1) piloted with 4 FSPs in 3 selected countries (4 FSPs in total). (Assessment of present performance of climate finance for the 4 FSPs; Training on climate change risks and adaptation delivered to management and field officers of	Number of FSPs that receive financing for climate change adaptation through dedicated Product (i.e. Product 1)	0	4	4				
	Persons receiving services promoted or supported by the project				KPI and SPT Verification	Annual	GCAF-CBIFI	
	Household members - Number of people	0	8750	17500				
	Households (number) - Households	0	1750	3500				
	Number of staff in FSPs trained to assess and manage climate risks and identify and finance climate change adaptation practices and technologies				Training report	Annual	GCAF-CBIFI	

4 FSPs; Delivery of 4 loans to 4 FSPs in 3 countries dedicated to expand financing for climate change adaptation for their smallholder farmers clients; Indicators and software platform piloted with 4 FSPs; Verification of improvements in performance on climate finance done for 4 FSPs)	Number of staff in FSPs trained to assess and manage climate risks and identify and finance climate change adaptation practices and technologies	0	40	80				
Output 1.3:	**Number of policy and plans that will support to mainstream climate change resilience**				Documents	Annual	GCAF-CBIFI	1 operation

Blended Finance Framework for Climate Change Adaptation Smallholder Finance (Product 2) designed and tested with private and public investors. (1 Operations Manual for blended finance scheme)	Number of policy and plans that will support to mainstream climate change resilience	0	0	1	produced			s manual for blended finance.
Outcome 2. Enhanced knowledge and stakeholder engagement	**Number of policy and plans that will support to mainstream climate change resilience**				Documents produced	Annual	GCAF-CBIFI	final version of 1 - manual for the investment product for Climate change adaptation. Same assumptions as reported in the assumption for "Development Objectives"
	Number of policy and plans that will support to mainstream climate change resilience	0	0	1				
Output 2.1: Pilot	**Number of policy and plans that will support to mainstream climate change resilience**				Documents	Annual	GCAF-CBIFI	final version of

results assessed through a consultative process with stakeholders and results and lessons learned disseminated (1 Report on project assessment ; 1 workshop)	Number of policy and plans that will support to mainstream climate change resilience	0	0	1	produced			1 - manual for the investment product for Climate change adaptation.
Output 2.2: : Project implementation is supported by an M&E strategy (Annual monitoring reports)								No project target indicators associated to this Output.

ANNEX B: RESPONSES TO PROJECT REVIEWS (from GEF Secretariat and GEF Agencies, and Responses to Comments from Council at work program inclusion and the Convention Secretariat and STAP at PIF).

	GEF comments	IFAD responses
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?	GEFSEC 4/18/2022: Please consider shortening project title so it can be used as a brief compelling title in various documents. For example, biodiversity is not essential to be explicit in the title.	Done: Thank you. The title has been changed to ?Investment Framework for Increasing Climate Change Adaptation Finance for Smallholders and Rural Communities. (AIF)?
	GEFSEC 5/2/2022: Cleared. Thanks	

	Update, GEFSEC, 5/26/2022: Thanks for further sharpening the title of the project. If possible, please add "Farmers", after the "smallholders", so that it is reflective of the focus of the project to help "small holder farmers"	As agreed with Jason and Dorji by email the old title have been re-inserted
	GEFSEC, 6/6/2022. Thanks. Cleared with understanding that there is scope to further refining title of the project during CEO approval stage.	Comment noted.
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?	GEFSEC 4/18/2022: Yes. However, it would be useful to clarify funding allocation and their sources for the 4 Financial Service Providers (FSPs) during the CEO approval stage.	Thank you. More detailed information on the funding allocation for 4 FSPs will be provided in the fully prepared MSP which will be submitted for CEO approval.
	GEFSEC 5/2/2022: Cleared. Thanks	

	Update GEFSEC, 5/26/2022: 1. On the PMC Proportionality: there is not proportionality in the co-financing contribution to PMC. If the GEF contribution is kept at 10%, for a co-financing of $4,177,091 the expected contribution to PMC must be around $417,709 instead of $277,709, which is 7%. As the costs associated with the project management have to be covered by the GEF portion and the co-financing portion allocated to the PMC, the GEF contribution and the co-financing contribution must be proportional, which means that the GEF contribution to PMC might be decreased and the co-financing contribution to PMC might be increased to reach a similar level. Please amend either by increasing the co-financing portion and/or by reducing the GEF portion. A more definitive estimation of PMC can be presented and adjusted at CEO Approval stage. GEFSEC, 6/6/2022: Cleared. Thanks	Co-financing for PMC has been increased to USD 417,709.
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?	GEFSEC 4/18/2022: Yes. Thank you	Thank you.
	GEFSEC 5/2/2022: Cleared. Thanks	

	Update, GEFSEC, 5/26/2022. Thank you for submitting LoE from all three countries. However, please address the following: 1. As the title of the project has changed since it was first submitted, please consider revising project title in the LoE with latest suggested title. 2. It was noted that there is a difference of $1 between GEF Financing ($401,826) and the Agency Fee ($38,174) allocated in the LoEs and the GEF Financing ($401,827) and the Agency Fee ($38,173)in Portal. Please revise the figures in LoE.	As agreed with Jason and Dorji by email the old title have been re-inserted
	GEFSEC, 6/6/2022: Cleared. Thanks Update, GEFSEC, 6/7/2022: The figures for the GEF Project Financing and Agency Fee in Portal are different than the figures in the Letters of Endorsement (LoEs). Please modify the numbers in Portal to align with the numbers in the LoEs in this manner:	As indicated by email and following Henry Salazar instructions the amounts in the portal are to be lower than the ones in the LoE. Now the GEF financing is of 401,825 USD and the fees are of 38,173 USD.
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):	GEFSEC 4/18/2022: Yes. Thank you	Thank you.
GEFSEC 5/2/2022: Cleared. Thanks	GEFSEC 5/2/2022: Cleared. Thanks	GEFSEC 5/2/2022: Cleared. Thanks
The STAR allocation?	N/A	

The focal area allocation?	GEFSEC 4/18/2022: Yes, the funding comes from Challenge Program under Climate Change Adaptation focal area.	Thank you.
	GEFSEC 5/2/2022: Cleared. Thanks	
The LDCF under the principle of equitable access	GEFSEC 4/18/2022: Yes	Thank you.
The SCCF (Adaptation or Technology Transfer)?	N/A	
Focal area set-aside?	N/A	
Impact Program Incentive?	N/A	
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)	GEFSEC 4/18/2022: We note that no PPG is being requested.	Thank you.
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)	GEFSEC 4/18/2022: Please consider if there will be impact on the land managed for climate resilience, and indicating anticipated impact as for core indicator 2. We also note that the number of anticipated plans (core indictor 3) and anticipated people trained (core indictor 4) are both low. Anticipated number of total direct beneficiaries is also rather low. Please consider opportunities to increase.	A preliminary estimate of land managed for climate resilience is now provided in Core Indicator 2. Core Indicator 3 has been revised to include: 1 manual for the investment product for Climate change adaptation; 4 loan contracts with specific conditions adapted to each of 4 FSPs; 1 operations manual for blended finance. Core Indicator 1 has been increase to include members of the household as beneficiaries. An explanation of how the Core Indicators in the adaptation tracking tool have been estimated has been provide below the table in Section F. GEF Core Indicators.

	GEFSEC 5/2/2022: Cleared. Thanks. However, please ensure that same information is reflected in the PIF on the portal.	The same information is now reflected in the PIF
Project/Program taxonomy 7. Is the project/ program properly tagged with the appropriate keywords as requested in Table G	GEFSEC, 4/16/2022: Yes, Thank you.	Thank you.
	GEFSEC 5/2/2022: Cleared. Thanks	
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?	GEFSEC 4/18/2022: Yes, Thank you.	Thank you.
	GEFSEC 5/2/2022: Cleared. Thanks	
2. Is the baseline scenario or any associated baseline projects appropriately described?	GEFSEC 4/18/2022: Yes, Thank you.	Thank you.
	GEFSEC 5/2/2022: Cleared. Thanks	

3. Does the proposed alternative scenario describe the expected outcomes and components of the project/program?	GEFSEC 4/18/2022: Please clarify what is the actual "product" that is being envisaged to be developed under Output 1.1. Assuming that the product is the loan by the investors to the FSPs, will the "reward" as mentioned under Product 1 be shared with small holder farmers?. In other words, will the small holder farmers anticipate to get loans at much favorable rates or such loan will only benefit FSPs?	There are two products: - Investment Product for Climate Change Adaptation Smallholder Finance (Product 1) - Blended Finance Framework for Climate Change Adaptation Smallholder Finance (Product 2) This has been clarified in the Table B Project Description, the logframe, and in the GEF alternative project description. Regarding the possibility of passing on favorable interest rates to smallholder farmers, the FSPs define their interest rates. Discussions with the FSPs on potential incentive schemes for decreased interest rates for clients will only occur during the contract design with each FSP, which will happen within the project implementation and not during the preparation. This issue will be discussed with the FSPs, but the actual decision will depend on each FSP and this will be known only during the contract agreement phase with each FSP during the project implementation. To the extent possible, consultations on the possibility of ?rewarding? smallholders with a lower interest rate will be explored. The following observation has been added to Activity 1.2.1 on page 39 of the CEO Endorsement Request: ?The reward for the FSPs (Financial Services Providers) that achieved the SPT (Sustainable Performance Targets) established will be a discount in interest rate of the loan for the FSP. During the discussion of loan contract details with each FSP, awareness of the FSPs will be raised on the rationality of passing on the lower interest rates to clients and how this could be a good practice in terms of promoting climate resilient investments will be highlighted. Discussions with the FSPs on potential incentive schemes for lower interest rates for clients will be considered during project design as well as during implementation when the contracts with each FSP are being elaborated. The actual decision on rewarding the clients will depend on each

		FSP, and this will be known only at the name contracts are being negotiated with each FSP during the project implementation.?
	GEFSEC 5/2/2022: Cleared. Thanks. We encourage you to kindly pass on the "reward" to small holders farmers.	
4. Is the project/program aligned with focal area and/or Impact Program strategies?	GEFSEC 4/18/2022: Yes, Thank you.	Thank you.
	GEFSEC 5/2/2022: Cleared. Thanks	
5. Is the incremental / additional cost reasoning properly described as per the Guidelines provided in GEF/C.31/12?	GEFSEC 4/18/2022: Thank you. Please ensure complementarity and no overlap with the other project supported through the Challenge Program and implemented by IFAD related to inclusive microfinance, particularly the project with PNB Paribas, as well as CROPIN.	The description of complementarity with the BNP Paribas project has been strengthened in Section 6. Coordination, under Coordination with other GEF-financed projects and other initiatives, on page 62. This project and the BNPP-led project have been designed to complement each other. The project lead by CROPIN has no overlap with the present project neither in scope nor in location.
	GEFSEC 5/2/2022: Cleared. Thanks	
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?	GEFSEC, 4/16/2022: Yes, Thank you.	Thank you.
7. Is there potential for innovation, sustainability and scaling up in this project?	GEFSEC, 4/16/2022: Yes, Thank you.	Thank you.

Project/Program Map and Coordinates Is there a preliminary geo-reference to the project?s/program?s intended location?	GEFSEC 4/18/2022: Thank you for the information. At this stage, it will be useful to the show the beneficiaries countries within the context of the map of the continent.T	This has been done. A map of Africa has now been included in which the 3 countries participating are highlighted. During the preparation phase, progress may be made in narrowing potential FSP candidates and regions in which the operate, but the final selection would only be done at the start of the project.
	GEFSEC 5/2/2022: Cleared. Thanks	
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?	GEFSEC 4/18/2022: Yes, Thank you.	Thank you.
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?	GEFSEC 4/18/2022: Yes, Thank you.	Thank you.
	Update, GEFSEC 5/26/2022: Please indicate whether or not the project will develop a gender action plan (recommended). Although the project details the gender dimensions in Section 3 Gender Equality and Women's Empowerment, as a good gender mainstreaming practice, it is recommended that main findings and planned actions are reflected in the project context, objective and project components, as applicable	Information on the development of a gender action plan has been included in Section 3. During project design gender considerations will be integrated into the project components, outputs and activities.

Private Sector Engagement Is the case made for private sector engagement consistent with the proposed approach?	GEFSEC 4/18/2022: Yes, Thank you.	Thank you.
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?	GEFSEC 4/18/2022: Thank you. However, please provide explanation of how this project will contribute to climate resilient recovery from the COVID-19 pandemic.	Done. A short explanation describing the mitigation measures for ?Health risk ? Covid-19 pandemic? and how the project will contribute to resilient recovery has been included in the Risk Table (see p. 56).
	GEFSEC 5/2/2022: Cleared. Thanks	
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?	GEFSEC 4/18/2022: Yes, Thank you.	Thank you.

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?	GEFSEC 4/18/2022: For Senegal, it would be useful to understand the project in the context of this alignment with Nationally Determined Contribution (Adaptation component of NDCs) and not INDC.	Thanks for this observation. Senegal?s NDC and its adaptation component have indeed already been described. In this section. See pages 62-63. Please refer to ?NDC also include adaptation strategies and activities to be implementation by 2030 for a cost of USD 14.27 billion. They include (among others)?.. ?. The sentences related to the INDCs, which may have caused some confusion, have been deleted. They were remnants of a previous version of this section and should have been deleted earlier.
	GEFSEC 5/2/2022: Cleared. Thanks	
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?	GEFSEC 4/18/2022: Yes, Thank you.	Thank you.
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?	GEFSEC 4/18/2022: Yes, Thank you.	Thank you.

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?	GEFSEC 4/18/2022: Please ensure to secure endorsement letter from Senegal and Zambia.	Endorsement letters have been received from Benin and Zambia, and one from Senegal is expected shortly.
	GEFSEC, 5/4/2022: Thank you for submitting Endorsement letter from Benin and Zambia. Please secure the same from Senegal	Senegal Letter of Endorsement is uploaded in the portal
	Update, GEFSEC, 5/26/2022: Please submit the LoE with updated project title and figures	As agreed with Jason and Dorji by email the old title have been re-inserted
	GEFSEC, 6/6/2022: Cleared. Thanks	
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.	N/A	

GEFSEC DECISION RECOMMENDATION Is the PIF/PFD recommended for technical clearance? Is the PPG (if requested) being recommended for clearance?	GEFSEC 4/18/2022: Please address the above mentioned comments.	Done. All. the comments above have been addressed.
	GEFSEC 5/4/2022: Please secure endorsement letter from Senegal.	
	GEFSEC, 5/26/2022: Please address the additional comments.	
	GEFSEC, 6/6/2022: Recommended for Technical clearance Update GEFSEC, 6/7/2022: Please address the comments	Addressed
ADDITIONAL COMMENTS Additional recommendations to be considered by Agency at the time of CEO endorsement/approval.		

ANNEX C: Status of Utilization of Project Preparation Grant (PPG). (Provide detailed funding amount of the PPG activities financing status in the table below:

ANNEX D: Project Map(s) and Coordinates

Please attach the geographical location of the project area, if possible.

The project will be implemented in Africa (Senegal and Benin) and in Latin America (Colombia). The actual FSPs to receive the financing from Investment Product for Climate Change Adaptation Smallholder Finance (Product 1) will be selected at the beginning of the project. Geo-information and maps where the intervention will take place will hence become available once the FSPs participating in the project will be known.

FSPs participating to the project, as well as the coverage of their portfolio, in particular in term of rural and agriculture activities and smallholder clients financed by the FSPs, will become known only after the beginning of the project.

ANNEX E: Project Budget Table

Please attach a project budget table.

Appendix A: Indicative Project Budget Template

Expenditure Category	Detailed Description		Component (USDeq.)																
			Component 1: *Establishment of a dedicated financial product for Climate Change Adaptation conservation finance for smallholders and rural communities*					***Component 2****: Knowledge management, monitoring and evaluation*				***Sub-Total***	***GEF Project Financing***			***M&E***	***PMC***	***GEF Proje***	
			Outcome 1*: Public and private investors are enabled to provide improved financing conditions to the Financial Service Providers (FSPs) that improve their capacity to finance climate change adaptation for smallholders and rural communities.*					***Outcome 2:*** *Enhanced knowledge and stakeholder engagement*											
	Activities	**Unit cost (USD)**	***year 1*** *(number of units)*	***year 1*** *(USD)*	***year 2*** *(number of units)*	***year 2*** *(USD)*	***Tot*** *(USD)*	***year 1*** *(number of units)*	***year 1*** *(USD)*	***year 2*** *(number of units)*	***year 2*** *(USD)*	***Tot*** *(USD)*	*Number of units*	***year 1*** *(USD)*	*year 2 (USD)*	***Tot*** *(USD)*	***Tot*** *(USD)*	***Tot*** *(USD)*	***year 1*** *(USD)*	
Consulting services	i) Definition of conditions and processes ii) Establishing institution reporting schemes iii) Operationalization of indicators and framework via software	$79 735.15	1	$ 79 735.15			$ 79 735.15					$ -	1	$ 79 735.15	$ -	$ 79 735.15			$ 79 735.15	
Consulting services	i) Identification and selection o 4 suitable Financial Service Providers ii) Pilot phase with FSPs utilizing digital tool to disburse and monitor credit line funds iii) Verification of accomplishment of conditions (target achivement for KPIs selected)	$24 718.37	2	$ 49 436.74	2	$49 436.74	$ 98 873.48						4	$ 49 436.74	$ 49 436.74	$98 873.48			$ 49 436.74	
Trainings	Provision of dedicated training to FSPs on climate risks and financing of adaptation solutions	$15 399.07	4	$ 61 596.27			$ 61 596.27					$ -	4	$ 61 596.27	$ -	$61 596.27			$ 61 596.27	
Travel	ii) Pilot phase with FSPs utilizing digital tool to disburse and monitor credit line funds iii) Verification of accomplishment of conditions (target achivement for KPIs selected)	$ 4 200.00	2	$ 8 400.00	2	$ 8 400.00	$ 16 800.00						4	$ 8 400.00	$ 8 400.00	$16 800.00			$ 8 400.00	
Consulting services	Establish of framework for Blended Finance scheme (first version, updating, and finalization)	$37 265.10	####	$ 24 416.09	#####	$12 849.01	$ 37 265.10						1	$ 24 416.09	$ 12 849.01	$37 265.10			$ 24 416.09	
Consulting services	i) Assess project results ii) Drafting Paper and Presentation of Project Results	$42 794.20								1	$42 794.20	$42 794.20	1	$ -	$ 42 794.20	$42 794.20			$ -	
	Presentat results and																			

ANNEX F: (For NGI only) Termsheet

Instructions. Please submit an finalized termsheet in this section. The NGI Program Call for Proposals provided a template in Annex A of the Call for Proposals that can be used by the Agency. Agencies can use their own termsheets but must add sections on Currency Risk, Co-financing Ratio and Financial Additionality as defined in the template provided in Annex A of the Call for proposals. Termsheets submitted at CEO endorsement stage should include final terms and conditions of the financing.

ANNEX G: (For NGI only) Reflows

Instructions. Please submit a reflows table as provided in Annex B of the NGI Program Call for Proposals and the Trustee excel sheet for reflows (as provided by the Secretariat or the Trustee) in the Document Section of the CEO endorsement. The Agencys is required to quantify any expected financial return/gains/interests earned on non-grant instruments that will be transferred to the GEF Trust Fund as noted in the Guidelines on the Project and Program Cycle Policy. Partner Agencies will be required to comply with the reflows procedures established in their respective Financial Procedures Agreement with the GEF Trustee. Agencies are welcomed to provide assumptions that explain expected financial reflow schedules.

ANNEX H: (For NGI only) Agency Capacity to generate reflows

Instructions. The GEF Agency submitting the CEO endorsement request is required to respond to any questions raised as part of the PIF review process that required clarifications on the Agency Capacity to manage reflows. This Annex seeks to demonstrate Agencies? capacity and eligibility to administer NGI resources as established in the Guidelines on the Project and Program Cycle Policy, GEF/C.52/Inf.06/Rev.01, June 9, 2017 (Annex 5).