

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

Review PIF and Make a recommendation

## Basic project information

**GEF ID**

11001

**Countries**

Regional (Benin, Senegal, Zambia)

**Project Name**

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

**Agencies**

IFAD

**Date received by PM**

4/13/2022

**Review completed by PM**

6/6/2022

**Program Manager**

Tshewang Dorji

**Focal Area**

Climate Change

**Project Type**

MSP

## PIF

### Part I ? Project Information

#### Focal area elements

**1. Is the project/program aligned with the relevant GEF focal area elements in Table A, as defined by the GEF 7 Programming Directions?**

#### Secretariat Comment at PIF/Work Program Inclusion

GEFSEC 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.

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"

GEFSEC, 6/6/2022. Thanks. Cleared with understanding that there is scope to further refining title of the project during CEO approval stage.

#### Agency Response

29 April 2022

Done:

Thank you. The title has been changed to ?Investment Framework for Increasing Climate Change Adaptation Finance for Smallholders and Rural Communities. (AIF)?

6 June 2022

As agreed with Jason and Dorji by email the old title have been re-inserted

9 June 2022

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?**

##### Secretariat Comment at PIF/Work Program Inclusion

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.

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

## Agency Response

29 April 2022

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.

6 June 2022

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?**

### Secretariat Comment at PIF/Work Program Inclusion

GEFSEC 4/18/2022: Yes. 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.

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:

GEFSEC, 6/9/2022: Cleared. Thanks

Agency Response

29 April 2022

Thank you

6 June 2022

As agreed with Jason and Dorji by email the old title have been re-inserted

9 June 2022

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):**

Secretariat Comment at PIF/Work Program Inclusion

GEFSEC 4/18/2022: Yes. Thank you

GEFSEC 5/2/2022: Cleared. Thanks

Agency Response

29 April 2022

Thank you

#### **The STAR allocation?**

Secretariat Comment at PIF/Work Program Inclusion N/A

Agency Response

**The focal area allocation?**

Secretariat Comment at PIF/Work Program Inclusion

GEFSEC 4/18/2022: Yes, the funding comes from Challenge Program under Climate Change Adaptation focal area.

GEFSEC 5/2/2022: Cleared. Thanks

Agency Response

29 April 2022

Thank you

**The LDCF under the principle of equitable access?**

Secretariat Comment at PIF/Work Program Inclusion GEFSEC 4/18/2022: Yes

Agency Response

29 April 2022

Thank you

**The SCCF (Adaptation or Technology Transfer)?**

Secretariat Comment at PIF/Work Program Inclusion N/A

Agency Response

**Focal area set-aside?**

Secretariat Comment at PIF/Work Program Inclusion N/A

Agency Response

**Impact Program Incentive?**

Secretariat Comment at PIF/Work Program Inclusion N/A

Agency Response

**Project Preparation Grant**

**5. Is PPG requested in Table E within the allowable cap? Has an exception (e.g. for regional projects) been sufficiently substantiated? (not applicable to PFD)**

Secretariat Comment at PIF/Work Program Inclusion GEFSEC 4/18/2022: We note that no PPG is being requested.

Agency Response

29 April 2022

Thank you

**Core indicators**

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

Secretariat Comment at PIF/Work Program Inclusion

GEFSEC 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 indicator 3) and anticipated people trained (core indicator 4) are both low. Anticipated number of total direct beneficiaries is also rather low. Please consider opportunities to increase.

GEFSEC 5/2/2022: Cleared. Thanks. However, please ensure that same information is reflected in the PIF on the portal.

Agency Response

29 April 2022

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.

20 May 2022

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?**

Secretariat Comment at PIF/Work Program Inclusion  
GEFSEC, 4/16/2022: Yes, Thank you.

GEFSEC 5/2/2022: Cleared. Thanks

Agency Response  
29 April 2022

Thank you

**Part II ? Project Justification**

**1. Has the project/program described the global environmental/adaptation problems, including the root causes and barriers that need to be addressed?**

Secretariat Comment at PIF/Work Program Inclusion  
GEFSEC 4/18/2022: Yes, Thank you.

GEFSEC 5/2/2022: Cleared. Thanks

Agency Response  
29 April 2022

Thank you



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

Secretariat Comment at PIF/Work Program Inclusion

GEFSEC 4/18/2022: Yes, Thank you.

GEFSEC 5/2/2022: Cleared. Thanks

Agency Response

29 April 2022

Thank you

**3. Does the proposed alternative scenario describe the expected outcomes and components of the project/program?**

Secretariat Comment at PIF/Work Program Inclusion

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?

GEFSEC 5/2/2022: Cleared. Thanks. We encourage you to kindly pass on the "reward" to small holders farmers.

Agency Response

29 April 2022

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.'

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

Secretariat Comment at PIF/Work Program Inclusion

GEFSEC 4/18/2022:: Yes, Thank you.

GEFSEC 5/2/2022: Cleared. Thanks

Agency Response

29 April 2022

Thank you

**5. Is the incremental/additional cost reasoning properly described as per the Guidelines provided in GEF/C.31/12?**

Secretariat Comment at PIF/Work Program Inclusion

GEFSEC 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.

GEFSEC 5/2/2022: Cleared. Thanks

Agency Response

29 April 2022

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.

**6. Are the project's/program's indicative targeted contributions to global environmental benefits (measured through core indicators) reasonable and achievable? Or for adaptation benefits?**

Secretariat Comment at PIF/Work Program Inclusion

GEFSEC, 4/16/2022: Yes, Thank you.

Agency Response

29 April 2022

Thank you

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

Secretariat Comment at PIF/Work Program Inclusion

GEFSEC 4/18/2022: Yes, Thank you.

Agency Response

29 April 2022

Thank you

## **Project/Program Map and Coordinates**

**Is there a preliminary geo-reference to the project's/program's intended location?**

Secretariat Comment at PIF/Work Program Inclusion

GEFSEC 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.

GEFSEC 5/2/2022: Cleared. Thanks

Agency Response

29 April 2022

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 they operate, but the final selection would only be done at the start of the project.

## **Stakeholders**

**Does the PIF/PFD include indicative information on Stakeholders engagement to date? If not, is the justification provided appropriate? Does the PIF/PFD include information about the proposed means of future engagement?**

Secretariat Comment at PIF/Work Program Inclusion

GEFSEC 4/18/2022: Yes, Thank you.

Agency Response

29 April 2022

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?**

Secretariat Comment at PIF/Work Program Inclusion

GEFSEC 4/18/2022: Yes, 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

Agency Response

29 April 2022

Thank you

6 June 2022

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?**

Secretariat Comment at PIF/Work Program Inclusion

GEFSEC 4/18/2022: Yes, Thank you.

Agency Response

29 April 2022

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?**

Secretariat Comment at PIF/Work Program Inclusion

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.

GEFSEC 5/2/2022: Cleared. Thanks

#### Agency Response

29 April 2022

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).

#### Coordination

**Is the institutional arrangement for project/program coordination including management, monitoring and evaluation outlined? Is there a description of possible coordination with relevant GEF-financed projects/programs and other bilateral/multilateral initiatives in the project/program area?**

#### Secretariat Comment at PIF/Work Program Inclusion

GEFSEC 4/18/2022: Yes, Thank you.

#### Agency Response

29 April 2022

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?**

#### Secretariat Comment at PIF/Work Program Inclusion

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.

GEFSEC 5/2/2022: Cleared. Thanks

#### Agency Response

29 April 2022

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 implemented 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.

#### **Knowledge Management**

**Is the proposed 'knowledge management (KM) approach' in line with GEF requirements to foster learning and sharing from relevant projects/programs, initiatives and evaluations; and contribute to the project's/program's overall impact and sustainability?**

Secretariat Comment at PIF/Work Program Inclusion

GEFSEC 4/18/2022: Yes, Thank you.

Agency Response

29 April 2022

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?**

Secretariat Comment at PIF/Work Program Inclusion

GEFSEC 4/18/2022: Yes, Thank you.

Agency Response

29 April 2022

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?**

Secretariat Comment at PIF/Work Program Inclusion

sGEFSEC 4/18/2022:: Please ensure to secure endorsement letter from Senegal.

GEFSEC, 5/4/2022: Thank you for submitting Endorsement letter from Benin and Zambia. Please secure the same from Senegal

Update, GEFSEC, 5/26/2022: Please submit the LoE with updated project title and figures

GEFSEC, 6/6/2022: Cleared. Thanks

Agency Response

29 April 2022

Endorsement letters have been received from Benin and Zambia, and one from Senegal is expected shortly.

20 May 2022

Senegal Letter of Endorsement is uploaded in the portal

6 June 2022

As agreed with Jason and Dorji by email the old title have been re-inserted

**Termsheet, reflow table and agency capacity in NGI Projects**

**Does the project provide sufficient detail in Annex A (indicative termsheet) to take a decision on the following selection criteria: co-financing ratios, financial terms and conditions, and financial additionality? If not, please provide comments. Does the project provide a detailed reflow table in Annex B to assess the project capacity of generating**



reflows? If not, please provide comments. After reading the questionnaire in Annex C, is the Partner Agency eligible to administer concessional finance? If not, please provide comments.

Secretariat Comment at PIF/Work Program Inclusion

N/A

Agency Response

**GEFSEC DECISION**

**RECOMMENDATION**

**Is the PIF/PFD recommended for technical clearance? Is the PPG (if requested) being recommended for clearance?**

Secretariat Comment at PIF/Work Program Inclusion

GEFSEC 4/18/2022:: Please address the above mentioned comments.

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

GEFSEC, 6/9/2022: Recommended for Technical clearance.

**ADDITIONAL COMMENTS**

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

Secretariat Comment at PIF/Work Program Inclusion

**Review Dates**

**PIF Review**

**Agency Response**

**First Review**

**4/18/2022**

**4/29/2022**

	PIF Review	Agency Response
<b>Additional Review (as necessary)</b>	5/2/2022	5/20/2022
<b>Additional Review (as necessary)</b>	5/4/2022	6/6/2022
<b>Additional Review (as necessary)</b>	5/20/2022	6/9/2022
<b>Additional Review (as necessary)</b>	5/26/2022	

**PIF Recommendation to CEO**

**Brief reasoning for recommendations to CEO for PIF Approval**

I recommend PIF technical clearance because:

This project will support smallholder farmers to build resilience to climate change by establishing specific financial products dedicated to support climate change adaptation for smallholder farmers in Benin, Senegal and Zambia. Like rest of the Smallholder farmers in Africa, they play a crucial role for their countries' food security and income generation. Despite their important contributions, they are amongst the most vulnerable to the adverse impact of climate change. Limited access to affordable financial services is one of the many barriers on the path of adopting practices that can make their activities and production more climate resilient.

The project will directly benefit 17,500 people (60% Women), enable the climate resilient management of 1,750 ha of land, train 80 (50% women) people about climate risks and adaptation measures and mainstream climate resilience in 6 policies/plans. The project will attract private-public finance, and blend them, to provide a better offer and higher supply of finance to smallholder farmers to foster the promotion of climate change adaptation practices and technologies

On COVID-19, the project is expected contribute to strengthening the overall resilience of smallholder farmers in Benin, Senegal and Zambia.