

Transformational Adaptation for Climate Resilience in Lake Chilwa Basin of Malawi (TRANSFORM)

Review CEO Endorsement and Make a recommendation

Basic project information

GEF ID

10777

Countries

Malawi

Project Name

Transformational Adaptation for Climate Resilience in Lake Chilwa Basin of
Malawi (TRANSFORM)

Agencies

UNDP

Date received by PM

1/25/2023

Review completed by PM

Program Manager

Aloke Barnwal

Focal Area

Climate Change

Project Type

FSP

PIF

CEO Endorsement

Part I ? Project Information

Focal area elements

1. Does the project remain aligned with the relevant GEF focal area elements as presented in PIF (as indicated in table A)?

Secretariat Comment at CEO Endorsement Request

Yes

Agency Response

Project description summary

2. Is the project structure/design appropriate to achieve the expected outcomes and outputs as in Table B and described in the project document?

Secretariat Comment at CEO Endorsement Request

Please specify if the SCFF to be established through UNDP Growth Accelerator Platform, will be managed by UNDP or by the Executing Agency.

Please articulate the adaptation rationale of the output 2.2. It reads very broad currently and the climate aspect is not clear.

GEFSEC April 18, 2023

Thanks for addressing the comments. They are clear now.

Agency Response

UNDP Response, 14 March 2023- MC

Additional information to specific how the SCFF will be implemented and managed. has been added to the section on 'Institutional Arrangements and coordination' in the CEO ER and in 'VII. Governance and Management Arrangements' in the Project Document. This includes information on the involvement of the GoM in relation to the GA platform, a diagram showing the SCFF's governance structure, as well as a table with the information below pertaining to the implementation and management of the facility:

? Technical Assistance (training, capacity building, community engagement, business development support) under GEF budget (Component 1) ?will be implemented by Executing Agency (Department of Environmental Affairs under the Ministry of Natural Resources and Climate Change)

? Launch of Calls for Proposals, Evaluation, Selection, Management and Reporting of private sector entities ?under GEF budget (Component 1)?will be implemented by UNDP Growth Accelerator program?s Service Provider (Fund Manager) under a Responsible Party (RP) Arrangement with Executing Agency

? Disbursement of grants (up to US\$ 40,000 per selected private sector entity) as matching investments for private sector entities ?under UNDP Co-finance from TRAC Resources ? will be disbursed directly by UNDP to selected private sector entities under advice from UNDP Growth Accelerator program?s Service Provider (Fund Manager)

Regarding the adaptation rationale in Output 2.2: This output, which was formulated during the development of the PIF, is aimed at developing monitoring systems to increase the effectiveness of EbA interventions implemented under other project outputs. The focus on EbA, going beyond general natural resource management, as a climate change adaptation measure, and compliance with regulations, have been added to the project design to ensure that the benefits of all EbA interventions are maximised by strengthening the integrity of ecosystems and thereby providing services to vulnerable target communities and increase their resilience to climate change. This has now been additionally clarified in a footnote in the CEO endorsement letter (p.2) and detail added in the output description in the project document (p.65).

3. If this is a non-grant instrument, has a reflow calendar been presented in Annex D?

Secretariat Comment at CEO Endorsement Request NA

Agency Response

Co-financing

4. Are the confirmed expected amounts, sources and types of co-financing adequately documented, with supporting evidence and a description on how the breakdown of co-financing was identified and meets the definition of investment mobilized, and a description of any major changes from PIF, consistent with the requirements of the Co-Financing Policy and Guidelines?

Secretariat Comment at CEO Endorsement Request

Please elaborate on the two different types (grant and in-kind) of co-financing proposed by UNDP. The co-finance letter doesn't provide this break up and details.

GEFSEC April 18, 2023

Thanks. Cleared.

Agency Response

UNDP Response, 14 March 2023- MC

The two different types of co-financing to be provided by UNDP have now been elaborated in the revised co-finance letter from UNDP.

GEF Resource Availability

5. Is the financing presented in Table D adequate and does the project demonstrate a cost-effective approach to meet the project objectives?

Secretariat Comment at CEO Endorsement Request Yes.

Agency Response

Project Preparation Grant

6. Is the status and utilization of the PPG reported in Annex C in the document?

Secretariat Comment at CEO Endorsement Request

Annex C is not fully readable. Please paste the table again.

GEFSEC April 18, 2023- We can see it now. Thanks. Comment cleared.

Agency Response

UNDP Response, 14 March 2023- MC

The table is fully visible on our end but we will paste it again to ensure that it is readable on the submission system.

Core indicators

7. Are there changes/adjustments made in the core indicator targets indicated in Table E? Do they remain realistic?

Secretariat Comment at CEO Endorsement Request

As per GEF policy, the project results have to be estimated based on the entire project financing i.e. LDCF financing plus the co-financing. Considering significant investment mobilized (9.45 million USD) and grant (1.75 million), the agency is requested to review the core indicator targets.

GEFSEC April 18, 2023

Please see the core indicators table as we see it. The core indicator 1 and 2 are not visible. Please enter it again. We do see values under the sub-indicators, which indicate 75,000 beneficiaries will be supported, 30000 ha agriculture land and 91000 ha rural land will be brought under climate resilient management. The justification for co-financing contribution to number of beneficiaries is fine.

GEFSEC 29 April 2023

Thanks. Comment cleared now.

Core Indicators - LDCF				
CORE INDICATOR 1	Total ⓘ	Male	Female	% for Women
Total number of direct beneficiaries	0	0	0	0%
CORE INDICATOR 2				
Area of land managed for climate resilience (ha)	0.00			
CORE INDICATOR 3				
Total no. of policies/plans that will mainstream climate resilience	1			
CORE INDICATOR 4		Male	Female	% for Women
Total number of people	5,000	2,000	3,000	60.00%

Agency Response

UNDP Response, 25 April 2023:

This is noted and currently, the Core Indicator 1 and 2 figures are showing. Please see the screenshot below:

CEO Endorsement (CEO) entry – Full Sized Project – GEF - 7

Core Indicators - LDCF

CORE INDICATOR 1	Total ⓘ	Male	Female	% for Women
Total number of direct beneficiaries	80,000	31,000	49,000	61.25%
CORE INDICATOR 2				
Area of land managed for climate resilience (ha)	121,000.00			
CORE INDICATOR 3				
Total no. of policies/plans that will mainstream climate resilience	1			
CORE INDICATOR 4				
Total number of people trained	5,000	2,000	3,000	60.00%

UNDP Response, 14 March 2023- MC

Since the co-financing strategy has been carefully tailored to align with the development of the SCFF and the other project activities where government and district offices will be directly responsible for project implementation, the higher proportion of investment mobilized will not significantly increase the number of direct beneficiaries beyond what has been estimated. Instead, the co-financing strategy has been developed to ensure project sustainability and future replication from piloting the SCCF, which means that there indeed be a larger number of beneficiaries in the long term as the SCCF is transferred from this single project to the National Climate Change Fund. This increase, however, might not be measurable during project implementation period. UNDP co-finance will translate into increase in number of beneficiaries, but not measurable during project lifetime, as it is geared to ensure scalability beyond the project, as part of the project exist strategy. Having said that however, an increase in reach and number of beneficiaries may likely to take place during the project duration, but such claims cannot be made at this point. This will be closely monitored and reported during the implementation.

Part II ? Project Justification

1. Is there a sufficient elaboration on how the global environmental/adaptation problems, including the root causes and barriers, are going to be addressed?

Secretariat Comment at CEO Endorsement Request

Please elaborate more on the climate change impacts with more specific climate data and forecasts in terms of change in precipitation, mean temperature, etc. which is affecting the population in the target region.

GEFSEC April 18, 2023

Thanks. Comment cleared.

Agency Response

UNDP Response, 14 March 2023- MC

Additional information has been carried over from the Project Document to elaborate on the climate change impacts and to substantiate the climate rationale of the project. In addition, cross-references to the respective sections in the Project Document have also been added to direct the reader's attention to the detailed analysis in that document.

2. Is there an elaboration on how the baseline scenario or any associated baseline projects were derived?

Secretariat Comment at CEO Endorsement Request

Yes

Agency Response

3. Is the proposed alternative scenario as described in PIF/PFD sound and adequate? Is there sufficient clarity on the expected outcomes and components of the project and a description on the project is aiming to achieve them?

Secretariat Comment at PIF/Work Program Inclusion

As mentioned above, please elaborate how the SCCF will be managed while integrated with the UNDP growth platform.

Also, please elaborate output 2.1 and 2.2 more to make the adaptation rationale clearer. Please also describe "environmental regulations" and its linkages with climate adaptation. In this context, will the project also look at any environmental policies and regulations which may be lead to maladaptation or increased climate vulnerability.

GEFSEC April 18, 2023: Thanks for the details. Comments cleared.

Agency Response

UNDP Response, 14 March 2023- MC

SCFF: As noted above, additional information has now been added to elaborate on the SCFF's management and implementation. Please see the response above for further detail.

Output 2.1 and 2.2: Additional information has been added to clarify how the project will explicitly address the impacts of climate change and support community-based adaptation to increase resilience (in line with the previous comment on Output 2.2). The narrative has been updated in the Project Document (p. 65), and in the CEO ER under Project Description summary a footnote has been added with a cross-reference to the relevant information in the Project Document. Further additional information has been added in the CEO ER under Section 1a.3. Regarding the matter of environmental policies and regulations, a footnote has been added under Output 2.2 on page 3 of the CEO ER to specify that these regulations are

broadly related to natural resource use, but that alignment with Malawi's climate change policy framework will be a key consideration during project implementation to ensure that maladaptation does not occur. This point has also been clarified under the description of Output 2.2 on page 65 of the Project Document.

4. Is there further elaboration on how the project is aligned with focal area/impact program strategies?

Secretariat Comment at CEO Endorsement Request

For CCA-1, the justification is primarily linked with increased adaptive capacity from livelihood diversification. The project also has a significant focus on climate resilient infrastructure e.g. efficient irrigation, water harvesting structures, etc. Please elaborate how these solutions will address the climate risks and exposure of vulnerable communities and natural resources.

GEFSEC April 18, 2023. Thanks. The section is fine now.

Agency Response

UNDP Response, 14 March 2023- MC

The justification for alignment with CCA-1 has now been clarified in the CEO ER and Project Document under the relevant sections (1a.4. Alignment with GEF focal areas and/or Impact Program strategies and III.3. Contributions to GEF focal areas, respectively). In these sections, additional information has been added to specify how climate resilient infrastructure solutions will complement livelihood interventions to address climate risks and exposure of vulnerable communities and natural resources to the impacts of climate change.

5. Is the incremental reasoning, contribution from the baseline, and co-financing clearly elaborated?

Secretariat Comment at CEO Endorsement Request

Please see comment above and modify the incremental reasoning accordingly.

GEFSEC April 18, 2023- Thanks. It's fine now.

Agency Response

UNDP Response, 14 March 2023-MC

The incremental reasoning for Outputs 2.1 and 2.2 has now been clarified and substantiated in the narrative of both the CEO ER and Project Document in line with the earlier comment. For additional information, please see the responses above.

6. Is there further and better elaboration on the project's expected contribution to global environmental benefits or adaptation benefits?

Secretariat Comment at CEO Endorsement Request

Please see above regarding alignment with CCA-1. The section needs to articulate what climate risks and hazards will be addressed through this project.

GEF Secretariat 18th April, 2023- Thanks. Cleared.

Agency Response

UNDP Response, 14 March 2023- MC

As noted above, the justification for alignment with CCA-1 has now been expanded and substantiated in the CEO ER as well as in the Project Document.

7. Is there further and better elaboration to show that the project is innovative and sustainable including the potential for scaling up?

Secretariat Comment at CEO Endorsement Request

Yes.

Agency Response

Project Map and Coordinates

Is there an accurate and confirmed geo-referenced information where the project intervention will take place?

Secretariat Comment at CEO Endorsement Request

Yes.

Agency Response

Child Project

If this is a child project, is there an adequate reflection of how it contributes to the overall program impact?

Secretariat Comment at CEO Endorsement Request

NA

Agency Response

Stakeholders

Does the project include detailed report on stakeholders engaged during the design phase? Is there an adequate stakeholder engagement plan or equivalent documentation for the implementation phase, with information on Stakeholders who will be engaged, the means of engagement, and dissemination of information?

Secretariat Comment at CEO Endorsement Request

Please elaborate which and how the stakeholders were engaged during the PPG phase and how their comments were incorporated in the project design. Currently, it focuses on the implementation stage engagement only.

GEF Secretariat 18th April, 2023- thanks. The additional information is fine now.

Agency Response

UNDP Response, 14 March 2023- MC

Additional information has been added to Section IIIV.4. Stakeholder engagement and South-South cooperation to elaborate on the consultations that took place during the development of the project. Extensive consultations were held in early 2022 during an in-country mission by the project development team to Malawi, as well as in the subsequent months following the mission. In addition, several high-level workshops were held during the PPG phase, including an extensive government engagement workshop and validation workshop, both of which were aimed at gathering additional information on project design, validating the existing project structure, identifying any additional barriers and preparing government MDAs for the project.

Gender Equality and Women's Empowerment

Has the gender analysis been completed? Did the gender analysis identify any gender differences, gaps or opportunities linked to project/program objectives and activities? If so, does the project/program include gender-responsive activities, gender-sensitive indicators and expected results?

Secretariat Comment at CEO Endorsement Request

Yes. For further review by Gender Specialist.

Agency Response

Private Sector Engagement

If there is a private sector engagement, is there an elaboration of its role as a financier and/or as a stakeholder?

Secretariat Comment at CEO Endorsement Request

Yes.

Agency Response

Risks to Achieving Project Objectives

Has the project elaborated on indicated risks, including climate change, potential social and environmental risks that might prevent the project objectives from being achieved? Were there proposed measures that address these risks at the time of project implementation?

Secretariat Comment at CEO Endorsement Request

Please elaborate on the COVID-19 context, risks, mitigation measures and opportunities to support green and resilient growth in a separate section as per guidance from the GEF Secretariat.

GEF Secretariat 18th April, 2023- Thanks.

Agency Response

UNDP Response, 14 March 2023- MC

Cross-references have now been added across the CEO ER to a stand-alone Annex (Annex 25) which provides detail on the project's Covid-19 strategy. This includes information on the context, risks, mitigation measures and opportunities from Covid-19 and how the project will support green and resilient growth.

Coordination

Is the institutional arrangement for project implementation fully described? Is there an elaboration on possible coordination with relevant GEF-financed projects and other bilateral/multilateral initiatives in the project area?

Secretariat Comment at CEO Endorsement Request

In the governance arrangement, please illustrate and elaborate how the SCFF will be managed.

GEF Secretariat 18th April, 2023

Thanks. It is well elaborated now.

Agency Response

UNDP Response, 14 March 2023

As noted above, additional text has been added to the section on Institutional Arrangements to elaborate on how the SCFF will be managed. Please refer to the previous comment for a detailed description of the revised text.

Consistency with National Priorities

Has the project described the alignment of the project with identified national strategies and plans or reports and assessments under the relevant conventions?

Secretariat Comment at CEO Endorsement Request

Yes.

Agency Response

Knowledge Management

Is the proposed Knowledge Management Approach for the project adequately elaborated with a timeline and a set of deliverables?

Secretariat Comment at CEO Endorsement Request

Yes.

Agency Response

Environmental and Social Safeguard (ESS)

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

Secretariat Comment at CEO Endorsement Request

Yes.

Agency Response

Monitoring and Evaluation

Does the project include a budgeted M&E Plan that monitors and measures results with indicators and targets?

Secretariat Comment at CEO Endorsement Request

Yes.

Agency Response

Benefits

Are the socioeconomic benefits at the national and local levels sufficiently described resulting from the project? Is there an elaboration on how these benefits translate in supporting the achievement of GEBs or adaptation benefits?

Secretariat Comment at CEO Endorsement Request

Yes.

Agency Response

Annexes

Are all the required annexes attached and adequately responded to?

Secretariat Comment at CEO Endorsement Request

Agency Response

Project Results Framework

Secretariat Comment at CEO Endorsement Request Yes.

Agency Response

GEF Secretariat comments

Secretariat Comment at CEO Endorsement Request

Agency Response

Council comments

Secretariat Comment at CEO Endorsement Request

Agency Response

STAP comments

Secretariat Comment at CEO Endorsement Request

Agency Response

Convention Secretariat comments

Secretariat Comment at CEO Endorsement Request

Agency Response

Other Agencies comments

Secretariat Comment at CEO Endorsement Request

Agency Response

CSOs comments

Secretariat Comment at CEO Endorsement Request

Agency Response

Status of PPG utilization

Secretariat Comment at CEO Endorsement Request

Annex C is not fully visible. Please upload the table again.

GEF Secretariat 18th April, 2023

It's visible now. Thanks.

Agency Response **UNDP Response, 14 March 2023- MC**

This is well noted. The table has been uploaded again as requested.

Project maps and coordinates

Secretariat Comment at CEO Endorsement Request Yes

Agency Response

Does the termsheet in Annex F provide finalized financial terms and conditions? Does the termsheet and financial structure address concerns raised at PIF stage and that were pending to be resolved ahead of CEO endorsement? (For NGI Only)

Secretariat Comment at CEO Endorsement Request

Agency Response

Do the Reflow Table Annex G and the Trustee Excel Sheet for reflows provide accurate reflow expectations of the project submitted? Assumptions for Reflows can be submitted to explain expected reflows. (For NGI Only)

Secretariat Comment at CEO Endorsement Request

Agency Response

Did the agency Annex H provided with information to assess the Agency Capacity to generate and manage reflows? (For NGI Only)

Secretariat Comment at CEO Endorsement Request

Agency Response

GEFSEC DECISION

RECOMMENDATION

Is CEO endorsement recommended? (applies only to projects and child projects)

Secretariat Comment at CEO Endorsement Request

Not at this stage. The Agency is requested to address the technical comments provided above.

The agency is requested to address one more comment on indicators and resubmit the project.

Yes, the project is recommended now.

Review Dates

	Secretariat Comment at CEO Endorsement	Response to Secretariat comments
First Review	2/7/2023	
Additional Review (as necessary)	4/18/2023	
Additional Review (as necessary)	4/29/2023	
Additional Review (as necessary)		
Additional Review (as necessary)		

CEO Recommendation

Brief reasoning for CEO Recommendations

The LDCF funded 'Transformational Adaptation for Climate Resilience in Lake Chilwa Basin of Malawi (TRANSFORM)' project aims to reduce the vulnerability of communities surrounding Lake Chilwa to the adverse effects of climate change by strengthening the resilience of livelihoods through Ecosystem-based Adaptation (EbA) and financing of climate-resilient enterprises. The LDCF will provide a financing of \$5 million for the project and will mobilize \$21.45 million of co-financing from Malawi Government and UNDP. It will benefit 80,000 people directly with 61% of the beneficiaries being women. It will also bring 121,000 hectares of land under climate resilient management and strengthen capacity of 5000 people for better adaptation planning.

The project will achieve this through three integrated components. Under the first component, GEF resources will be used to establish an innovative financial mechanism – namely the Sustainable Climate Financing Facility (SCFF) – which will stimulate public and private sector investment for MSMEs and strengthen the micro-finance for innovation in climate-resilient livelihoods, enterprises, and technologies. To operationalize the fund the project will provide technical assistance to the Malawi National Climate Change Fund (NCCF) to integrate and implement the SCFF initially introduced through the UNDP Growth Accelerator. The fund will be also complemented by supporting creation of a market innovation hub which will bring multiple stakeholders and market players in one platform to facilitate access to adaptation technologies and services.

In the second component, the project will develop an ecosystem based adaptation (EbA) plan for the Lake Chilwa Basin which will factor in climate risks in the region and will be complemented by a community-based monitoring and reporting system to support improved natural resource management in compliance with environmental regulations. Within this component, the project will support implementation of adaptation solutions such as ecotourism in the Lake Chilwa basin, upscaling alternate livelihoods such as mushroom cultivation and products derived from beekeeping enterprises; and development of fishery and agricultural value chains. The implementation support will follow a structured phase wise process of baseline information collection on resource availability and climate vulnerability; finalizing ecosystem management plans and legal agreements between communities and governments; and finally empowering communities and other stakeholders to implement the plans. The project will identify climate-resilient livelihoods that align with the EbA action plans using Community-Based Resilience Analysis (CoBRA) adaptation planning tool. The adaptation solutions under this component will be linked to the SCFF Framework Investment Plan (FIP), which will be developed for each target district.

Under the third component, TRANSFORM will capacitate district- and community-level institutions to plan, implement and monitor Ecosystem-based Adaptation (EbA) – particularly to qualify for funding from the SCFF. TRANSFORM will complement other projects and initiatives in the basin through a focus on information and knowledge management –

including the establishment of a knowledge management hub, which will serve as a repository for information generated in the basin. This will improve access to knowledge and information on: i) climate resilient natural resources management; ii) best practices on the implementation of diversified livelihoods and ecosystems-based adaptation (EbA) interventions; and iii) market information ? collected in the information hub developed under Component 1.

The TRANSFORM project will complement the LDCF funded AfDB project in the Lake Chilwa Basin of Malawi which focuses on strengthening capacity of Beach Village Committees in the basin for adaptation planning and making fisheries sector climate resilient. The project implementation structure has made clear provisions to ensure effective collaboration between the two projects in Malawi for deriving maximum value for LDCF.

Overall, the project adopts an innovative and integrated approach to address critical adaptation barriers in the country including limited access to climate finance, lack of community led adaptation planning and low private sector engagement in adaptation. The project will strengthen institutional capacity at national and local levels (local EbA planning), enhance resilience of agriculture value chain, implement nature-based solutions such as catchment and wetland restoration and support climate-resilient livelihoods that reduce land degradation and contribute to the strengthening of ecosystems. The strategic support to the national climate change fund and establishment of a new fund dedicated to support adaptation projects by the private sector and strengthen micro finance sector in the country can have scalable impact beyond the project's target region.