Resilience for Peace & Stability, Food and Water Security Innovation Grant Program

Part I: Project Information

GEF ID
10430

Project Type
MSP

Type of Trust Fund
LDCF

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

Project Title
Resilience for Peace & Stability, Food and Water Security Innovation Grant Program

Countries
Global

Agency(ies)
UNDP

Other Executing Partner(s)
Global Resilience Partnership (GRP) hosted by the Stockholm Resilience Centre

Executing Partner Type
CSO

GEF Focal Area
Climate Change

Taxonomy
Climate Change, Focal Areas, Climate Change Adaptation, Innovation, Least Developed Countries, Climate resilience, Private sector, Influencing models, Demonstrate innovative approache, Stakeholders, Private Sector,

SMEs, Individuals/Entrepreneurs, Local Communities, Gender Equality, Gender Mainstreaming, Beneficiaries, Gender-sensitive indicators, Capacity, Knowledge and Research, Learning

Rio Markers

Climate Change Mitigation

Climate Change Mitigation 0

Climate Change Adaptation

Climate Change Adaptation 1

Submission Date

8/6/2021

Expected Implementation Start

3/1/2022

Expected Completion Date

9/1/2024

Duration

36In Months

Agency Fee($)

95,021.00

A. FOCAL/NON-FOCAL AREA ELEMENTS

Objectives/Programs	Focal Area Outcomes	Trust Fund	GEF Amount($)	Co-Fin Amount($)
CCA-1	Reduce vulnerability and increase resilience through innovation and technology transfer for climate change adaptation	LDCF	1,000,228.00	1,015,950.00
		Total Project Cost($)	**1,000,228.00**	**1,015,950.00**

B. Project description summary

Project Objective

To study, invest in and scale-up early-stage innovations that hold the greatest promise of delivering resilience outcomes that promote peace & stability in fragile and conflict-prone regions with high vulnerability to climate change in the least developed countries.

Project Component	Financing Type	Expected Outcomes	Expected Outputs	Trust Fund	GEF Project Financing($)	Confirmed Co-Financing($)
1. Assessment and identification of enterprise-based innovation models for adaptation in fragile and conflict-prone regions	Technical Assistance	Outcome 1: Investment opportunities and financing strategies to catalyze enterprises for adaptation innovation in the context of fragility and conflict developed.	1.1 Potential innovations and investments assessed for enterprise-based models to strengthen resilience in fragile and conflict-prone regions with high vulnerability to climate change. 1.2 Identify key thematic areas of investment and financing for enterprise-development for adaptation in the context of conflict-prone and fragile regions with high vulnerability to climate change.	LDCF	90,528.00	162,190.00

Project Component	Financing Type	Expected Outcomes	Expected Outputs	Trust Fund	GEF Project Financing($)	Confirmed Co-Financing($)
2. Catalytic financing for enterprises to innovate for climate resilience and adaptation in the context of conflict-prone and fragility	Investment	Outcome 2: Innovative adaptation practices, tools and technologies that strengthen resilience in fragile and conflict-prone regions with high vulnerability to climate change accelerated	2.1 Acceleration grant investments to actors with innovative enterprise-based solutions to deliver resilience outcomes that promote peace & stability in conflict-prone and fragile regions with high vulnerability to climate change	LDCF	600,000.00	405,475.00

Project Component	Financing Type	Expected Outcomes	Expected Outputs	Trust Fund	GEF Project Financing($)	Confirmed Co-Financing($)
3. Technical, and business development advisory, knowledge management and M&E for innovative and sustainable enterprises for adaptation in conflict-prone and fragile contexts	Technical Assistance	Outcome 3: Capacities built through technical assistance and knowledge sharing for businesses and social enterprises in sustaining and scaling innovations for adaptation in the context of fragile and conflict-prone regions with a vulnerability to climate change	3.1 Customized technical training, business development and investment brokering. 3.2 Investment matchmaking to identify post-project scale-up capital 3.3 Develop lessons learned documents, guidance and toolkits on effective and efficient adaptation solutions in conflict-prone and fragile regions with high vulnerability to climate change and provide M&E for all grantees.	LDCF	225,050.00	205,000.00
				Sub Total ($)	**915,578.00**	**772,665.00**

Project Management Cost (PMC)

Project Management Cost (PMC)

LDCF	84,650.00	243,285.00
Sub Total($)	**84,650.00**	**243,285.00**
Total Project Cost($)	**1,000,228.00**	**1,015,950.00**

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($)
Civil Society Organization	Stockholm University	In-kind	Recurrent expenditures	810,950.00
GEF Agency	UNDP	In-kind	Recurrent expenditures	205,000.00
			Total Co-Financing($)	**1,015,950.00**

Describe how any "Investment Mobilized" was identified

n/a

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($)	Fee($)
UNDP	LDCF	Global	Climate Change	NA	1,000,228	95,021
				Total Grant Resources($)	**1,000,228.00**	**95,021.00**

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 ($)

50,000

PPG Agency Fee ($)

4,750

Agency	Trust Fund	Country	Focal Area	Programming of Funds	Amount($)	Fee($)
UNDP	LDCF	Global	Climate Change	NA	50,000	4,750
				Total Project Costs($)	**50,000.00**	**4,750.00**

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);

This initiative seeks to identify and scale resilience innovations that help Micro Small and Medium Enterprises (MSMEs) in fragile and conflict-prone regions, that face a high degree of exposure and vulnerability to climate change impacts, play their role better in helping build peace and stability, and avoid slipping into full-blown conflict. In this context, ?innovation? means new or enhanced product solutions or business models aimed at reducing the possibility of resource-conflict, and that help beneficiaries become more environmentally and societally resilient.

This project purposefully focuses on communities in rural and semi-rural areas in Least Developed Countries who face a myriad of development challenges, further exacerbated by climate risk and the continuous threat of conflict; and made more acute due to the ongoing health and economic crisis caused by Covid-19. Thus, ?climate fragility? in this project means the set of complex environmental, climatic, and societal factors that create economic-, physical- and societal-risks for local communities and enterprises. This places significant pressure on conflict-prone areas, further exacerbating risks faced by weak private sectors. In the PPG stage, no changes were made to project components and outcomes compared to the PIF; country level analysis were added as we have more information regarding potential local project activities.

As per the definition in the PIF, fragile and conflict-prone states/regions refer to states that have low institutional capacity, weak economic foundations, and limited societal coherence, making them highly susceptible to conflict and violence. The sharpest risks emerge when the impacts of climate change overburden these weak states and ultimately become threat-multipliers: climate change aggravates already fragile situations and may contribute to social upheaval and even violent conflict[1][1]. Core risks that interlink between climate change and state fragility are often found in conflict-affected climate-fragile regions, and can generally be described as[2][2]:

? *Local resource competition*. As the pressure on natural resources increases, exacerbated by climate change, competition can lead to instability and even violent conflict in the absence of effective dispute resolution

? *Livelihood insecurity and migration*. Climate change will increase the human insecurity of people who depend on natural resources for their livelihoods, which could push them to migrate or turn to illegal sources of income

? *Volatile food prices and provision*. Climate change is highly likely to disrupt food production in many regions, increase prices and market volatility, and heighten the risk of protests, rioting, and civil conflict

Much of GRP?s (Global Resilience Partnership) work in the area of environmental and societal fragility has focused on how ensuring adequate food and water security lies at the heart of mitigating these risks. GRP?s specific work in resilience-building has shown how the private sector, particularly enterprises in the domain of agriculture, are seen as key players in shoring up sufficient food and water supplies; and how they can act as appropriate stewards of these valuable resources. Additionally, private firms provide the jobs and services needed to increase income levels and meet societal needs. They can also contribute to trust and stability by building functioning markets and trading relationships that are inclusive of different groups in society. In addition, firms often contribute directly to local social programs, and work with governments to enhance the investment climate.

For these reasons, the role of the private sector in peace building and conflict prevention is increasingly seen as essential and their role in lowering the risk of conflict due to resource competition (by more efficient usage of scarce resources such as land and water, as well as the creation of greater economic opportunities) and helping communities become more resilient (through better environmental practices, and increased profitability for employed households) is increasingly recognized. Despite this, building resilience in these contexts is still poorly understood and many investors are unwilling to support emerging entrepreneurs and small enterprises due to perceived prohibitive risks. To the extent that enterprises are key actors in ensuring food and water system security, it is essential therefore that the support and sustainable financing of these enterprises occur.

In these fragile and conflict-prone regions, innovation to build resilience and adaptation will need to take an approach that supports a variety of enterprise-based models from the private sector and social enterprises to guide and accelerate incubation and scale-up innovations. This also requires innovation in financial products and structures, and the development of new innovative resilience approaches, programming and support.

This project will specifically focus on catalyzing private sector investment into resilient food and water systems to improve food and water security as an approach for building peace and stability in target regions. GRP will do this through assisting partners and local participants obtain better access to resilience-building knowledge and initiatives; facilitate funding to help scale and advance successful enterprise finance products and business model; and through providing technical assistance and capacity building to chosen partners to ensure the innovative design and scaling of programs that are locally relevant and situation-appropriate. By focusing on driving innovative local solutions into food and water security interventions, including taking into account gender dimensions, this project will enhance social cohesion, help reduce root causes or drivers of conflict and generate peace dividends by building resilience to conflict not only by assisting communities and people cope with and recover from conflict, but also by contributing to conflict prevention and mitigation, while supporting sustainable development more broadly in a local context.

As per the PIF, our interventions will target fragile countries and regions where resilience innovations hold the greatest possibility of reducing the risk of slipping into full-blown conflict situations as a result of climate shocks and stresses; or where resilience innovations can support the recovery from a conflict situation and build lasting peace. GRP has also sought out countries where the national government has welcomed our approach to help build food and water resilience, and where we can utilize existing success and networks to leverage past results[3][3]. Through this process we have identified Uganda, Sudan, Haiti, Mozambique, Myanmar and Afghanistan as suitable countries of focus. For the latter three countries, the current political situation is not suitable for engagement, but does represent regions we can explore during a later phase of this project, along with a further 3 to 5 possible countries, potentially with bilateral funding. In the initial phase of this project, our focus will therefore be Haiti, Sudan and Uganda with shortlisted partners as explained in Table 2 below, who have a strong local presence, a track record of success, and are at the right time to scale with our help.

Country-fragility and climate risk

The three chosen countries have characteristics particularly vulnerable to climate change and systemic fragility (according to the UN GAIN index ranking countries in terms of their vulnerability to negative impacts of climate change, Haiti, Uganda and Sudan rank 152, 172 and 178 out of 182 countries respectively[4][4]), with highly localized insights being provided by the short-listed partners:

? Haiti: As a Small Island Developing State (SIDS) and the only Least Developed Country (LDC) in the Western Hemisphere, Haiti is one of the most vulnerable countries in the world to climate change. This vulnerability is compounded by high levels of poverty and longstanding macroeconomic challenges experienced in the country. Haiti is particularly affected by the climate change impacts of increasing frequency and intensity of floods, tropical storms and hurricanes. The existing exposure and vulnerability to natural hazards is being exacerbated by the impacts of climate change, with Haiti ranking first on the Global Climate Risk Index and third on the Long-Term Climate Risk Index[5][5]. Moreover, climate change impacts ? particularly from floods, hurricanes and tropical storms ? have considerable implications for health and livelihoods, as well as the local political economy. Poverty is a key characteristic of many communities which often leads to conflict at the local level, including a high degree of intra-household conflict and violence, particularly against women and girls. State resources to provide adequate security as well as provision of basic goods and services is unfortunately very limited, and violence at the regional level is also common. The country has suffered many years of political instability and violence: in July 2021 the country's president was assassinated, bringing about fresh uncertainty.

? Sudan: Increasing climate variability is leading to major changes in rainfall and temperatures across Sudan?s arid and semi-arid drylands, exceeding the limited capacity of rural households to cope. Climatic shocks, particularly droughts, occur in the absence of adequate social safety nets in rural areas of Sudan, forcing many subsistence agro-pastoralist- and nomadic-pastoralist households into making livelihood-decisions out of desperation because their co-dependence on water, agriculture, and rangelands is becoming less and less viable. These changes pose profound adverse impacts for rural livelihoods. For farming activities, roughly 90% of cultivated areas depend exclusively on rainfall, with fluctuations in crop yield attributed almost solely to fluctuations in rainfall patterns. For pastoralist activities, increasingly erratic rainfall patterns, as well as drought episodes, have led to the deterioration of natural rangelands. Declining rangeland productivity has been accompanied by an increase in seasonal fires, excessive grazing in communal lands, and by large livestock populations unsustainably concentrated around perennial water sources. Many Sudanese experience the threat of constant conflict, with communities across the country suffering from multi-dimensional crises fueled by nearly two decades of violent conflict and very poor economic conditions?with conditions exacerbated by the COVID-19 pandemic and associated restrictions. There remain hundreds of thousands of displaced people, particularly in the southern states, and localized conflicts over natural resources is a common occurrence.

? Uganda: While Uganda has shown significant economic improvement in the past few years, with growth rates averaging 5.5 percent between 2010 and 2014, it still faces many challenges, particularly due to conflict arising from past tribal tensions. Economically, only 18.5% of the working labor force is engaged in wage employment - the remaining 72% are largely engaged in subsistence agriculture. Mountains and wetlands are key environmental and agricultural assets in the country: wetlands provide many critical functions to the people, particularly in the context of food and water security, in addition to their role as habitats for biodiversity. Similarly, many mountain areas are key economic areas that are dominated by coffee production and which face socio-environmental challenges themselves, particularly around histories of tribal tensions. These regions are often landslide prone[6][6], face heavy flooding and experience increasing population density combined with declining soil fertility that creates further pressure on available land. As temperature rises and rainfall patterns change due to climate change, available and suitable land for coffee production is decreasing, leading to potential encroachment into national forests[7][7].

2) the baseline scenario and any associated baseline projects

Baseline projects

Additional research was undertaken during the PPG stage and more local-level analysis was conducted. This section begins with a landscaping assessment of MSME-funders present in the three countries focused on, as well as two other countries for comparison. These funding providers have a climate resilience lens to some lesser or greater degree. The key takeaway from the landscape map is the shortage of appropriate funding designed for MSMEs in Sudan, Uganda and Haiti.

Fund/Programme	Sudan	Haiti	Uganda	Mozambique	Afghanistan	Ticket size	Status
Integrated Agriculture and Marketing Development Programme - IFAD	✓					Loan size appears to support small-scale farmers	Capital deployment uncertain
Livestock Marketing and Resilience Programme - IFAD	✓					Loan size appears to support small-scale farmers	On-going via implementation partners
Near East Foundation	✓					$1 400 – 3 600	Capital deployment
Sustainable Natural Resources and Livelihoods Programme - IFAD	✓					Loan size appears to support small-scale farmers	On-going via implementation partners
Green Pearl Programme		✓				$250	Planning pilot phase
Sèvis Finansye Fonkoze		✓				$1300	Capital deployment
Small Enterprise Assistance Funds (SEAF) Caribbean SME Growth Fund		(✓)				$3m-7m	Capital deployment
Haiti INVEST		✓				SMEs	Capital deployment
Hope for Haiti		✓				< $3000	Capital deployment
FINCA		✓	✓		✓	$44 000 - 38 000	Capital deployment
Innovations Against Poverty Fund - Sida			✓			$61 000 – 244 000	Ongoing investments, no open calls currently
Mercy Corps Ventures	✓		✓		✓	Early-stage SMEs	Capital deployment
Agri-Vie Funds I & II – EXEO Capital			✓	✓		Investment size appears to support mid-market enterprises	Capital deployed
Smallholder Development Unit (SDU) - AgDevCo			✓	✓		Closed	Fund ended
Ethos Mezzanine Partners 3			(✓)	(✓)		Investments in medium to large companies	Capital raising
AgDevCo – various funds			✓	✓		> $ 2m	Capital deployed
African Enterprise Challenge Fund Innovation Fund				✓		$100 000 - 200 000	Capital deployment
Global SME Finance Facility - IFC				✓		Funds support of other financing institutions	Capital deployment
International Development Enterprises (iDE)				✓		Loan size appears to support small-scale farmers	Capital deployment
My Bucks Banking Corporation (MBC)				✓		$165 and above	Capital deployment
SOCREMO				✓		$80 - 350 and $3 300 – 82 000	Capital deployment
The Global Facility for Disaster Reduction and Recovery (GFDRR)			✓	✓	✓	Project-specific	Capital deployment
Afghan Credit Guarantee Foundation - ACGF					✓	Credit guarantees support partner finance institutions	Active
CARE International	✓	✓	✓	✓	✓	Loan size to support community-based lending	Capital deployment

Table 1: Existing funders

***Data sources: Expressions of interest and desktop research**

As is seen above, only a few funders provide finance to micro-enterprises that is:

? accessible (via direct engagement with the funder rather than through elaborate multi-layered intermediary structures)

? of appropriate funding size (few funders provide funding in the $1000 - $5000 range, a typical funding amount suitable for MSMEs in a conflict-prone area)

? deployable to micro-enterprises as well as start-up enterprises

This low availability of appropriately-costed capital means that little economic growth can take place at the low-to-middle income level, and entrenches significant limits to growth and resilience already found in these societies.

3. Proposed alternative scenario

Problem statement:

Additional analysis was conducted during the PPG stage with project countries having been identified. Diagnosing the roots of problems in fragile countries with such highly complex and multifaceted environments is difficult and risks being overly simplistic. Yet research has shown that without growing and sustainable economies, achieved through the creation of thousands of small and growing micro-enterprises with ready access to finance, societies? resilience to internal and external political and environmental shocks is extremely limited. The primary challenge we are seeking to address therefore, is the limited availability of funding to MSMEs in these fragile countries, cutting their ability to bring about societal and environmental resilience. The issue of appropriate funding is also paramount, in that funds on offer need to be costed at a level that micro-enterprises can access and sustainably afford to repay (while growing, expanding operationally and providing wages and other social goods to employees and communities).

The ?appropriateness? of finance is a function of its:

? ease of access (e.g. do high levels of ?red-tape? limit funding flows)

? conditions of finance (e.g. do funders requires significant amounts of collateral)

? cost of capital (e.g. are interest rates so high MSMEs can?t afford them)

If any of these characteristics are misaligned, a vicious cycle is likely to begin: if an MSME either can?t access finance or obtains finance that it can?t afford, its risk of default increases, making its ability to access further capital worse and its future cost of capital even higher, and so forth. If, however, an MSME is able to access appropriate capital, its ability to sustain itself, grow and innovate is enhanced, and its access to future capital increases, likely at a lower cost. A virtuous circle then begins where it can easier and easier access capital at interest rates that allow for climate adaptation and investment, and so forth.

This is the pattern of functioning capital and debt markets the world over, with private sector financiers underpinning the system. Ensuring private sector engagement in fragile states is seen as crucial but existing circumstances in the countries we focus on make engagement by private sector funders difficult due to the high (both actual and perceived) risk of investment. And, because finance flows to regions where return is commensurate with risk taken, for finance to flow under traditional conventions to these countries, MSMEs would have to generate extremely high returns to compensate for this risk. This brings about a ?stalemate? - and market failure - and requires solutions that lower the risk that private sector capital needs to take.

New and innovative types of financing mechanisms, instruments and products are needed to break this deadlock. Many are currently trialed, with solutions covering a range of methods, including blended finance, guarantee and collateral schemes, revolving challenge funds, impact investing, pay-for-performance structures, repayable grants, and development impact bonds, often in some combination. Overall, these methods seek to lower the risk of the capital invested, and subsequently the cost of the capital to the end user, the enterprise, to create an eventual virtuous circle: as the risk of the debtor lowers, so does the cost of capital they need to pay. Their ability to repay capital increases and their default risk therefore lowers further, as does their cost of capital and so on.

Unfortunately, these approaches are recent and while they hold promise and have evidence of success elsewhere, there are too few of these mechanisms present in fragile countries. Funds may even exist that are targeted to fragile states, but they do not know where to go, what products to use, or which tools to back. We aim to bridge this information-, data- and financing-flow-deficit through this project.

Barriers to solution

Through partner interviews and GRP research, particular country-specific characteristics that create barriers have been identified:

Barrier 1 - Lack of local market intelligence, climate-fragility risks information and evidence of existing constraints. There are information deficits, for both external and local users, of accurate climate fragilities and risks that are region- and context-specific. Furthermore, knowledge around adaptation techniques, working models and successful programs are sparse and where they exist, are often ?locked? in different siloes across researchers, public agencies and local agencies. Finally, on-the-ground users of this type of information, whether they are smallholder farmers in need of drought-proofing planting techniques or large regional financial intermediaries seeking to tailor financial assistance, lack the ability to access, understand and implement what is working elsewhere. This has significant consequences ranging from a dearth of understanding across swaths of smallholder farmers on how to become more climate-resilient, to an inability of external partners and funders to accurately assess the risks and successes of projects.

These challenges are exacerbated in the three countries of focus. Communities in Haiti, specifically farmers, are not informed about current and projected climate change impacts, particularly flooding, on agricultural production, other land-use practices and water resources. There is limited technical knowledge among communities on how to adapt to these changes and increase climate resilience, particularly using EbA solutions. In Sudan and Uganda there is similarly limited knowledge of climate impacts and forecasts, with significant gaps in risk and vulnerability assessments and mapping, poor awareness of improved varieties and positive cultural practices, and little information disseminated on water and soil conservation.

Apart from climate-related information gaps, there are also deficits in market information and significant knowledge gaps exist around pricing trends, supply and demand, quality input accessibility and insight into potential off-takers. This limits individual farmers? ability to grow, scale and sell, and increases uncertainty and unpredictability of funders, leading to higher costs of finance and poor flows of capital. This lack of knowledge and understanding by market participants limits their ability to respond to climate risks; and added to the scant evidence of such resilience-building, significantly reduces both the potential of scale-up-capital to flow and cross-regional knowledge sharing, and the take-up of adaptive practices or technologies.

Barrier 2 - Access to finance. The risks perceived with investing and lending into conflict-prone and fragile countries, such as Sudan, Uganda and Haiti, results in a combination of a very high cost of capital, and requirements for collateral and other risk-mitigants that are beyond the reach of local micro-enterprises, particularly small-scale pastoralists and farmers who lack these conventional tools. This, combined with the information gap as listed above, makes financiers very reluctant to fund enterprises and severely limits their appetite to invest in start-ups and growing small businesses.

Small enterprises therefore cannot cover start-up costs, maintenance for tools, seed and planting material, and general working capital. This unavailability of funding and credit also leads to short planning horizons which in turn drive short-term relief activities, such as the production of charcoal at unsustainable rates to meet pressing short-term financial needs. Smallholder rain-fed farmers and pastoralists are often hard hit and have very limited access to finance and opportunities to improve their production. This prevents investments in land preparation, climate-resilient production practices (e.g., rainwater harvesting) and keeps many families (especially single female-headed households) in continuous cycles of poverty and food insecurity. Farmers and pastoralists across Haiti, Uganda and Sudan have trouble entering markets, have poor access to inputs and lack critical agricultural/livestock advisory and extension services. Limited resources constrain farmers? ability to adopt improved practices, access quality inputs, and to smooth cash flows between harvest cycles, when families have depleted income from the previous season. Finally, entrepreneurs have few pathways out of these poverty traps without some form of credit track-record or *bona fides*: their lack of credit history, and more generally funders? lack of credit data on debtors of a similar nature, means there are few or no linkages with formal (and larger) sources of commercial funding such as banks; and little incentive for the latter to remedy the situation. This leaves high-priced debt from ?loan sharks? commonly the only source of funding, curtailing not only MSMEs? ability to operate sustainability, but also their *wherewithal* to mitigate against societal and climate shocks.

Barrier 3 ? Local businesses as well as supporting partners lack capacity, specifically around innovation, organizational management and creating societal impact.

For even large global organizations, successful and efficient operations in fragile and conflict-prone states and regions require both ?standard? sets of skills geared towards managing ?normal? risks and operating circumstances, as well as ?specific? skills to meet the particular challenges present in fragile states. These challenges include significant institutional voids, unpredictable systemic conditions, complex and opaque market conditions, and continuous risk of violence. Barriers to entry for new economic and development aid participants are high, and even locally established and embedded development actors lack the full range of skills necessary to support local enterprises.

The local enterprises themselves face even tougher challenges given their lack of resources, poor service provision including unreliable basic services, high costs of inputs in remote communities, poor access to skills and lack of broad management and commercial experience. Other existential challenges exist especially for micro-businesses; including many smallholder farmers, especially women, who lack parity in bargaining and negotiating power, with many discriminated against and economically excluded. These characteristics are synonymous with micro enterprises across Uganda, Haiti and Sudan. In terms of unlocking the positive societal impact that many enterprises can bring about, there is a lack of necessary skillsets and experience to hold the competing tensions between economic and societal demands, across both local enterprises and often the global organizations locally supporting them. This means the persuasive power of positive and working models of success remains highly localized, unable to be scaled with further funding or expertise due to their limited exposure, or ability to replicate them elsewhere.

3) the project description of expected outcomes and components of the project

In the PPG stage, more information has been gathered at the country level. The aim of this project is to enhance food and water security by using established methods and tools built up by UNDP and GRP over decades to provide better information and data on climate fragility and resilience, with a focus on successful business models and instruments linked to enterprise funding. Additionally, by identifying and working alongside partners who are deeply established in Haiti, Uganda and Sudan, GRP seeks to facilitate funding and support into these entities to help them better serve their end-beneficiaries who are mainly small-scale farmers and pastoralists, and many of them women. These local partners will be financial intermediaries, that is between the end beneficiaries (farmers, entrepreneurs, etc.) and conventional funders of private sector enterprises (banks, development agencies, donors, etc.).

These financial intermediaries are actually NGOs and CSOs by their operational nature and legal structure, and this highlights one of the core innovative characteristics of this project: the multidisciplinary nature and blended approach in this CSO-CSO-NGO working relationship is quite unique and illustrates how each actor plays its role in bringing together expertise, capital and knowledge to the benefit of the end-user be they a farmer, fisherman or woman entrepreneur.

The project covers three components, each responding to a specific barrier as outlined above:

? Component 1: Assessment and identification of enterprise-based innovation models for adaptation in fragile and conflict-prone regions - responding to barrier 1 ***- Lack of local market intelligence, climate-fragility risks information and evidence of existing constraints***

? resulting in Outcome 1: Investment opportunities and financing strategies to catalyze enterprises for adaptation innovation in the context of fragility and conflict developed

? Component 2: Catalytic financing for enterprises to innovate for climate resilience and adaptation in the context of fragility and conflict - responding to barrier 2 - ***Access to finance***

? resulting in Outcome 2: Innovative adaptation practices, tools and technologies that strengthen resilience in fragile and conflict-prone regions with high vulnerability to climate change accelerated

? Component 3: Technical, and business development advisory, knowledge management and M&E for innovative and sustainable enterprises for adaptation in fragile contexts - responding to barrier 3 - ***Local businesses and support partners lack capacity, specifically around innovation, organizational management and creating societal impact***

? resulting in Outcome 3: Capacities built through technical assistance and knowledge sharing for businesses and social enterprises in sustaining and scaling innovations for adaptation in the context of fragility and conflict and vulnerability to climate change

GRP recognizes the system interplay between climate adaptation, societal fragility, increased conflict and economic development, and how they multiply and reinforce each other. Gaps in information increase uncertainty, which increases funding risk, both leading to higher hurdles to access finance. Enterprises that cannot access appropriately-

costed capital are limited in their ability to grow, remaining in a subsistence modus, pre-scale. This in turn limits their ability to create employment, increase the tax base, or help support the building of structures required to develop institutional capacity necessary for government accountability and the reduction in risk this brings about. By extension, limited access to finance is a critical hurdle that exacerbates societal fragility (in the absence of growing and stable economic opportunity) as well as limits enterprises? ability to increase its level of sophistication and become more climate resilient (as there is often a burden of cost associated with adaptation, requiring an injection of capital).

By ensuring more information transparency and availability of data, alongside catalyzing and leveraging private sector investment at an appropriate cost, supported by established local partners who can best implement these solutions, we aim to help build and reinforce both healthy enterprise ecosystems and their linked food and water systems. This in turn will reduce the reasons behind conflict and instability in the target regions. The interventions seek to ensure liquidity of information and capital into these markets, and ultimately bring access to finance that is costed appropriately at rates that allow an enterprise to grow, become climate resilient, access new markets, and deliver a sustainable profit.

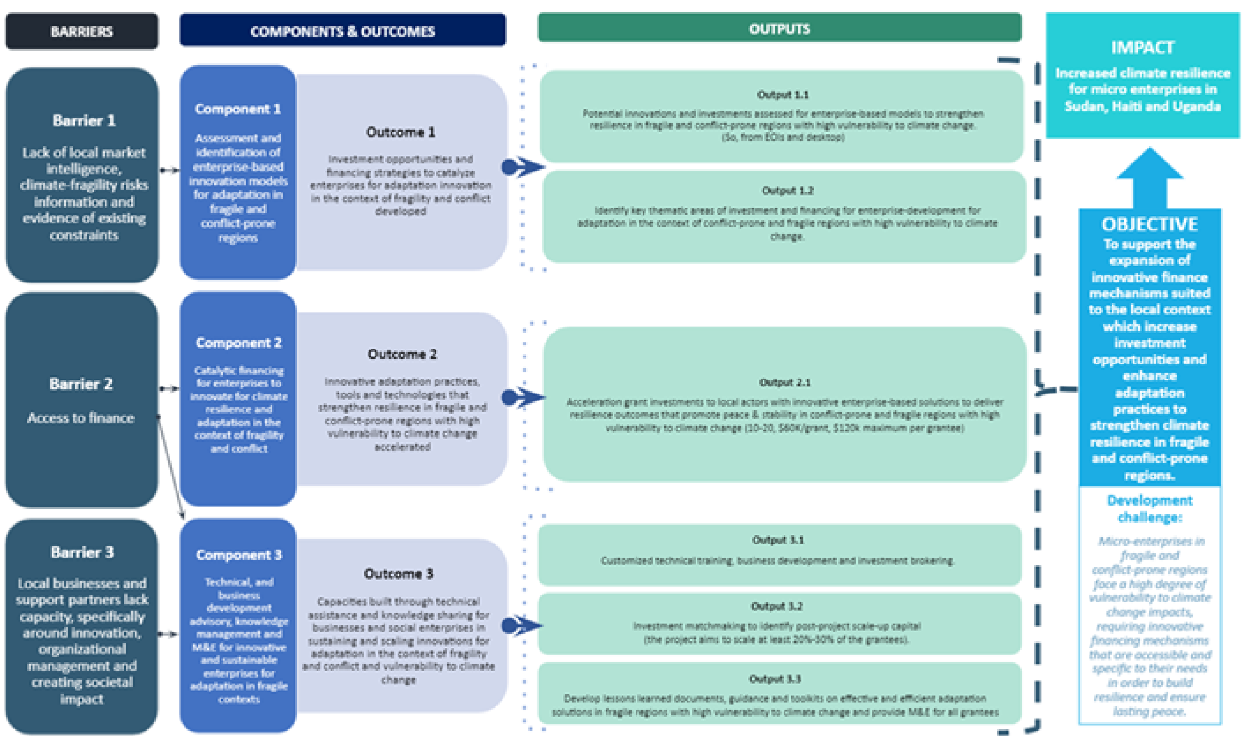


Figure 1: Project overview

Component 1: Assessment and identification of enterprise-based innovation models for adaptation in fragile and conflict-prone regions

Outcome 1: Investment opportunities and financing strategies to catalyze enterprises for adaptation innovation in the context of fragility and conflict developed

The aim of this component is to help meet barrier 1 ***Lack of local market intelligence, climate-fragility risks information and evidence on existing constraints.*** We will do this through ensuring that local system actors as well as international partners have a better understanding of which enterprise-focused models work best in scaling up financial solutions and products to shore up water and food security in the targeted countries.

GRP will use its internal ?toolbox? and established set of methodologies to collate, curate, and synthesize knowledge of models that work in-country, as well as identify real-time, dynamic changes to existing fragilities. Our close relationships across both local and international players, covering the fields of geo-politics, economics and climate science, means we are able to share integrated insights with our partners as well as the broader funding community in succinct and locally-insightful ways. The tools used will be a combination of market studies, analysis and assessment of existing and proposed financing mechanisms aimed at extending capital, loans and other financial instruments to start-up and scaling. Analysis of successful climate resilience strategies, for example, programs that are effectively helping farmers become more drought-resilient, will be curated alongside the former analysis. The integration of both financial sustainability and climate resilience provides a level of innovation that is urgently needed.

The approach will be a targeted engagement of local partners and funders through interviews and primary research to obtain on-the-ground insights and real-time trends linked to locally-appropriate financial innovation and resilience building. This will be supplemented with regular desktop research as well direct engagements with local country offices, dominant development agencies and global funders already funding, or interested in funding, these types of enterprises and intermediary NGOs. Collectively, this approach will bring about synthesized insights that are up-to-date and integrate enterprise-led needs and knowledge with donor and partner responses to ensure better alignment of donor programs, products and innovations that benefit the enterprises themselves, as well as the communities they are part of, the households they support and the markets they service.

The analysis will ultimately help reduce the information gap between existing and potential funders, and end-beneficiaries operating in these difficult environments. Other parties that might bring further important tools and instruments to the challenge will similarly be brought in as information becomes available and used strategically.

This process also reinforces the sustainability of the program to inform future scale-up investors as part of their pre-investment due diligence. With new, informed, and updated knowledge, funders, partners and innovators can make better decisions around investment and funding based on more generalized and predictable data pertaining to business models that work at systemic levels, as well as granular insights such as default rates of, for example, coffee farmers. This deeper understanding will mean investors, donors, banks and other funds can better assess risks, ranging from enterprise risk through to regional risk, and with this enhanced knowledge for clearer decision-making, provide a larger flow of funding with greater certainty.

This component will be realized through the following outputs:

Output 1.1 Potential innovations and investments assessed for enterprise-based models to strengthen resilience in fragile and conflict-prone regions with high vulnerability to climate change.

Output 1.2 Identify key thematic areas of investment and financing for enterprise-development for adaptation in the context of conflict-prone and fragile regions with high vulnerability to climate change.

Component 2. Catalytic financing for enterprises to innovate for climate resilience and adaptation in the context of fragility and conflict

Outcome 2: Innovative adaptation practices, tools and technologies that strengthen resilience in fragile and conflict-prone regions with high vulnerability to climate change accelerated

Enterprises? poor access to finance, as referenced in barrier 2, is a critical and entrenched problem limiting financial, environmental and societal resilience in Uganda, Haiti and Sudan. As discussed earlier, this is a function of capital being both too risk averse (from the funders? perspective), and too expensive (from the enterprises? perspective). Catalytic finance is a crucial tool in alleviating capital ?lock-up? as it takes risks that other funders are not willing to, acting as a ?risk-absorber? and enabling flows of funding that otherwise would not occur. The risk that the erstwhile funder now faces is lower, and consequently so is the cost of capital.

Low-value grants are particularly valuable in this ?blended? nature of funding as they require no financial return, and so can be used for highly innovative and impactful outcomes that other capital would ordinarily not focus on. As per UNDP?s rules on low-value grants, these grants can be awarded to CSOs and (national or international) NGOs, including non-governmental academic or educational institutions to generate and solicit development solutions. The aim of this component is to provide low value grant funding (supported by technical assistance packages in component 3) to create suitable products and increase the current lending portfolio of on-the-ground partners (NGOs/CSOs that are acting as financial intermediaries), with a focus on targeted lending practices that reduce resource conflict and build resilience.

GRP has identified and shortlisted on-the-ground grant recipient organizations that are in a position to experiment with innovative solutions to climate resilience challenges. Short-listing criteria focused on partners? ability to scale, their depth of local knowledge and track-record, their ability to leverage other actors, the potential improvement in climate resilience, and the degree of innovation inherent in their identified projects. These entities are deeply entrenched in local contexts, with extensive track records and represent populations excluded from the development process, playing an important advocacy role for the groups they represent and acting as financial intermediaries between the private sector and commercial capital providers. They are uniquely positioned to ensure a quick response to development challenges, to reach communities at grassroots level, and to engage with excluded or marginalized groups such as local businesses, MSMEs, communities and individuals. GRP will support these partners to use this funding to encourage, unblock and innovate where others cannot or will not, and leverage existing initiatives that are already developed up to a certain level or degree.

Grants will focus on innovation and adaptation impact and will be used for credit and non-credit purposes with the overall focus being risk-reduction, product-development and piloting, building internal capacity, adding additional human resources, collateral creation and business/lending expansion to unfamiliar customers.

Importantly, partners (intermediaries) selected will have reached a critical mass of knowledge and scale and be at a ?tipping point? where these funds will be used to move to the next level. In achieving this, a large change can be brought about by deploying relatively little capital, through new product creation, and additional methods of market outreach or innovative instrument design. The ultimate aim is to ensure that end-beneficiaries have better access to climate resilience solutions and enterprise funding in a sustainable manner. This means catalytic funding is used to make it easier to create and scale products that target high risk end-beneficiaries such as small-scale farmers and pastoralists, and are fit-for-purpose. Whereas in the past a Sudanese farmer could only access high-costed ?commercial? micro loans (if at all), by using catalytic-capital-funded instruments a much more accessible loan product, specifically tailored towards her needs, is now readily available.

GRP will oversee a process of identifying both the local intermediaries, as well as the instruments, products and mechanisms, that have the most potential to achieve the above. This will mean working alongside partners in its extensive local and regional networks, to determine which are best placed, with adequate scope and timing, to scale innovative finance solutions in a tailored and relevant way. The decision to narrow down the field of potential partners/intermediaries and make the eventual funding decisions, will be that of the GRP-led project board. Once country-intermediaries have been identified, GRP will come alongside them and provide funding, insights, knowledge and technical assistance to help them exploit their ?tipping point?, through a combination of product design, operational insights, climate adaptation scaling and financial innovation, to achieve the most impact on direct farmers and other micro-enterprises.

During the PPG phase, UNDP worked with three countries (Uganda, Sudan, Haiti) to seek government endorsement. These three countries? OFPs have expressed their willingness to collaborate and have provided endorsement letters for the project. For any new expansions to other countries, UNDP will work with the government to secure their endorsement and align with national priorities. Potential intermediaries and their projects need to show a high degree of co-funding as well as ability and pathway to scale, both locally and nationally. An interim set of criteria has been established in order to source several short-listed intermediaries and their projects, as per below.

A call for Expressions of Interest occurred in late 2019, which yielded a response of over 30 organizations across 17 countries. Of these, 18 projects were long-listed enterprises. Based on a set of interim criteria, which included scalability, systemic impact, innovation and fit-for-purpose, a set of projects were singled out for their high-potential, with three being short-listed in the table below and referenced further in this document. However, these are only short-listed projects and not final grantees: as per the UNDP low value grant policy, project governance needs to be transparent and the grant selection criteria needs to be approved by the project board before any final grantees are chosen. We aim to finalize the grantees within the first three months of the project.

Name of intermediary	Financial mechanism/instrument	Innovation	Catalyzed outcomes with support from GRP and UNDP
Fonkoze (Haiti) - Fonkoze is a trusted and highly regarded NGO focused on providing loans, and facilitating remittance payments, to thousands of Haiti?s poor. It has a strong local team, as well as an international presence in the US and the UK that assists with diaspora engagement. The Fonkoze Foundation is deeply entrenched in local communities, providing adult education to households and individuals, many of whom have no other contact with development institutions, including the government.	Fonkoze strongly supports its local Haitian communities in their aspiration to move beyond consumption-based subsistence, to more sustainable micro-economies buoyed by local entrepreneurship and investment. Building on Fonkoze?s learning from its current provision to this market through its ?development loans? program, it has identified an opportunity to provide lower costed- and more appropriate-capital to its members through the creation of innovative, fit-for-purpose micro-enterprise loans backed by diaspora-provided collateral.	Lower costed loans by using diaspora-provided collateral resulting in interest rates 20% - 40% lower than other loan options Lower risk of capital as default is low with higher repayment rates due to existing relationships with the collateral provider (diaspora) Climate-focused product that features direct integration of food and water resilience education through entire customer journey Potential for cost of finance to be linked to, and incentivize, climate-resilient behavior	? Lower costed loans created specifically for start-up and expanding micro-enterprises ? Lenders are better equipped to become more climate resilient, and have ready access to both financial support, as well as climate change knowledge ? Lenders can build a credit record and in time move into formal credit provision ? As product becomes entrenched, further private sector finance (both institutional and individual) will flow into the system

Near East Foundation (Sudan) - NEF is a highly regarded INGO with extensive experience across fragile states, including the successful operation of revolving credit funds in Jordan, Syria, Mali, and Sudan. NEF?s objective is to improve income, empowerment and inclusion among women and men who are engaged in NTFP production through association-building, capacity building, market inclusion, and natural resources management. NEF supports several NEF-created NTFP associations with capacity building related to association management, business management, market engagement, sustainable production/harvest practices, production diversification and intensification; ensuring equitable and improved and sustainable access to resources. Specific farming loans are provided through these associations to individual members. The aim is to double the number of loan recipients from 2000 to 4000. The project also aims to determine the best structure and mechanism for scaling this program to thousands more in 5 years.	Following successes elsewhere, NEF has brought together thousands of individual NTFP small scale farmers into several merchant associations capable of collective bargaining, market development and information sharing. The associations are majority women and have access to low-cost revolving credit loans (some of which are association-funded) and can belong to micro-franchises set up by NEF to exploit supply chain opportunities. With 2,000 members already successfully borrowing, NEF wishes to: ? scale up the product to double this number (4,000) ? develop a sustainable funding mechanism to allow for co-finance at scale Each debtor is provided with support focused on business development, market building and natural resource management. NEF?s integration of market building and achieving climate resilience is two-pronged: seeding micro-franchises to build the market bottom-up and deepening climate resilience and sustainable production and harvest practices throughout the value chain.	Integration of financial and climate-resilience support mean loans are fully supported by information, mentorship and advice on becoming more climate resilient. Micro-franchises allow for farmers to engage with existing networks of buyers and off-takers, including exporters, and to buy inputs collectively at lower prices. Project aims to develop multiple products and fit-for-purpose instruments that allow for co-finance from donors, private sector and development agencies. Potential innovative financing strategies include performance-based funding, Development Impact Bonds and negative-trigger instruments. Significant potential to crowd-in the private sector potential through off-taker based support via Corporate Social Investment and enterprise development programs	? Significant scaling potential as association model has been proven with clear scale-up potential in place ? Off-takers have comfort with associations and are seeking further engagement ? Climate resilience building is fully integrated with post-learning support and market development

Lutheran World Relief **(Uganda) -** LWR is an INGO with an extensive track record in implementing sustainable agricultural development and emergency response programs across the globe. Their agricultural programs currently target around 850 organic farmers in Uganda and use an enterprise-focused approach underpinned by regenerative agriculture practices. LWR, through its impact investing arm Mountain Harvest, has invested in improving quality, productivity, and resilience along the value chain served by its small-scale coffee farmers. This includes issuing asset- based financing to farmer groups for community processing infrastructure, combined with resilience- focused technical services in crop diversification and production of organic bio-fertilizers.	LWR works with farmers who face business and personal cash shortfalls between the coffee harvesting seasons. Over the financial year most families bring in sufficient funds, but lack the cashflow to see them through between harvests, needing to resort to borrowing at exorbitant interest rates or selling their harvest early at large discounts. This deepens the debt-trap, often resulting in their land being owned by the lenders; many farmers find themselves in indentured servitude on their once-owned land. These farmers have no access to other financial institutions, and are vulnerable to shocks, lack the ability to invest in their farms and face poor pathways to increased productivity. This program aims to lend funds to the farmers during the inter-seasonal period at much lower rates than traditional moneylenders. Additionally, farmers are assisted in the development of their farms through extensive technical assistance. LWR aims to scale this program more broadly, targeting a further group of 2000 farmers who wish to implement this type of financially- and environmentally sustainable production.	Blended financial instruments using a mixture of grant and debt allowing farmers to obtain finance at much lower rates. Program is designed for both individual farmers and farming groups, allowing for debt scaling to capital loans of around $10 000 for investment into processing facilities. Innovative farmer-centric digital system for supply chain management that records and tracks utilization of the credit, helping farmers develop credit histories to link them to other financial services and loan opportunities. Loan repayments are aligned with harvest cycles and tied to coffee sales. Financial instrument is bundled with other support services including access to quality inputs, technology, training, post-harvest processing facilities, and marketing to specialty buyers	? Increased on-the-farm investments into productivity, quality, and resilience ? Increased farmer income with 15 - 30% higher coffee prices ? Incentivized production of other products such as beekeeping and the planting of legumes, both integral to regenerative agriculture ? Instead of selling raw material upfront to money lenders, processed goods are sold at a premium price ? As farmers develop a financial track record, they are able to build up credit ratings, collateral and sustainably harvest high quality produce, eventually graduating into the more formal financing system.

Table 2: short-listed projects

Each of these shortlisted projects are highly entrenched in their local communities, have significant transferability of learnings and direct pathways to scale at both the local and national levels.

Output 2.1 Acceleration grant investments to local actors with innovative enterprise-based solutions to deliver resilience outcomes that promote peace & stability in conflict-prone and fragile regions with high vulnerability to climate change

Component 3. Technical, and business development advisory, knowledge management and M&E for innovative and sustainable enterprises for adaptation in fragile contexts

Outcome 3: Capacities built through technical assistance and knowledge sharing for businesses and social enterprises in sustaining and scaling innovations for adaptation in the context of fragility and conflict and vulnerability to climate change

This component is designed to counter the market failure of innovation/adaptive-response/critical decision making, by ensuring local actors have capacity and better access to relevant support networks. It addresses barrier 3 - local businesses lack of capacity, specifically around ESG, gender and social inclusion and partly barrier 2 ? access to finance.

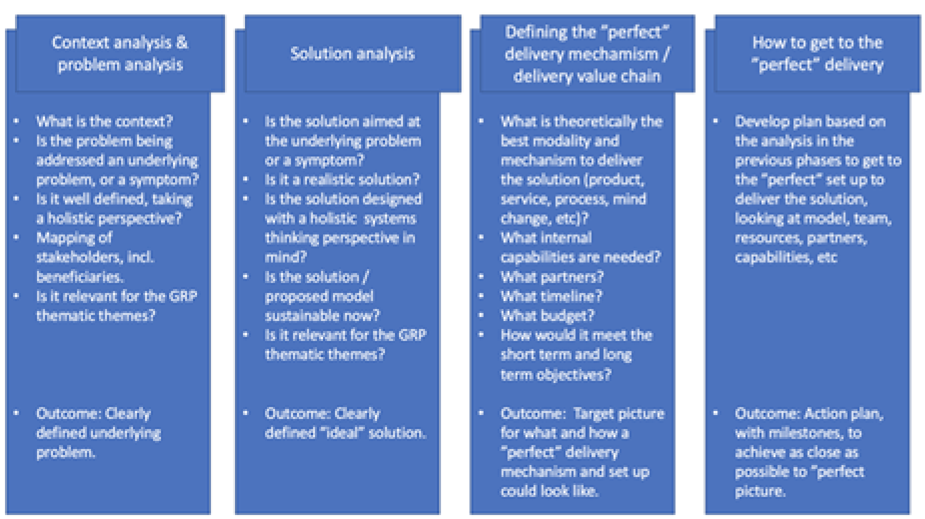
GRP will use its unique combination of innovative financial and climate resilience skills and knowledge, to co-design, craft and co-create ground-up solutions that are fit-for-purpose, scalable and co-fundable, and underpinned by enterprise models. In working with highly trusted local partner intermediaries, leading academic thinkers and global supply chain actors we will co-develop solutions that are responsive to local nuances and contexts, and are open to international funders and actors.

Technical and business development/acceleration support will be designed and planned according to the results of the rapid demand and capacity assessment carried out by GRP in close collaboration with each grantee and the Technical Panel. The support will include technical assistance and investment brokering, and will cover capacity building, incubation, acceleration support, business advisory support and linkages to commercial capital.

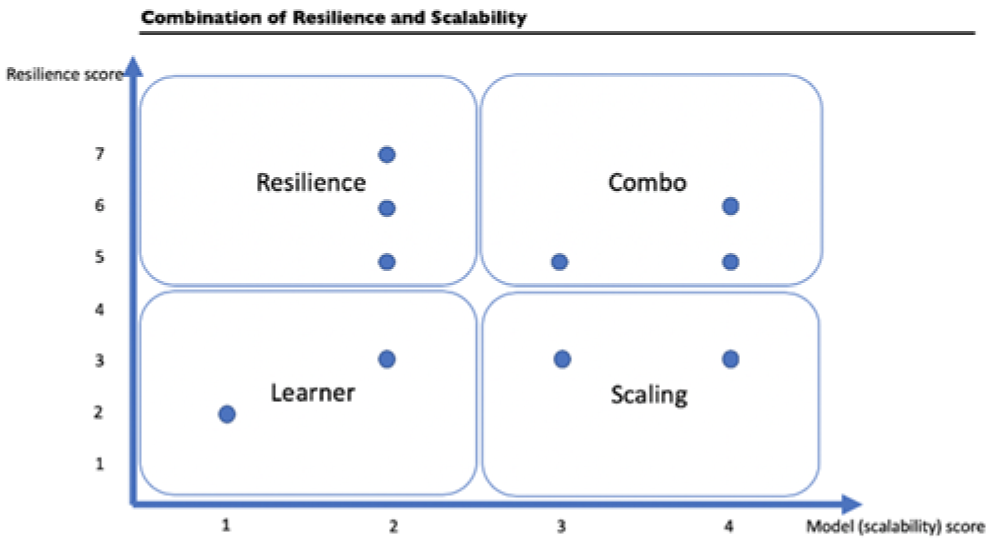
The support starts off with an assessment to determine the needs, and based on that provides ongoing mentoring, relevant capacity building, and leadership development. Any approach to capacity building has to be guided strongly by the context within which the capacity is to be used. In a context of fragility, vulnerability and volatility, with accelerating climate change as a constant factor, in a financial sector setting, the capacity needed is both in the space of creating robust systems, and in encouraging agility and modelling.

The assessment evaluates the scalability and the potential for resilience building and is divided into four stages, as illustrated below. The approach takes a holistic view, recognizing that in fluid and vulnerable situations like the ones where the projects operate there are innumerable interlinkages between different stakeholders. The first stage is to assess the context mapping, and to complement it where needed. The second stage looks in more detail at the solution proposed, and how it can be made more robust in its expected delivery of both a scalable and viable business, as well as build more resilience for the target group. Here the focus is on identifying any gaps in the model, and seeking out opportunities to improve the delivery. Stage three is strategizing around the optimal plan of action. The aim here is to identify what a perfect solution and model would look like in the given context, and jointly agree on how that would look. Stage four is refining the plan of action, with a timeframe and a budget.

The whole process is done in close collaboration between GRP and the grantee. It is critical to create an atmosphere of trust and to have open communication. The grantee remains the lead on the project, receiving support and advice from GRP.



The scalability and resilience of the proposed solution results in an overview graph where any gaps can be identified and addressed with a comprehensive package of activities. If a solution scores high on scalability but low on potential for resilience building, then more focus is put on understanding how to use the model to build more resilience.



The process is continuous and aims to improve the likelihood of success in translating proposed innovative ideas into a workable prototype/model that can be further tested, refined, and ultimately commercially/widely rolled out. The grantees are encouraged to collaborate with relevant national institutions and private sector actors to further enhance their ideas.

The support is provided and coordinated by the GRP Incubator for this purpose. The GRP Incubator itself has provided incubation and acceleration support to resilience initiatives around the world since 2014. It will leverage existing UNDP networks (Adaptation Innovation Marketplace, SGP and its capacity building initiatives, Youth Co:Lab, FSH) as well as its own Solutions platform, and the Resilience Knowledge Coalition together with ICCAD and CDKN. GRP will provide hand on and customized mentoring support (in-kind support) to the grantees with their current capacity through their local network by involving grantees in relevant training, boot camps, consulting, mentorship sessions, and leadership training. In certain cases, whenever organization specific engagements are required (diagnostics, narrow domain specific technical advisory, business management advisory, local market intelligence, impact management and measurement) the local level support will be factored in and provided within the framework of the PMU.

GRP will also provide both matchmaking services to grantees from a UNDP and GRP vendor list to find the right local partner to assist the project?s needs, as well as investment brokering services once grantees demonstrate revenue potential and a viable and sustainable business model.

Knowledge Management and Results Aggregation

UNDP and GRP will work together with think-tanks and university networks to share knowledge and lessons learned to further enhance the effectiveness and sustainability of the program. These partnerships aim to leverage off the practical innovation yielded by this project, and better disseminate data and lessons learnt for institutional learning, through leading business- and environmental-schools in both developed and emerging markets such as Yale, Oxford, IMD, Stockholm, Exeter, UCT and Wits. Additionally, platforms such as the WEF and WBCSD will be used to share and publicize lessons learnt.

We will link grantees with the Resilience Knowledge Coalition (the coalition), which is hosted by the Global Resilience Partnership (GRP) and co-led by the Climate Development Knowledge Network (CDKN) and the International Centre for Climate Change and Development (ICCCAD). The purpose of the coalition is: Getting the best knowledge and practice on resilience used to shape policies, plans and investments to deliver a resilient future. The coalition has over 400 members from more than 100 organizations and builds on the network of the Resilience Measurement, Evidence and Learning Community of Practice. The coalition will provide grantees with access to the latest knowledge and expertise on how to invest in resilience for development. The knowledge generated by coalition members and GRP partners will feed and enrich the work of the grantees, and vice versa. Moreover, the evidence base for the resilience investments will be systematically and rigorously strengthened through sharing and co-developing robust program design and learning approaches.

The expected outputs of this component are:

Output 3.1 Customized technical training, business development and investment brokering.

Output 3.2 Investment matchmaking to identify post-project scale-up capital

Output 3.3 Develop lessons learned documents, guidance and toolkits on effective and efficient adaptation solutions in fragile regions with high vulnerability to climate change and provide M&E for all grantees.

[1] ?A New Climate for Peace: Taking Action on Climate and Fragility Risks?, an independent report commissioned by members of the G7

[2] Based on the recent study of ?A New Climate for Peace: Taking Action on Climate and Fragility Risks?, commissioned by G7

[3] GRP has worked with the Ethiopian government to embed road water management activities across the country, affecting millions of beneficiaries. Similarly, GRP was worked alongside the Sri Lankan government and other partners to help the country protect natural assets (mangroves) at a national level

[4] https://gain.nd.edu/our-work/country-index/rankings/

[5] GermanWatch, Global Climate Risk Index 2016. Available at: https://germanwatch.org/fr/download/13503.pdf.

[6] Broeckx, J., Maertens, M., et al. 2018. Landslide susceptibility and mobilization rates in the Mount Elgon region, Uganda.

[7] De Bauw, P., Van Asten, P., et al. 2016. Soil fertility gradients and production constraints for coffee and banana on volcanic mountain slopes in the East African Rift: A case study of Mt. Elgon.

1b. Project Map and Coordinates

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

see Map annex, please.

1c. Child Project?

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

n/a

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

If none of the above, please explain why: Yes

The short-listed projects of Near East Foundation (NEF), Fonkoze and Lutheran World Relief (LWR) were determined following a search within GRP?s local and regional network of in-country-partners with identified innovative finance solutions targeting societal and environmental resilience. Having identified a potential long list of projects, follow-up discussions were held with local UNDP country offices alongside those with local government partners, and a final short-listed of these three projects developed.

For Haiti, the project will work closely with the NGO/CSO platform established by the Ministry of Environment (Haiti) and contribute the overall project outcome to the National Adaptation Plan. GRP and UNDP will also work together to seek potential scale-up funding to further support local actors that are working in the field of climate change adaptation for Haiti.

For Uganda, the project will receive guidance from the Uganda Coffee Development Authority (UCDA), in close collaboration with the Ministry of Water and Environment (Uganda).

For Sudan, the project will receive guidance from the Sudan Higher Council for Environment and Natural Resource; the project outcome will contribute to the overall national adaptation effort of Sudan, in alignment with the National Adaptation Plan.

Outcome/Output	**Stakeholders (Local)**	**Stakeholders (National)**	**Key Responsibilities**
Outcome 1: Investment opportunities and financing strategies to catalyze enterprises for adaptation innovation in the context of fragility and conflict developed			

Output 1.1. Potential innovations and investments assessed for enterprise-based models to strengthen resilience in fragile and conflict-prone regions with high vulnerability to climate change.	NEF Local NGO Partner Women Producers Producer associations Community leaders SFF Fonkoze Foundation Borrowing clients Lending diaspora Mountain Harvest Lutheran World Relief Farmers grouped in Village Savings and Loans Associations	Ministry of Agriculture, National Forest Corporation, Humanitarian Aid Commission, Water, Environment and Sanitation, Agriculture Research Centre Sudan Agriculture Bank Central Bank of Sudan Central Bank of Haiti Uganda Coffee Development Authority (UCDA)	Pilot study carried out by NEF and Fonkoze with clients to guide program approach and project development NEF/SFF/LWR to lead on developing TORs in consultation with GRP

Output 1.2. Identify key thematic areas of investment and financing for enterprise-development for adaptation in the context of conflict-prone and fragile regions with high vulnerability to climate change.	NEF Local NGO Partner Women Producers Producer associations Community leaders SFF Borrowing clients Lending diaspora Mountain Harvest Lutheran World Relief Farmers grouped in Village Savings and Loans Associations	Ministry of Agriculture, National Forest Corporation, Humanitarian Aid Commission, Water, Environment and Sanitation, Agriculture Research Centre Sudan Agriculture Bank Central Bank of Sudan Central Bank of Haiti	
Outcome 2: Innovative adaptation practices, tools and technologies that strengthen resilience in fragile and conflict-prone regions with high vulnerability to climate change accelerated			

Output 2.1. Acceleration grant investments to local actors with innovative enterprise-based solutions to deliver resilience outcomes that promote peace & stability in conflict-prone and fragile regions with high vulnerability to climate change	NEF Local NGO Partner Women Producers Producer associations Community leaders Local authorities SFF Borrowing clients Lutheran World Relief Farmers grouped in Village Savings and Loans Associations	Ministry of Agriculture, National Forest Corporation, Humanitarian Aid Commission, Water, Environment and Sanitation, Agriculture Research Centre Sudan Agriculture Bank Central Bank of Sudan Central Bank of Haiti Uganda Coffee Development Authority (UCDA)	Build awareness of climate change and expected impacts and of importance of forests, micro-enterprises and farms as adaptive resources Support producer associations, micro-enterprises and coffee farmers to build resilience to the impacts of climate change and conflict
Outcome 3: Capacities built through technical assistance and knowledge sharing for businesses and social enterprises in sustaining and scaling innovations for adaptation in the context of fragility and conflict and vulnerability to climate change			

Output 3.1. Customized technical training, business development and investment brokering.	NEF Local NGO Partner Women Producers Producer associations Community leaders Local authorities Local wholesalers, processors SFF Fonkoze Foundation Borrowing clients Lending diaspora Mountain Harvest Farmers grouped in Village Savings and Loans Associations	GoS: Ministry of Agriculture, National Forest Corporation, Humanitarian Aid Commission, Water, Environment and Sanitation Department, Private Sector: National / international processors and exporters (*e.g.*Afrocrop, Afritech) Uganda Coffee Development Authority (UCDA) Financial institutions (Uganda)	NEF, Fonkoze, and LWR to strengthen women-led associations, micro-enterprises, and farmers through technical ToT and coaching; operational capacity building / coaching; market facilitation; climate adaptation education
Output 3.2. Investment matchmaking to identify post-project scale-up capital	NEF Local NGO Partner Women Producers Producer associations Community leaders Local authorities SFF Fonkoze Foundation Lutheran World Relief	Ministry of Agriculture, National Forest Corporation, Humanitarian Aid Commission, Water, Environment and Sanitation, Agriculture Research Centre Sudan Agriculture Bank Central Bank of Sudan	NEF/Fonkoze/LWR to engage potential co-funders in conversations and build relationships to support potential project scale-up

Output 3.3. Develop lessons learned documents, guidance and toolkits on effective and efficient adaptation solutions in fragile regions with high vulnerability to climate change and provide M&E for all grantees	NEF Local NGO Partner Women Producers Producer associations Community leaders SFF Fonkoze Foundation Lutheran World Relief		Data collection Lesson sharing, reflection and adaptation End line evaluation

Please provide the Stakeholder Engagement Plan or equivalent assessment.

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

Select what role civil society will play in the project:

Consulted only;

Member of Advisory Body; Contractor;

Co-financier;

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

Executor or co-executor;

Other (Please explain)

3. Gender Equality and Women's Empowerment

Provide the gender analysis or equivalent socio-economic assesment.

Gender equality is fundamental to the proposed approach, which seeks to ensure men and women engaged in NTFP, micro-enterprise and farming activities have equal access to economic opportunities, adaptive capacities, resources, and decision-making. Through support for inclusive economies, climate resilience, beneficiary capacity, and individual agency/access, the project seeks to break the cycle of discrimination, marginalization and poverty that particularly impacts vulnerable women so they can have more voice, confidence, and control over resources. The approach is based on the belief that women's social and economic empowerment is critical to achieving gender equality. GRP and UNDP will engage with each local partner and ensure this gender approach and action plan is followed through each project approach and into implementation.

Gender Action Plan

The proposed approach will promote positive role models and strengthen the collective voice and representation of women; build economic capacities and technical and 'soft' skills; and encourage market and supply chain practices that are open and inclusive to women and other marginalized groups (through facilitation, incentives for adoption, and awareness).

These project objectives will be monitored and achieved through activities related to:

? Measuring change in attitudes and practices among male and female change agents and community leaders in relation to decision-making capacity over income and expenditures, female membership, and greater female leadership in NTFP, micro-enterprise and farming activities.

? Convening roundtables to enable discussion of the differing underlying assumptions about gender equality and empowerment that underpin the project approach by identifying how project interventions relate to gender (through participatory, multi-stakeholder roundtables and workshops).

? Training materials (for ToT, associations, producers), workshops and roundtables that include specific messaging related to gender concerns and empowerment with respect to access to economic and adaptation opportunities for all.

Project activities target 1,900 women entrepreneurs out of 3,050 entrepreneurs.

The below framework summarizes outcomes/outputs, activities, indicators, and targets that will be used to measure progress on gender mainstreaming during the project.

Outcome	Output	Indicator	Project target

Outcome 1: Investment opportunities and financing strategies to catalyze enterprises for adaptation innovation in the context of fragility and conflict developed	**Output 1.1.** Potential innovations and investments assessed for enterprise-based models to strengthen resilience in fragile and conflict-prone regions with high vulnerability to climate change.	# of pilot studies that account for gender empowerment	2
	Output 1.2. Identify key thematic areas of investment and financing for enterprise-development for adaptation in the context of conflict-prone and fragile regions with high vulnerability to climate change.		
Outcome 2: Innovative adaptation practices, tools and technologies that strengthen resilience in fragile and conflict-prone regions with high vulnerability to climate change accelerated	**Output 2.1.** Acceleration grant investments to local actors with innovative enterprise-based solutions to deliver resilience outcomes that promote peace & stability in conflict-prone and fragile regions with high vulnerability to climate change	% of women who will adopt new ?climate resilience? products	50%-75%
		% of women entrepreneurs empowered	50%-75%
		% of women with improved access to finance	50%-75%
Outcome 3: Capacities built through technical assistance and knowledge sharing for businesses and social enterprises in sustaining and scaling innovations for adaptation in the context of fragility and conflict and vulnerability to climate change	**Output 3.1.** Customized technical training, business development and investment brokering.	% of women involved in training and capacity building	50%-75%
	Output 3.2. Investment matchmaking to identify post-project scale-up capital (the project aims to scale at least 20%-30% of the grantees).		

	Output 3.3. Develop lessons learned documents, guidance, and toolkits on effective and efficient adaptation solutions in fragile regions with high vulnerability to climate change and provide M&E for all grantees		

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;

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.

Enabling the local private sector in Uganda, Sudan and Haiti through the creation and scaling up of innovative financial solutions, targeting enterprise and environmental resilience, is the key intended outcome of this project. Through working with the short-listed projects, we are seeking to facilitate engagement with the private sector through various methods covering risk-reduction, product creation and market development; and help create better access to funding for the ?low-end? private sector. This project innovatively targets two ends of the private sector continuum: on the one side, it targets the ?low-end? private sector: those micro-enterprises that are small and financially- and environmentally-vulnerable, and who cannot access finance for the reasons described in the barrier section above. On the other side of the continuum, is the ?high-end private sector? who have sufficient resources but are seeking either returns and impact, or are off-takers seeking supply.

The ?high-end? private sector includes local and regional commercial funders (banks), impact investors, development agencies and donors, as well as commercial off-takers and regional and global supply chain intermediaries. All these actors within the ?high-end private sector? are holders of various forms of financial, social and natural capital; most of whom are seeking to deploy this for societal, environmental and financial return.

The ?low-end? private sector constitutes the project's end beneficiaries, and are start-up and micro-enterprises across Sudan, Uganda and Haiti, and mostly constitute smallholder farmers, micro-enterprises and women. We are purposeful in our aim of working in the toughest systems, and these are enterprises that need the most help, but likely can also bring about significant local societal and regional change and stability.

Importantly, the short-listed projects represent financial intermediaries who are well-placed to act as the bridge between the two sides of the ?private sector? continuum. In this project GRP and UNDP purposefully focus on helping them scale and expand this bridging role. Below are some examples of how these projects seek to focus on intermediating between the various private sector elements:

Financial intermediary	**Private sector engagement**		
	High-end private sector	**Low-end private sector**	**Crowding-in mechanism**

Fonkoze	? financial institutions ? diaspora ? other donors ? impact investors	? small-scale farmers and fisherman ? other micro-entrepreneurs	? intention is to create loan products using diaspora capital as collateral, creating therefore a lower exposure risk to other lenders, and lowering the barriers to access-, and cost of-, finance to entrepreneurs
Near East Foundation	? financial institutions ? impact donors ? impact investors ? off-takers	? small-scale farmers and their associations (NTFP)	? intention is to expand existing revolving credit loan mechanisms targeting mostly-women owned associations, so that farmers can better access more appropriate credit, and through micro-franchises, access more sustainable markets ? off-takers obtain enhanced supply chain security and are able to benefit from increased local societal cohesion
LWR	? financial institutions ? other donors ? impact investors ? off-takers (local and international)	? small-scale coffee growers and farmers	? aim is to provide low-cost, inter-seasonal debt to coffee growers and help resource them between harvesting seasons ? combined with technical support and business record-keeping, this will ensure the farmers build up credit records and can graduate to more formal commercial financing (instead of ?fire-selling? their unsold produce to loan-sharks) over time

Therefore, this project engages the private sector in two ways: firstly, by targeting the (?low-end?) private sector as end-beneficiaries, for example facilitating better funding for smallholder farmers (Uganda and Sudan) and emerging micro-entrepreneurs (Haiti). Secondly, by crowding-in the ?high-end? part of the private sector as co-funders/co-partners, through funder off-takers (e.g. micro franchises in Sudan), and through co-financing (e.g. in Haiti, through other low-cost funders and through the diaspora).

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):

Potential Risk	**Risk Level**	**Risk Management Strategy**
Fragile and Conflict prone context **specific risks**		
Political interference and or changes in policy that cause issues with disbursements or project implementation	Moderate	GRP has identified on-ground partners that have many years? experience working on the ground in these challenging contexts. These partners will have relationships with the government and local stakeholders that will help mitigate this risk. UNDP has also worked with each government to secure a letter of endorsement and a plan to work with the national government around alignment with national adaptation priorities.
Security Risks to grantees and project staff	Moderate	As above, GRP has identified on-ground partners that have extensive experience on the ground in these challenge contexts and hence have an acute understanding of security risks. While security risks cannot be eliminated, we will closely monitor the security situation at all times with local staff and local partners.

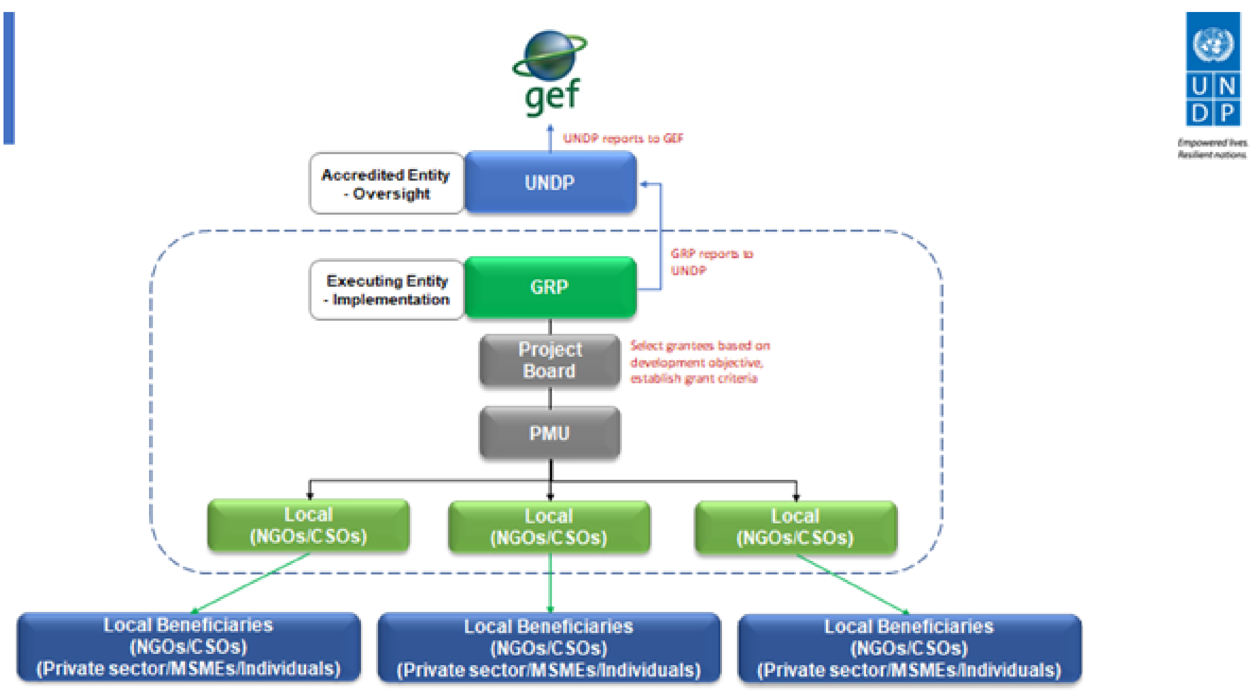
Businesses and social enterprises that received grants from UNDP/GRP also involved in adverse impact from employment; especially given the context of fragile regions in LDCs. In addition, although the project aims to improve stability by finding climate change adaptation solutions that improve resilience, it is still likely that when handled incorrectly, the grant recipient businesses or social enterprises could exacerbate conflicts among and/or the risk of violence to project-affected communities and individuals by business expansion.	Moderate	In component 1 of the project with investments identification, this issue should be assessed and potential risks should be highlighted. In component 2 of the project, screening criteria need to incorporate social and environmental risks measurement. During the selection process and M&E process, a Safeguard expert will be hired to work with each on-ground partners with for a risk management plan. Conflict history will be examined in detail from component 1 and screening criteria has an element of this: ? Addressing state fragility risks for the (country or region) ? Alignment between state fragility risks and business solution / innovation ? Addressing the adaptive capacity and resilience of local community, businesses or households to climate change and stability
The grant recipient businesses or social enterprises fail to comply with national and international labor standards and employment with the businesses and social enterprises could pose a potential risk to health and safety of individuals.	Low	In component 2 of the project, screening criteria need to incorporate social and environmental risks measurement. During the selection process and M&E process, a Safeguard expert will be hired to review the grant applicants.
General project risks		
Misappropriation of the grant funding	Low	Milestone based disbursement will be used instead of providing the total grant amount at the grant signing stage. Financial audit is required as a part of the annual progress report.
Project implementation delay	Medium	PMU through the on demand and continual technical and business development/acceleration support, will (i) closely monitor the progress of each grantee and discover challenges and barriers that could prevent timely completion of the project and (ii) devise mitigation strategy to resolve the challenges.

Success is overstated in the progress report while failure is understated or unreported	Medium	It is crucial that both success and failure are documented and analyzed by the grantees. It is a critical part of the knowledge sharing and lessons learned. In fact, one often learns from failure rather than success. This message will be communicated throughout the program implementation cycle and regularly monitored.
Grantees fail in securing scale up and replication support and funding from other sources after the completion of the project	Medium/High	It is critical to note that the success rate of any start-up or innovation venture is quite low. With all the support provided by UNDP, GRP and our partners, we are confident the project will achieve a degree of scale-up. This can be measured by increased funding to these local partners or the expansion of their investment portfolios.
Environmental, social and governance risk not managed, triggering risk events	Medium	Environmental, social and governance criteria will be established in every step of the program. UNDP Social and Environmental Safeguards Procedure (SESP) will be used to ensure the controls of this risk are in place. ESG management plan will be prepared before the program implementation. Call of proposal will highlight potential ESG risk, selection template will contain ESG risk identification questions, M&E will also contain an ESG reporting section.
Grantees does not attract sufficient support from private sector	Low	Local partners shortlisted under PPG stage have all indicated strong linkage with their local private sector, most acting as the financial intermediary between the private sector and financial institutions.
Risk of low rates of repayment and risk absorption/mitigation measures.	Medium	Given the operating landscape of this project, it is quite likely that some customers would not be able to make repayments to the project grantees (when the funded grantees are MFIs or credit cooperation or local accelerators). GRP and UNDP will help the grantees to have better credit assessment capacity while ensuring that social inclusion is not avoided by the grantees.

COVID-19 risk on project implementation	Medium	From the project management perspective, digital engagement will be conducted throughout all project activities instead of in-person engagement until COVID situation improves at a global level. From the project implementation perspective, UNDP and GRP will work with the grantees to design COVID mitigation strategy under each grantee?s work plan. Necessary procurement of PPEs for project implementation, if required by the grantee, could be considered under their grant budget. Given the project context and operating environment (fragile regions in LDCs), it might be necessary for the project to provide basic awareness raising and training with regards to COVID. This will be part of the technical assistance provided by GRP to grantees.

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.



The project will be implemented following UNDP?s CSO implementation modality.

GRP, hosted by the Stockholm Resilience Centre at Stockholm University, has been identified as the executing entity (under UNDP policy: Implementing Partner). The Implementing Partner is responsible and accountable for managing this project, including the monitoring and evaluation of project interventions, achieving project outcomes, and for the effective use of UNDP resources. UNDP will conduct capacity assessment of the identified Implementing Partner as part of UNDP?s oversight function during PPG. Internally, UNDP will leverage the existing networks to support the grant program. This includes UNDP Global Policy Network, UNDP Country Offices, UNCDF field Offices, UNDP GEF SGP, UNDP YouthCO:Lab, UNDP SDG Finance Hub.

GRP will also leverage its existing networks to support the grant program including drawing from GRP?s specific expertise in Monitoring, Evaluation and Learning (MEL). The GRP Impact Unit generates and assimilates knowledge from across the GRP about what works best to strengthen resilience and use this knowledge to inform better policy and practice. This will be used to:

1. To support the different investments to gather and produce robust evidence, including through monitoring, evaluation, and learning exercises, and to share this evidence and learning outcomes to improve project results and learn together.

2. To generate and assimilate knowledge about what works to strengthen resilience in these contexts and promote the uptake of this knowledge by policy makers and practitioners. This is to amplify the positive impact on resilience across geographies, and have a transformative impact on how aid and development function in the most vulnerable and fragile communities.

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

In countries experiencing situations of fragility, climate adaptation strategies may be important entry points for addressing climate-fragility risks since they offer pathways for responding to stresses on critical natural resources. To do this, however, these strategies need to be linked to long-term peacebuilding efforts.

The United Nations Framework Convention on Climate Change (UNFCCC) has been a key resource, helping countries prepare vulnerability assessments and climate change adaptation plans, as well as providing funding for the implementation of these plans. However, it can be challenging for countries experiencing situations of fragility to fully engage in UNFCCC-related activities. Climate vulnerability assessments are far more advanced today than just a few years ago, but they still lack significant discussion of the political or social impacts of climate change and information on a country?s conflict history or its marginalized groups; in addition, most do not address drivers of fragility or other transboundary issues.

Climate change adaptation plans increasingly reflect a more comprehensive notion of resilience. Eight of the G7+ states ? a voluntary association of conflict-affected countries that are in transition to the next stages of development and are part of the New Deal for Engagement in Fragile States ? have recognized climate-conflict risks in their national adaptation programs of action.

Financial support ? especially longer-term financing ? for states experiencing situations of fragility is challenging. Although the amount of global climate funding is expected to increase substantially, it is not yet clear to what extent these states will be able to benefit, due to their limited capacities. Financing ? including private finance, development assistance, and peacebuilding funds ? plays an important role in building institutional resilience and fostering peace. The global agendas on climate, sustainable development, peacebuilding, and other environmental issues are largely conducted through separate policy processes, fostering a proliferation of negotiation fora and sectoral funding streams, each with different operational procedures, fiduciary standards, and reporting requirements. This proliferation burdens already overstretched states with weak institutional capacity. Additionally, as the ?locally led action track? lead of the Global Commission on Adaptation, UNDP will leverage traditional aid delivery mechanisms that are especially difficult for countries with weak institutions to manage at a local and community level.

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.

The learning and sharing mechanism proposed for this program will encourage cross-fertilization, scaling up and replication, and problem solving.

Since learning and knowledge sharing are one of the critical factors that feed into innovation as well as replication and scaling up processes, PMU will allocate resources to facilitate learning and knowledge sharing. This will build on existing lessons, knowledge, indigenous culture and wisdoms and the rich diversity of experiences and lessons from on-going initiatives within UNDP & GRP. The program will also leverage UNDP SGP?s experience of a Global Citizens Knowledge Platform, UNDP?s work on South-South Cooperation, Knowledge Fairs and other existing UNDP initiatives as an effective and efficient way to operationalize knowledge sharing and learning activities.

To broaden the knowledge base, UNDP through relevant internal units such UNDP SGP, UNDP FSH, and Youth Co:Lab will facilitate a virtual linkage between the Knowledge Platform and network of leading incubators, accelerators, innovation labs, and climate change adaptation practitioners. To deepen knowledge creation and sharing, result driven knowledge sharing platforms (such as hackathon, innovation fair, product showcase), will be organized in coordination with GRP and direct access grantees as well as UNDP?s public and private partners.

GRP has been applying an adaptive knowledge management approach since it started operations in 2015, benefitting from having a tightly-run Secretariat. Through an active approach new tools have been tested to collect timely data that rapidly capture feedback from members and GRP partners. Such rapid and frequent data gathering offers the ability to ?move forward in cycles? of acting, reflecting, refining and adapting thus enabling nimble decision making around where to focus effort and resources.

The GRP Management and Information System (MIS) can be used to capture indicator progress and is designed in a modular way that allows for additional modules or functionalities. In addition, the MIS can be adapted to accommodate additional indicators or reporting requirements from UNDP and or GEF.

9. Monitoring and Evaluation

Describe the budgeted M and E plan

Type of M&E activity	Responsible Parties	Indicative costs (USD)	Timeframe
Project Inception Workshop (Project Launch Workshop) and Report	PMU in coordination with partners UNDP	5,000	Within 3 months after the project start
Quarterly Performance Briefs	PMU in coordination with partners	None	Quarterly
GEF Project Implementation Report (PIR)	PMU in coordination with partners UNDP	None	Annually
Monitoring of GEF indicators in project results framework	PMU	None	On-going
Risk management	PMU	None	On-going
Lessons learned and knowledge generation	PMU	None	On-going
Monitoring of environmental and social risks, and corresponding management plans as relevant	PMU	None	On-going
Stakeholder Engagement Plan	PMU	None	On-going
Gender Action Plan	PMU	None	On-going

Web-based publication/blog of lessons learned	PMU	None	Annually
Technical briefs/blogs and reports	PMU and external consultants	None	To be determined by PMU
Oversight missions	UNDP	None	Troubleshooting as needed
Final external evaluation	PMU and external consultants	30,000	End of project implementation
Final report	PMU and external consultants	None	At least one month before end of project
Project board meetings and report	PMU in coordination with partners	None	Annually
Audit	PMU, UNDP-GEF	15,000 (5,000 per year)	Annually
Total Indicative Cost		**USD 50,000**	

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)?

Through working with established local partner intermediaries, who have significant track record and local understanding, and are at the tipping point of making meaningful scalable change, the socioeconomic benefits of this project are significant at both the national and local level. Our intended direct beneficiaries are small-scale farmers and micro-entrepreneurs working in fragile local systems that are highly complex and exposed to significant climate- and societal-risk. In this context micro-businesses could be important agents in ensuring food and water security through their ability to provide economic opportunities, their role in institution- and community-building, and in their potential positive impacts on local climate resilience. But, because the provision of finance is so limited, either non-existent or prohibitively expensive, the potential for these micro-enterprises as societal- and climate-resilience actors is extremely limited. By providing guidance and insights in a close working relationship with the short-listed projects in Sudan, Haiti and Uganda, we aim to help them develop, craft and scale critical financial solutions specifically tailored and relevant to these micro-enterprises that additionally crowd-in both local and international partners and funders.

Socioeconomic benefits at:	
National levels	**local levels**

? Models that work are showcased as successful and help bring about more patterns and further funding for these types of mechanisms, establishing micro-enterprises as a viable asset class to invest in and lend to ? Introduction of improved varieties of products more adapted to local climates and with improved commercial value ? Increased uptake, and introduction of new byproducts, with better commercialization and income benefits ? Increased engagement with government and community authorities in locality, state and at national levels creates opportunities to institutionalize resilience, resource management, and inclusive value chain practices ? Using resilience-building is an opportunity to build relationships, reconciliation and establish deeper trust between constituents ? Strengthening partnerships and institutions for resource management through the development or strengthening of local conventions and land use management plans that support transparent, equitable, and adaptive, and sustainable management of natural resource ? Strengthened supply chains with improved product quality and reliability to private sector actors who engage in national and international markets, creating greater economic resilience in the overall system ? Proof of concept on a successful financing model for rural farmers	? Increased access to appropriate financing that is flexible and affordable, enabling smallholder farmers to invest in their farmers, improving productivity and incomes ? Improved organization, empowerment, agency, and inclusion of women in the micro-enterprise domain ? Increased number and function of cooperative associations that represent NTFP producers, with a focus on women and women-led associations, and that improve their access to markets ? Farmers obtain other options in terms of financing and are not forced to sell-off their future production to loan-sharks in order to survive the time period between harvesting seasons ? Increased income for poorer and economically vulnerable producers and processors micro-enterprises ? Enhanced human and institutional capacity to sustainably use and protect productive resources (forests, soil, water) ? Improved governance/management of shared natural resources and improved access to decision-making institutions about natural resources among producers, including those traditionally marginalized (women) ? Improved sustainability of productive resources via improved harvest techniques that reduce tree stress and reduce uncontrolled fires, community natural resources projects, and soil and water conservation measures ? Help further establish local land-use conventions which mitigates further conflict and brings about more equitable access ? Deeper economic cooperation within value chains helps build different kinds of sustained relationships resulting in deeper trust ? Increased portion of household income that comes from activities that are less vulnerable to climate change (e.g., NTFP) versus those that are highly vulnerable (e.g., rain-fed cultivation), deepens household resilience to climate shocks and stresses ? Households become more confident and familiar with formal financial service providers ? Improved ability to manage personal and microenterprise finances, including potential for growth and expansion

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
Medium/Moderate	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.

QUESTION 2: What are the Potential Social and Environmental Risks? *Note: Complete SESP Attachment 1 before responding to Question 2.*	**QUESTION 6: Describe the assessment and management measures for each risk rated Moderate, Substantial or High**
Risk Description ***(broken down by event, cause, impact)***	***Description of assessment and management measures for risks rated as Moderate, Substantial or High***

RISK 1: Risk on lack of capacities. The scope of this risk belongs to Overarching Principle 1 and Programmatic Principle 2. Event: It may occur that the capacity of duty-bearers (e.g. implementing partners, local skilled staff?) for implementation of some project activities may be insufficient. Similarly occurs with the capacity of rights-holders (e.g. project-affected persons) to claim their rights. Cause: The project activities considered involve innovation and so that may be relatively new in the project's area of influence for both duty-bearers and right-holders. Impact: This may pose a potential harm to meeting the rights of right-holders.	Assessment: - This risk is not covered by the national legal requirements to conduct the project activities and/or when requirements are in place there are signs of been inconsistently enforced to the UNDP SES level. - The UNDP Universal Human Rights Index informs concerns in these countries regarding the capacities of right-holder related groups and public officials/institutions. - It is expected that this risk has high likelihood but low impact given the limited grant amount (\$100,000-\$300,000) and the extensive partners experience. Management measures: - At the design phase (PPG, current phase), a Stakeholder Engagement Plan has been prepared to manage this risk, including a project-level GRM that will be put in place. - During the implementation phase, the local organizations will enter into a global competitive process to determine the most innovative/impactful solutions of this development challenge. To sure the project grantees receive sufficient support and capacity building, the implementing partner GRP and UNDP will joint force to provide customized technical training, business development and investment brokering & matchmaking to identify post-project scale-up capital. Lastly, project will develop lessons learned documents, guidance and toolkits on effective and efficient adaptation solutions in fragile regions with high vulnerability to climate change and provide M&E for all grantees. These lessons learned will be also shared through high-level global events such as Climate Adaptation Summit, Gobeshona Global Conference and the knowledge will be contributing towards the Global Commission on Adaptation under the locally-led action track.

RISK 2: Risk of project activities not being safeguards responsive during the project life cycle. The scope of this risk belongs to Overarching Principle 1 and Programmatic Principle 2. Risk description: See risks for the Programmatic Principles 3 and 5, Standards 3-7.	Assessment: - Unless safeguard measures are applied and enforced in terms of project interventions and future replicates when market escalates, the reality on the ground is that partners have limited consideration of certain environmental and social aspects required by the UNDP under the new SES. A transversal aspect that could pose an unintended impact, particularly from the duty-bearers end. - It is expected that this risk has high likelihood but low impact given the limited grant amount ($100,000-$300,000) and the extensive partners experience. See assessment and management measures for the Programmatic Principles 3 and 5, Standards 3-7.

RISK 3: Risk of exclusion of affected stakeholders due to their vulnerability and/or potential concerns about the project. The scope of this risk belongs to Programmatic Principle 5. Event: Stakeholders may be excluded at the participatory/beneficial activities of the project, and/or retaliation/reprisals may occur based on their grievances and objections. Cause: There are solid indications about concerns in these countries regarding the situation of vulnerable groups/persons and some forms of freedom and their protection/inclusion. Impact: This may pose a challenge to ensure that affected stakeholders will fully participate in decisions that will affect them, they will feel safe to express grievances or objections, these will be taken into account, and no retaliation or reprisals will take place against those stakeholders who express concerns or grievances or seek to participate or obtain information on the project.	Assessment: - This risk is not covered by the national legal requirements to conduct the project activities and/or when requirements are in place there are signs of been inconsistently enforced to the UNDP SES level. - Given the fragile regions in LDCs context of the project, it is likely that the project will work with marginalized groups. Whether grant funding to businesses supporting on one of marginalized group while not others. In addition, it is also possible to provide support to for-profit businesses that has negative impact on the revenue of social enterprises (vice versa). - The UNDP Universal Human Rights Index informs concerns in these countries regarding the situation of vulnerable groups/persons and some forms of freedom. And, there is no evidence that the national regulatory framework requires and/or implements clear practices at this type of projects for the inclusion of all potentially affected stakeholders, in particular disadvantaged groups, to fully participating in decisions that may affect them for the type of activities included in this project. Similarly, there is no evidence that grievances or objections from these same stakeholders are being managed and resolved as a usual practice through internationally recognized methods. - Based on the above, there is a likelihood that the Project would exclude any potentially affected stakeholders, in particular marginalized groups, from fully participating in decisions that may affect them. local organizations that received grant from UNDP also involve in adverse impact from employment; especially given the context of fragile regions in LDCs. In addition, although the project aims to improve stability by finding climate change adaptation solutions that improve resilience, it is still likely that when handle incorrectly, the grant recipient businesses or social enterprises could exacerbate conflicts among and/or the risk of violence to project-affected communities and individuals by business expansion. - It is expected that this risk has high likelihood but low impact given the limited grant amount ($100,000-$300,000) and the extensive partners experience. Management measures: - At the PIF phase, the implementing partner has been assessed by PCAT and HACT by a third-party verifier. The end report indicates the implementing partner has the capacity to comply with UNDP and donor policies. - At the design phase (PPG, current phase), a Stakeholder Engagement Plan has been prepared to manage this risk, including a project-level GRM that will be put in place. - During the design phase (PPG, current phase), this risk will be further assessed after grantee selection and management measures defined at that stage with each grantee.

RISK 4: Lack of Gender Equality and Women?s Empowerment - <u>Event</u>: Women may be excluded at the participatory/beneficial activities of the project. <u>Cause</u>: The male oriented nature of most productive sectors and the limited social statues and opportunities identified for women in the general context. <u>Impact</u>: This may pose a challenge to ensure that women will have the chance to participate at the decisions-making level.	Assessment: - This risk is not covered by the national legal requirements to conduct the project activities and/or when requirements are in place there are signs of been inconsistently enforced to the UNDP SES level. - Gender empowerment is a core objective of the project. Gender action plan for each project outputs aim for at least 50% women participation. - The reality on the ground is that decisions and investment promotion strategies take limited consideration on the involvement of women from the participatory and beneficial aspects. A transversal aspect that could pose an unintended impact, particularly from the duty-bearers end. - If no mitigation or management measures within the Environmental and Social safeguards were to be put in place and enforced in terms of project interventions and future replicates when market escalates, this risk would be important given the male oriented nature of productive sectors and the limited social statues and opportunities identified for women. - Based on that, the surrounding context (i.e. cultural practices, grant recipient local organizations, etc) could limit women?s ability to use, develop and protect natural resources, taking into account different roles and positions given the employment choice and local culture. - It is expected that this risk has high likelihood but low impact given the limited grant amount ($100,000-$300,000) and the extensive partners experience. Management measures: - Overall, one of the most important control is that the project will be only working with reputable NGO/CSO that has been operating and conducting humanitarian and development work for many years in the country with previous work experience with other donors and the national government. - During the PIF phase, implementing partner has been briefed to implement the project with adherence to the UNDP?s Gender policy including gender mainstreaming and women?s empowerment. The proposal will ensure that women and men are provided with an equal opportunity to build resilience, address their differentiated vulnerabilities and increase their capability to adapt to climate change impacts. The proposal will illustrate how gender equality is imbedded in the project design, consultation, implementation, monitoring, reporting, and evaluation. - During the PIF phase, the selection criteria of country partners conducted has taken into account this matter. Thus, all the shortlisted local partners? project proposal have indicated that gender is an important focus of their work, and in light of this, their project will contribute to gender equality and women?s empowerment. - During the implementation phase, a Selection Criteria Form will be developed to provide the basis to assess and manage this risk. - At the design phase (PPG, current phase), further information received from the shortlisted local partners? project proposals indicate their work will empower women and

RISK 5: Risk of damage to biodiversity and natural resources due to land changes and new productive uses/processes. The scope of this risk belongs to Project Standard 1. Event: It may occur that they are within critical habitats and/or environmentally sensitive areas, will require changes to the use of lands and resources, and therefore will affect the ecosystems in it. This may be particularly important for productive use of the energy generated depending on the type of sector and activity to support. Cause: The project may involve the construction of new infrastructure and innovative productive practices. New built structures alien to the pre-existing conditions in the area are an alteration, in essence, of the biodiversity and natural resources in the project area of influence. Impact: At the construction stage, expected impacts related to the removal and displacement of the existing natural resources to allow the new structures to be built. At the operational stage, expected impacts related to, for example, maintaining natural resources not needed by the project to a minimal despite their natural reproduction/growth. Furthermore, productive sectors may entail unforeseen impacts according to the type of sector and activity to develop. And at the decommission stage, since the project may leave in place a built structure alien to pre-existing conditions in the area, the recovery of the original habitat and/or ecosystems and/or ecosystem services may be challenged.	Assessment: - At the time of this document no information was yet available to study this risk at the site/activity level. Therefore, to be conservative, it is realistic to assume that each site/activity will require assessment and management. - Based on that, funds to the local organizations may include those that their business model could cause adverse impacts to habitats, harvesting of natural forests or harvesting of fish populations or other aquatic species. - It is expected that this risk has high likelihood but low impact given the limited grant amount ($100,000-$300,000) and the extensive partners experience. Management measures: - During the implementation phase, a Selection Criteria Form will be developed to provide the basis to assess and manage this risk. - Grant selection committee of the project will establish screening criteria for grantees that need to incorporate social and environmental risks measurement. During the selection process and M&E process, a Safeguard expert will be hired to review local partners? safeguard control mechanism and risk management system. SES-risks will also be a measurement for reporting for local partners and the implementing partner.

RISK 6: Adverse transboundary environmental concerns. The scope of this risk belongs to Project Standard 1. Event: It may occur that the equipment/materials for the project will affect the ecosystems at a transboundary level. Cause: The project may involve the procurement and management of new equipment/chemicals outsourced internationally and are regarded as very challenging from the sustainability perspective. Impact: Expected environmental impacts related to the procurement of equipment/materials outside the project influence	Assessment: - At the time of this document no information was yet available to study this risk at the site/activity level. Therefore, to be conservative, it is realistic to assume that each site/activity will require assessment and management. - It is expected that this risk has high likelihood but low impact given the limited grant amount ($100,000-$300,000) and the extensive partners experience. Management measures: - During the implementation phase, a Selection Criteria Form will be developed to provide the basis to assess and manage this risk. - Grant selection committee of the project will establish screening criteria for grantees that need to incorporate social and environmental risks measurement. During the selection process and M&E process, a Safeguard expert will be hired to review local partners? safeguard control mechanism and risk management system. SES-risks will also be a measurement for reporting for local partners and the implementing partner.
RISK 7: Risk of local climate change events, and weather & hydro related disasters. The scope of this risk belongs to Project Standard 2. Event: It is realistic to consider that climate events (i.e. earthquakes, floods, landslides, severe winds?) may occur in the project?s area of influence and may affect to the built structures. Cause: The global increase of future climate change and subsequent disaster. And, productive sectors may be open air exposed to climate events and involve build structures that may be vulnerable to the impacts of climate change or disasters. Impact: They could increase climate related effects and the number of disasters in the project area.	Assessment: - At the time of this document no information was yet available to study this risk at the site/activity level. Therefore, to be conservative, it is realistic to assume that each site/activity will require assessment and management. Management measures: - During the implementation phase, a Selection Criteria Form will be developed to provide the basis to assess and manage this risk. - Grant selection committee of the project will establish screening criteria for grantees that need to incorporate social and environmental risks measurement. During the selection process and M&E process, a Safeguard expert will be hired to review local partners? safeguard control mechanism and risk management system. SES-risks will also be a measurement for reporting for local partners and the implementing partner.

RISK 8: Risk on the community due to hazardous materials. The scope of this risk belongs to Project Standard 3. ? Event: It may occur that activities and/or structures result hazardous to the community. Cause: The use of hazardous materials by the project. Impact: This may lead to non-desired effects to the community.	Assessment: - At the time of this document no information was yet available to study this risk at the site/activity level. Therefore, to be conservative, it is realistic to assume that each site/activity will require assessment and management. - It is expected that this risk has high likelihood but low impact given the limited grant amount ($100,000-$300,000) and the extensive partners experience. Management measures: - During the implementation phase, a Selection Criteria Form will be developed to provide the basis to assess and manage this risk. - Grant selection committee of the project will establish screening criteria for grantees that need to incorporate social and environmental risks measurement. During the selection process and M&E process, a Safeguard expert will be hired to review local partners? safeguard control mechanism and risk management system. SES-risks will also be a measurement for reporting for local partners and the implementing partner.

RISK 9: Ambient perturbance on the community due to intense works locally at construction and decommissioning, and new economic activities subsequent from productive activities. The scope of this risk belongs to Project Standard 3. ? Event: It may occur that some new activities and/or structures may interact with the surrounding area and/or involve the alteration of the normal functioning of the community health, safety and/or security in the project?s area of influence, mainly as noise and physical hazards. Cause: The construction or/and decommissioning of the new productive activities by the project will raise new practices and/or new built structures. Impact: This may lead to the perturbance of the community?s health, safety and/or security. ?	Assessment: - At the time of this document no information was yet available to study this risk at the site/activity level. Therefore, to be conservative, it is realistic to assume that each site/activity will require assessment and management. - It is expected that this risk has high likelihood but low impact given the limited grant amount ($100,000-$300,000) and the extensive partners experience. Management measures: - During the implementation phase, a Selection Criteria Form will be developed to provide the basis to assess and manage this risk. - Grant selection committee of the project will establish screening criteria for grantees that need to incorporate social and environmental risks measurement. During the selection process and M&E process, a Safeguard expert will be hired to review local partners? safeguard control mechanism and risk management system. SES-risks will also be a measurement for reporting for local partners and the implementing partner.

RISK 10: Risk on community health, safety and/or security due to the influx of people, mainly project workers and other new comers subsequent to the new economic activities resulting from the productive sectors supported by the project. The scope of this risk belongs to Project Standard 3. Event: It may occur that the new activities in the local area will attract new comers in the project?s area of influence. Cause: The project construction/decommissioning of the new productive activities by the project will raise new practices and/or new built structures. Impact: This may lead to effects on community health, safety and/or security as this new influx of people, expected to be mainly men, may interact with the local residents and/or involve the alteration of the normal functioning of the community leading to new diseases and/or gender safety concerns.	Assessment: - At the time of this document no information was yet available to study this risk at the site/activity level. Therefore, to be conservative, it is realistic to assume that each site/activity will require assessment and management. - It is expected that this risk has high likelihood but low impact given the limited grant amount ($100,000-$300,000) and the extensive partners experience. - This risk scores higher than the environmental risks because it is not covered by the national legal requirements to conduct the project activities and/or when requirements are in place there are signs of been inconsistently enforced to the UNDP SES level. Management measures: - During the implementation phase, a Selection Criteria Form will be developed to provide the basis to assess and manage this risk. - Grant selection committee of the project will establish screening criteria for grantees that need to incorporate social and environmental risks measurement. During the selection process and M&E process, a Safeguard expert will be hired to review local partners? safeguard control mechanism and risk management system. SES-risks will also be a measurement for reporting for local partners and the implementing partner.

RISK 11: Risk on damage of cultural heritage. The scope of this risk belongs to Project Standard 4. Event: It may occur that excavations and other environmental changes take place, and they may be within or adjacent to project?s areas of influence containing some form of cultural heritage (i.e. sacred places). Cause: built structures involve excavations and are alien to the pre-existing conditions in the area are an alteration. Impact: At the construction stage, this may lead to impacts related to the removal and displacement of the existing cultural heritage to allow the new structures to be built. Furthermore, productive sectors may entail unforeseen impacts according to the type of sector and activity to develop. And at the decommission stage, since the project may leave in place a built structure and/or new activities alien to pre-existing conditions in the area, the recovery of the original cultural heritage will be challenged.	Assessment: - At the time of this document no information was yet available to study this risk at the site/activity level. Therefore, to be conservative, it is realistic to assume that each site/activity will require assessment and management. - It is expected that this risk has high likelihood but low impact given the limited grant amount ($100,000-$300,000) and the extensive partners experience. Management measures: - During the implementation phase, a Selection Criteria Form will be developed to provide the basis to assess and manage this risk. - Grant selection committee of the project will establish screening criteria for grantees that need to incorporate social and environmental risks measurement. During the selection process and M&E process, a Safeguard expert will be hired to review local partners? safeguard control mechanism and risk management system. SES-risks will also be a measurement for reporting for local partners and the implementing partner.

RISK 12: Risk of physical displacement and loss of livelihood due to eviction from land. The scope of this risk belongs to Project Standard 5. Event: The project may involve the acquisition of land, and they may be within or adjacent areas containing existing providers, including those from the informal/traditional sectors. Cause: The project may involve the construction of new infrastructure. New built structures occupy land, and access to the area may be restricted, and new product/service options for consumers arise. Impact: At the construction stage, expected impacts related to the displacement of the existing legal or illegal inhabitants to allow the new structures to be built. And at the decommission stage, since the project will leave in place built structure and/or new activities alien to pre-existing conditions in the area, the return of the inhabitants and their livelihood will be challenged.	The UNDP has clearly stated in the call for proposals that proposed activities cannot have displacement or resettlement involved. Therefore, assessment and management measures for this risk are not necessary.

RISK 13: Risk of economic displacement due to loss of income caused by the new project activities. The scope of this risk belongs to Project Standard 5. Event: Traditional products/services/activities supplied/conducted by local providers, including those from the informal/traditional sectors may see their market diminished and/or increased prices to be paid. Cause: Some project products/services/activities to be implemented may replace an others. Impact: loss of income caused by the new project activities. For example, (1) towards the payment of products/services replacing the previous options. For example, (2) from pre-project activities being replaced by project activities.	Assessment: - At the time of this document no information was yet available to study this risk at the site/activity level. Therefore, to be conservative, it is realistic to assume that each site/activity will require assessment and management. - It is expected that this risk has high likelihood but low impact given the limited grant amount ($100,000-$300,000) and the extensive partners experience. - This risk scores higher than the environmental risks because it is not covered by the national legal requirements to conduct the project activities and/or when requirements are in place there are signs of been inconsistently enforced to the UNDP SES level. Management measures: - During the implementation phase, a Selection Criteria Form will be developed to provide the basis to assess and manage this risk. - Grant selection committee of the project will establish screening criteria for grantees that need to incorporate social and environmental risks measurement. During the selection process and M&E process, a Safeguard expert will be hired to review local partners? safeguard control mechanism and risk management system. SES-risks will also be a measurement for reporting for local partners and the implementing partner.

RISK 14: Risk to indigenous peoples. The scope of this risk belongs to Project Standard 6. Event: Indigenous Peoples may be excluded at the participatory/beneficial activities of the project. Cause: The formal oriented nature of productive sectors and the limited social statues and opportunities identified for Indigenous Peoples. Impact: This may pose a challenge to ensure that Indigenous Peoples will have the chance to participate at the decisions-making level.	Assessment: - At the PPG phase, Indigenous Peoples research has been conducted by an Environmental and Social expert in these countries. In all (3) countries indigenous groups have been found at the national level. Project activities have been delimited to regions where indigenous may have not be found. However, due to the relative nature of the term ?indigenous? under the UNDP, a generic concept is considered. This may include tribes, first peoples/nations, aboriginals, ethnic groups, occupational and geographical related groups like hunter-gatherers, nomads, peasants, hill people, etc., and consequently, they are also considered for all practical purposes as ?indigenous peoples?. - It is expected that this risk has high likelihood but low impact given the limited grant amount ($100,000-$300,000) and the extensive partners experience. Management measures: - During the implementation phase, a Selection Criteria Form will be developed to provide the basis to assess and manage this risk. - Grant selection committee of the project will establish screening criteria for grantees that need to incorporate social and environmental risks measurement. During the selection process and M&E process, a Safeguard expert will be hired to review local partners? safeguard control mechanism and risk management system. SES-risks will also be a measurement for reporting for local partners and the implementing partner.

RISK 15: Risk on labour opportunity and working conditions. The scope of this risk belongs to Project Standard 7. <u>Event</u>: It may occur that working conditions are not meet the minimum criteria to satisfy the UNDP?s requirements. It may also occur that unskilled/manual labour loses their jobs. <u>Cause</u>: all project stages (i.e. construction, operation?) will require labour, some project activities will displace unskilled/manual labour. <u>Impact</u>: This may lead to the use of child, forces, discriminatory, under-minimum practices and/or occupational health and safety accidents/incidents.	Assessment: - The UNDP Universal Human Rights Index informs concerns in these countries regarding labour rights, employment rates and/or working conditions for some of the stakeholder groups relevant to this project. - It is expected that this risk has high likelihood but low impact given the limited grant amount ($100,000-$300,000) and the extensive partners experience. Management measures: - During the implementation phase, a Selection Criteria Form will be developed to provide the basis to assess and manage this risk. - Grant selection committee of the project will establish screening criteria for grantees that need to incorporate social and environmental risks measurement. During the selection process and M&E process, a Safeguard expert will be hired to review local partners? safeguard control mechanism and risk management system. SES-risks will also be a measurement for reporting for local partners and the implementing partner.
RISK 16: Risk on pollution and resource efficiency. The scope of this risk belongs to Project Standard 8. <u>Event</u>: Pollution may occur and resource efficiency is not practiced to meet the minimum criteria to satisfy the UNDP?s requirements. <u>Cause</u>: The project activities may require resources and/or may lead with materials, waste and/or chemicals, etc. <u>Impact</u>: This may lead to the significant consumption of raw materials, energy and/or waste, and the release of pollutants, generation of waste, hazardous/phase-outs materials, chemicals, pesticides, etc.	Assessment: - The UNDP Universal Human Rights Index informs concerns in these countries regarding responsible consumption and production, clean water and sanitation, and life on land. - It is expected that this risk has high likelihood but low impact given the limited grant amount ($100,000-$300,000) and the extensive partners experience. Management measures: - During the implementation phase, a Selection Criteria Form will be developed to provide the basis to assess and manage this risk. - Grant selection committee of the project will establish screening criteria for grantees that need to incorporate social and environmental risks measurement. During the selection process and M&E process, a Safeguard expert will be hired to review local partners? safeguard control mechanism and risk management system. SES-risks will also be a measurement for reporting for local partners and the implementing partner.

	The overall project risk categorization is moderate. Therefore, requirements from Question 5 apply to this level of risk. For each Programmatic Principle and Project Standard triggered, a targeted study on key risks is required. The means of such study will be integrated into the overall project design and local partner workplan, based on the mitigating risks have been identified in this document. Project aspects rated as Low Risk may be able to proceed while the assessments for other higher risk activities are being conducted.

		Status? (completed, planned)
X	Targeted assessment(s)	Ongoing. Assessment started at the PIF phase. The targeted assessments required will be determined via the Selection Criteria Form and its results. Such assessments may be arranged as stand-alone studies or part of an ESIA/SESA, as convenient for the arrangements along the project implementation.

	?	ESIA (Environmental and Social Impact Assessment)	
	?	SESA (Strategic Environmental and Social Assessment)	
	X	Targeted management plans (e.g. Gender Action Plan, Emergency Response Plan, Waste Management Plan, others)	Ongoing. The management plans required will be determined based on the results of the Selection Criteria Form. Such management plans may be arranged as stand-alone studies or part of an ESMP, as convenient for the arrangements along the project implementation.
	?	ESMP (Environmental and Social Management Plan which may include range of targeted plans)	
	?	ESMF (Environmental and Social Management Framework)	
	Comments (not required)		
	Risks associated with this overarching principle are encompassed by the Programming Principle 2 below.		
	n/a		
	n/a		
	Risks associated with sustainability and resilience are encompassed by other Project level Standards.		
	Covered in the requirements established in Programming Principle 1 and 2.		

	n/a
	n/a
	n/a
	n/a
	n/a
	n/a
	n/a
	n/a

Supporting Documents

Upload available ESS supporting documents.

Title	Module	Submitted
SESP 6467 Global_GEF-final	**CEO Endorsement ESS**	
6467_pre-SESP Resilience for Peace Stability_Clean	**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).

Objective and Outcomes	Indicators	Baseline	Midterm Target	End of Project Target	Risks and Assumptions
Project Objective: To support the expansion of innovative finance mechanisms suited to the local context which increase investment opportunities and enhance adaptation practices to strengthen climate resilience in fragile and conflict-prone regions.	Total no. of direct beneficiaries	0 direct beneficiaries	6,800 direct beneficiaries	15,800 beneficiaries directly benefit from increased investment opportunities and enhanced adaptation practices, with strengthened climate resilience	Risks: Cultural and religious barriers may restrict women to participate in project activities Assumptions: Increased investment opportunities and enhanced adaptation practices will result in strengthened climate resilience for beneficiaries
Outcome 1: Investment opportunities and financing strategies to catalyze enterprises for adaptation innovation in the context of fragility and conflict developed	Total no. of knowledge products generated focused on identifying new and existing markets for innovative finance instruments; targeting both beneficiary- and funder-uptake	0 studies	2 knowledge products generated	4 knowledge products generated which identify existing and new market potential for innovative finance instruments	Assumptions: Information gathered from the studies will be useful to guide strategies for adaptation innovation in fragile and conflict-prone regions

Outcome 2: Innovative adaptation practices, tools and technologies that strengthen resilience in fragile and conflict-prone regions with high vulnerability to climate change accelerated	No. of entrepreneurs supported	2,850 entrepreneurs supported through existing projects	3,050 entrepreneurs	5,900 entrepreneurs	Risks: Cultural and religious barriers may restrict women?s market participation Assumptions: Climate resilient livelihoods will lead to economic empowerment of the local communities, increasing their resilience.
	Area of land managed for climate resilience (ha)*(this is only for one of the short-listed projects)	46,000 ha	61,300 ha	92,000 ha	Risks: Training is inadequate; or training is not applied; leading to underperformance. Assumptions: No significant natural disaster during project duration. Capacity development activities have good uptake.

Outcome 3: Capacities built through technical assistance and knowledge sharing for businesses and social enterprises in sustaining and scaling innovations for adaptation in the context of fragility and conflict and vulnerability to climate change	Total no. of people trained	2,850 people already receive technical assistance through the existing projects	3,050 people	5,900 people	Risks: Training is inadequate; or training is not applied. Livelihood activities promoted by the project are not taken up by local communities or causes maladaptation. Uptake is not sufficient to ensure long-term resilience outcomes Assumptions: Beneficiaries will be willing to adapt their innovations based on training and technical assistance Training provided will be sufficient to reduce vulnerabilities to climate change

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 Secretariat, LDCF/SCCF Council and STAP Comments	**UNDP Response**
GEF Secretariat Comments	

GEF Secretariat, LDCF/SCCF Council and STAP Comments	UNDP Response
1. Further explanation will be required in the CEO endorsement documentation of the set of specific innovative approaches that will be piloted and tested through this project. This further description of innovation in this project must include specification of the approaches being deployed to address climate impacts that have either not been used before to address the specified climate adaptation related challenge, and/or have not been used before in the project area. 2. Please also fully incorporate and expand on explanations related to the repayment instruments. A detailed explanation will be required of the mechanism through which the Executing Entity (South Pole Carbon Asset Management, Ltd.) will select the small business, disburse the funds and manage the reflows (if any). 3. Given the current COVID-19 pandemic, we would like the CEO Endorsement to factor in the situation and propose: ? Measures the project will take to minimize risks to project implementation cause by COVID-19; and ? How the project may contribute to economic recovery from the Pandemic and integrate with broader rebuilding efforts 4. We note the # of hectares figure of 1,000 is low, and we will anticipate this being reviewed during PPG stage and increased prior to CEO Endorsement, especially considering that a number of the enterprises supported through this project will provide adaptation goods	1. This has been improved significantly through the PPG stage with more information on the ground. Please see the project component 2 on the detail innovative activities with the shortlisted grantees. Also, additional innovative approach of how GRP will implement this project has been provided in the section 3) the project description of expected outcomes and components of the project. 2. As we are working with financial intermediaries, the on-ground partners (once approved by the project board) will be conducting the lending activities, our project interventions will help them scale up existing lending and expand their lending portfolio. 3. We are in active discussion with the shortlisted project grantees; all of them have plan to mitigate the COVID-19 impact; the discussion with government partners (OFPs in the three countries) have all indicated that this project is much needed to support the frontline communities where they are facing both Covid and climate impact. 4. This has been increase significantly and the beneficiaries number. 5. These has been obtained.

GEF Secretariat, LDCF/SCCF Council and STAP Comments	**UNDP Response**
STAP Comments The program builds on the work of the Global Resilience Partnership which was established with original support from Rockefeller Foundation and suggests the creation of an innovation fund for new LDC small grant programs for adaptation. The risk-reward tradeoff in this proposal is similar to any start-up investment fund but given the distinct experience which GRP has with such activities there is considerable confidence that the risks can be adequately hedged against. 1. The private sector investment specifics are largely missing from the proposal text. There is an assumption that given the networks of the GRP there will be adequate private sector interest but some further referencing should have been provided. 2. No particular innovation in the fund delivery model but the linkage to peace and security is perhaps an aspirational goal which could be innovatively linked to food and water security through mechanisms such as conflict assessments for project that are funded by the innovation fund. 3. More details on private sector partners should be provided.	1. This has been improved significantly during the PPG stage with additional information collected, please refer to *the section 3) the project description of expected outcomes and components of the project* and the *section 4. Private Sector Engagement* for additional private sector engagement information. In short, GRP/UNDP will be working with financial intermediaries acting as links between the end beneficiaries (farmers, entrepreneurs etc.) and conventional funders of private sector enterprises (banks, development agencies, donors etc.). All shortlisted local partners have strong connection with the local communities and the local private sector, facilitating market access, credit and technical support to the project areas. 2. We believe the model of working with financial intermediaries are actually NGOs and CSOs by their operational nature and legal structure in high risk area is quite innovative. The multidisciplinary nature and blended approach in this CSO-NGO-Private sector working relationship is quite unique and illustrates how each actor plays its role in bringing together expertise, capital and knowledge to the benefit of the end-user be they a farmer, fisherman or woman entrepreneur. This project is piloting a way for international partners to be able to support the private sector and local communities in conflict-prone regions that are also facing climate risks; an unique solution that cannot be easily replicated by working

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.

ANNEX E: Project Budget Table

Please attach a project budget table.

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).