GEF-6 GEF SECRETARIAT REVIEW SHEET FOR MEDIUM-SIZED PROJECT

GEF ID:	**9941**		
Country/Region:	**Global**		
Project Title:	**Structuring and Launching CRAFT: the First Private Sector Climate Resilience & Adaptation Fund for Developing Countries**		
GEF Agency:	**CI**	GEF Agency Project ID:	
Type of Trust Fund:	**Special Climate Change Fund (SCCF)**	GEF Focal Area (s):	**Climate Change**
GEF-6 Focal Area/ LDCF/SCCF Objective (s):		**CCA-1; CCA-2; CCA-2; CCA-3;**	
Anticipated Financing PPG:	**$30,000**	Project Grant:	**$1,045,000**
Co-financing:	**$1,418,000**	Total Project Cost:	**$2,463,000**
PIF Approval:		Council Approval/Expected:	
CEO Endorsement/Approval		Expected Project Start Date:	
Program Manager:	**Dustin Schinn**	Agency Contact Person:	**Orissa Samaroo**

Review Criteria	Questions	Secretariat Comments	Agency Response
Project Consistency	1. Is the project aligned with the relevant GEF strategic objectives and results framework?[1]	DS/DER/CA, October 23, 2017: Partly unclear. Project aligns with CCA-2 and CCA-3. However, the post-project direct benefits would seem to comprise catalytic impact in CCA-1, in addition to CCA-2 and CCA-3, as a result of the project. Please therefore also reflect the post-project direct benefits in Table A, where for instance benefits for Outcome 1.2 and Outcome 2.3 could potentially be substantial after project completion, among other outcomes.	Table A has now been updated to include Outcome 1.2 and Outcome 2.3 to align with post-project direct benefits.

[1] For BD projects: has the project explicitly articulated which Aichi Target(s) the project will help achieve and are SMART indicators identified, that will be used to track the project's contribution toward achieving the Aichi Target(s)?

Review Criteria	Questions	Secretariat Comments	Agency Response
		DS, November 1, 2017: Comment cleared.	
	2. Is the project structure/ design appropriate to achieve the expected outcomes and outputs?	DS/DER/CA, October 23, 2017: Yes.	
	3. Is the project consistent with the recipient country's national strategies and plans or reports and assessments under relevant conventions?	DS/DER/CA, October 23, 2017: Yes. The project is global in nature but clearly aligns with the goals and objectives of the Paris Agreement and will build on National Adaptation Plans (NAPs) and Nationally Determined Contributions (NDCs) and/or National Adaptation Programs of Actions (NAPAs), as appropriate, in designing investments.	
	4. Does the project sufficiently indicate the drivers[2] of global environmental degradation, issues of sustainability, market transformation, scaling, and innovation?	DS/DER/CA, October 23, 2017: Yes.	
	5. Is the project designed with sound incremental reasoning?	DS/DER/CA, October 23, 2017: Partly unclear. The project description at multiple occasions states that the SCCF support would 'accelerate' project implementation, including in the theory of change and elsewhere. Please note that this seems to imply that the project could take place without SCCF support. If that is the case, SCCF support is not warranted. Please clarify and adjust text, as appropriate.	We confirm that the project will not take place without SCCF support. This has been reflected in Paragraphs 6, 47, and 78.

[2] Need not apply to LDCF/SCCF projects.

Review Criteria	Questions	Secretariat Comments	Agency Response
Project Design		DS, November 1, 2017: Comment cleared.	
	6. Are the components in Table B sound and sufficiently clear and appropriate to achieve project objectives and the GEBs?	DS/DER/CA, October 23, 2017: Partly unclear. The components are sound and clear, and the highly innovative project approach seems to be worthwhile pursuing, however, several issues remain: (1) Output 1.3.1 focuses on Environmental, Social and Governance (ESG) criteria for the CRAFT Impact Strategy, however, while this is commendable, the equity growth fund will need to focus on clear impact metrics that go beyond ESG, including specifically adaptation impact metrics. Please reflect this more clearly in the Output description, including also in Table B. (2) Regarding Output 1.3.2, please provide further details on the vision, aim and operational details including examples on how the TA Facility would work in practice. The level of detail currently provided is insufficient. (3) Output 3.2.1 focuses on compliance plans for US, EU "and other" jurisdictions. Please elaborate what other jurisdictions could be envisioned. Please elaborate whether developing country jurisdictions could be targeted as well, perhaps in a second, upscaled phase? (4) On page 6, paragraph 1 starts by	(1) Added "climate change adaptation" to "impact metrics" in Table B (Output 1.3.1) and in Paragraphs 21, 29, and 58, and in Annexes A and F. (2) As in Secretariat Comment 15 below, the TA Facility is now discussed in significantly greater detail earlier, in the last bullet of Paragraph 5. (3) The countries (US) or blocs (EU) where the CRAFT Fund will be raising capital have certain regulatory requirements, with which the CRAFT Fund must comply. The "other" jurisdictions where CRAFT might raise funds could include Australia, Canada, or Japan, for example. Capital might be raised from certain developing countries, such as South Africa. The compliance plan will determine what regulatory requirements, if any, these other jurisdictions have. (4)The statistic in the text comes from page xix of the Executive Summary of the report, The impacts of disasters on agriculture and food secuirty. Added "See p. xix" to the footnote. (5) Added a new Paragraph 3 on the $100B goal and the Paris Agreement's Global Goal on Adaptation. [Deleted old Paragraph 2.] (6) The suggested language was added to Paragraph 5. (7) This is now discussed earlier as well, in Paragraph 2.

Review Criteria	Questions	Secretariat Comments	Agency Response
		referencing an agriculture-related publication, but states a figure for total natural hazards beyond agriculture. Please clarify. (5) In the same section, it would be very helpful to provide information on the Paris Agreement. For instance, reference the $100 billion goal language agreed upon by Parties, including how this equity growth fund will help catalyze resources beyond public finance. In addition, are there other COP decision paragraphs that this proposed project would help address, related to adaptation and/or private sector? (6) In paragraph 6, please consider highlighting that the barriers relate to private sector investments only. For instance, by inserting '[...] for private capital to invest in [...]', so that the sentence would read 'Several key barriers stand in the way for private capital to invest in climate adaptation and resilience', or similar. (7) Paragraph 7 highlights that there is no other private equity vehicle focusing exclusively on adaptation and resilience investments, and no other investment vehicle identifies climate resilience intelligence as an investment opportunity. This is an important consideration, and the main reason this project seems worthwhile funding. Please consider stating this consideration also upfront, in	(8) The sub-bullet in Paragraph 9 was changed to reflect this. Defining the metrics will be done as part of the project. (9) $250 million is now used consistently throughout. Wording changed in Paragraph 11 and ANNEX E. (10) Paragraph 13 lists the three general categories of activities and is not meant to list all the activities (and it is meant to encompass the TA Facility as well, not just the Fund). The full set of activities is listed and described in Paragraphs 21 through 46. The TA Facility is discussed or substantively referenced in Paragraphs 5, 11, 19, 28, 30, 44, 49, 57, and 62 and Table 5. (11)Without support from SCCF, successful launch of a CRAFT Fund would not be possible. This is now reflected in Paragraphs 6, 8, and 47 (old Para 43). Added new Paragraph 16 to explain how CRAFT will help address the Paris Agreement adaptation objectives. Added to Paragraph 22 (old par. 19): "Country NAPs, NAPAs, and NDCs can help inform investment strategy development through the identification of critical adaptation needs and opportunities in each country." (13) The section title has been updated to comply with LDCF.SCCF requirements. Old paragraphs 49 and 50 (and Tables 2 and 3) were moved up to the alternative scenario as new Paragraphs 17 and 18.

Review Criteria	Questions	Secretariat Comments	Agency Response
		the section on root causes/barriers that need to be addressed, in addition to where it is stated already. (8) Paragraph 9 on baseline currently includes a sub-bullet on metrics. Please clarify whether this has already been undertaken as baseline, or if it is going to be undertaken with the help of SCCF support. (9) Please ensure coherence throughout the document when it comes to the total envisaged volume of the private equity fund, as currently there seem to be different figures for $250 million and $500 million depending on the section. (10) Paragraph 13 lists critical activities that would be supported by the SCCF in successfully launching CRAFT, including operationalization of the fund, resource mobilization and legal setup. However, the TA Facility seems to be missing from the list. (11) The theory of change currently seems to imply in one way or another that SCCF would be used to accelerate the structuring and deployment of CRAFT, however, SCCF funding should be used for activities that would otherwise not be possible. Please consider adjusting the theory of change, accordingly. This also applies to the rest of the document, including for instance paragraph 43. Please also include information in the	(14) Added new Paragraph 19 under Table 3 to provide two examples of how CRAFT investments could help solutions expand to new geographies and new sectors and how this could benefit people in developing countries. (15) The TA Facility is now discussed in greater detail earlier, in the last bullet of Paragraph 5, including information from Paragraph 55. (16) Removed references to specific names in Paragraph 62, first and second bullets. "Socialization" removed and/or replaced with "testing" in Paragraph 62, second and third sub-bullets. (17) Added language to Paragraph 67, first bullet: "The GMP will consider how best to encourage or support investee companies in strengthening their own gender policies." (18) Corrected this in Paragraph 72. (19) Deleted old Paragraphs 81 and 82 containing irrelevant information. Deleted old Paragraph 99. (20) Deleted clause on CIF in Paragraph 81. (21) Final report: Added "in cooperation with the implementing agency" to Paragraph 105.

Review Criteria	Questions	Secretariat Comments	Agency Response
		theory of change how the CRAFT will help address Paris Agreement objectives. (12) In paragraph 18/19, please explain whether the fund investment strategy will take into account NAPs, NAPAs or NDCs, in order to align with country-driven processes. (13) The section on Global Environmental Benefits which currently starts on page 16, is not required for adaptation projects under the SCCF. The information currently contained in this section is very relevant, however, and should be included upfront in the 'proposed alternative scenario' section. (14) Table 3 (page 17) lists climate adaptation and other benefits arising through the alternative scenario, however, it would be beneficial to also add 2-3 concrete examples of how equity investments can help adaptation-relevant companies expand into additional sectors or geographies, and how this can help people in developing countries better adapt to climate change. This information is currently missing from the PIF. (15) Paragraph 55 seems relevant as it focuses on clear added value of SCCF support in this area and hence should be re-stated also upfront in the document. (16) In the section on stakeholders (page 20/21) several references to names of	Audited financial statements: Added selected "in consultation with the implementing agency to Paragraph 105. CI-GEF (11/02/2017) (4) "Loss" removed from Para 1. CI-GEF (11/02/2017) (9) CRAFT is targeting $250 million for developing countries, but could raise as much as $500 million. The $500 million would be the limit, or "hard cap", to CRAFT's fundraising. This is now reflected in the document: o Added footnotes to Paragraphs 11, 49, and 77: "While CRAFT is envisioned to be USD 250 million, it could reach (and could support investing) as much as USD 500 million if fundraising is successful." CI-GEF (11/02/2017) (11) This was updated in Para 15, and also in Figure 1, CRAFT Theory of Change, which was moved up to under Par. 15. CI-GEF (11/02/2017) (14) Changed this in Para 19 to a "weather forecasting company". The "business demand forecasting company" previously mentioned is

Review Criteria	Questions	Secretariat Comments	Agency Response
		persons are made, which should be removed as it is irrelevant in this context. Please also clarify what is meant by 'socialized' in several instances in this section, and change as needed to provide enhanced clarity. (17) In paragraph 64 on gender, please consider including provisions to encourage where appropriate through the investment or impact strategy that gender policies/guidelines be developed or strengthened in companies in which CRAFT will invest, in order to achieve transformational impact in regards to gender. (18) Paragraph 69 estimates a ratio of concessional versus commercial investment, however, currently seems to focus on concessional finance that has not yet been confirmed. Please consider clarifying this paragraph, perhaps by focusing on GEF/SCCF funding vis-a-vis other funding. (19) Please note that this project seeks funding from the SCCF, and not the GEF Trust Fund. Thus, while it is commendable for this project to address recommendations from the GEF IEO relating to climate change mitigation, such as currently listed in paragraph 80, it is not required. The SCCF has its own Program Evaluation by the GEF IEO. Please consider deleting irrelevant information such as 'CRAFT's incubation	actually the same company – it currently provides weather forecasting services that businesses use to assess the effects of weather volatility on customer demand in order to plan for operations and purchasing. The company is well-placed to apply their weather forecasting and business analytics to a use that is much more relevant to climate resilience: assessing the impacts and risks of weather events on supply chains, including manufacturing, logistics, and distribution for food, manufacturing, logistics, and industrial companies. This will enable businesses (such as manufactures, exporters, and ag/food companies in developing countries) better plan for and respond to weather events, helping to preserving jobs and economic activity in developing countries. CI-GEF (11/02/2017) (16) We concur with the suggestion and removed references to specific names (now Para 85). CI-GEF (11/02/2017) (19) Removed Para 82

Review Criteria	Questions	Secretariat Comments	Agency Response
		of the GEF's adaptation portfolio will assist in rebalancing GEF investments away from climate change mitigation', which in addition to being irrelevant seems outright wrong given the GEF's long-standing engagement and investments in adaptation, through the Least Developed Countries Fund (LDCF), Special Climate Change Fund (SCCF) and initially the Strategic Priority on Adaptation (SPA) among others. Along these lines, please also delete paragraph 99 on climate change mitigation objectives, as it is irrelevant here. (20) Please explain in how far the information provided on CIF's renewable energy finance (last sentence in paragraph 81) is relevant to this project, or remove as needed. (21) The final project report (see for instance paragraph 105) should indeed be drafted by the executing partner, however, in cooperation with the implementing agency. Please also note that the annual financial reports should be audited by an independent external auditor, the selection of whom should be consulted with the implementing agency (Conservation International). DS, November 1, 2017: (1) Comment cleared.	

Review Criteria	Questions	Secretariat Comments	Agency Response
		(2) Comment cleared. (3) Comment cleared. (4) The literature cited in the first sentence (FAO, 2015) uses economic "damages" as a term, however, does not seem to include "loss". Please remove the term "loss" if not included in the cited literature. (5) Comment cleared. (6) Comment cleared. (7) Comment cleared. (8) Comment cleared. (9) Would it be correct so assume that CRAFT intends to scale up to $500 million at a later stage, and if so, should it be reflect somewhere in the document as an aspiration? (10) Comment cleared. (11) Partly unclear. The previous comment on the theory of change was adequately addressed in the revised document, however, the theory of change could be further strengthened by focusing more on the direct benefits, as opposed to the indirect benefits only. For instance, it could be beneficial to specify that the impact not only consists of better understanding of adaptation and resilience, but that the impact also comprises direct benefits to reduce the vulnerability of people, livelihoods, physical assets and natural systems to the adverse effects of climate change, leading to a reduction of expected socio-economic losses associated with climate change and variability. (12) Comment cleared.	

Review Criteria	Questions	Secretariat Comments	Agency Response
		(13) Comment cleared. (14) Partly unclear. The second example currently listed in paragraph 19, on how the equity fund can help adaptation-relevant companies expand into additional sectors, uses the example of a "business demand forecasting company". Please explain what a business demand forecasting company is and how it relates to adaptation, or else it could be helpful to use another example such as weather forecasting company. (15) Comment cleared. (16) Partly unclear. Please consider removing mentioning of individuals in paragraph 86 as this is an internal matter concerning the executing partner and considered irrelevant. (17) Comment cleared. (18) Comment cleared. (19) Please note that paragraph 82 lists the need for synergies as a goal identified by the GEF IEO and suggests that this project addresses this goal, however, seems inaccurate as this project is a pure-play adaptation project and does not address synergies. Please consider removing the paragraph, if inapplicable to the project. (20) Comment cleared. (21) Comment cleared. DS, November 2, 2017: Comments cleared.	

Review Criteria	Questions	Secretariat Comments	Agency Response
	7. Are socio-economic aspects, including relevant gender elements, indigenous people, and CSOs considered?	DS/DER/CA, October 23, 2017: Partly unclear. The project design includes the participation of civil society organizations but currently does not include participation of indigenous peoples. Please clarify whether the financial mechanism established through this project will operate in countries where indigenous peoples are present. If yes, please consider including indigenous peoples participation. DS, November 1, 2017: Partly unclear. The focus on lessons learned from MDBs seems partly unrelated to the actual need to follow best practice for indigenous peoples' participation in the event operations are implemented in countries where indigenous peoples are present. The implementing agency is fully in line with GEF guidelines in this regard, hence the question arises whether it would be appropriate for the executing partner and the implementing agency to be looking into this together, rather than outsourcing to MDBs or other institutions (GCF) that are not directly affiliated with the project at this stage? DS, November 2, 2017: Comment cleared.	Added new Paragraph 65 saying the Stakeholder Engagement Plan will include lessons learned from leading MDBs on best practices for indigenous peoples' participation and consideration. CI-GEF (11/02/2017) Para 65 now says "Lightsmith will work with the CI-GEF Project Agency and with Conservation International's experts on indigenous peoples…"
	8. Is the financing adequate and does the project demonstrate a cost-effective approach to meet the project objective?	DS/DER/CA, October 23, 2017: Partly unclear. The overall financing is adequate and the project demonstrates a cost-effective approach, however, no justification for the specific amount	PPG request has been addressed and included in Annex J: Status of implementation of project preparation activities and the use of funds.

Review Criteria	Questions	Secretariat Comments	Agency Response
		requested for PPG is provided. Please add an itemized budget for the PPG in order to justify the amount of PPG. DS, November 1, 2017: Cleared.	
	9. Does the project take into account potential major risks, including the consequences of climate change, and describes sufficient risk response measures? (e.g., measures to enhance climate resilience)	DS/DER/CA, October 23, 2017: Partly unclear. The major risks and mitigation measures are identified, however, several issues remain: (1) Regarding risk #3, the risk to miss capital fundraising targets seems considerable, at least at this early stage, but the risk level is listed as 'modest' only. Please consider adjusting the risk category to reflect a higher likelihood of risk. (2) Regarding risk #4, the risk of failing to achieve climate resilience outcomes in line with the Paris Agreement can indeed be mitigated by the TA Facility and by appropriate KPIs, however, the type and nature of the KPIs will be crucial for this purpose. Please consider including effective coordination with the GEF Secretariat (in addition to GARI or others) on the development of the KPIs as a risk mitigation measure. (3) Related to (2) above, please consider including another risk (risk #7) for the lack of political buy-in from beneficiary countries due to limited public sector participation, of which a potential risk mitigation measure could include the consideration of National Adaptation	(1) Upgraded risk #3 from "Modest" to "Modest to Substantial" (2) Added "Lightsmith will coordinate with the GEF Secretariat and others in the development of the impact metrics approach." (3) Added Risk #7 at a Low to Moderate risk level.

Review Criteria	Questions	Secretariat Comments	Agency Response
		Plans (NAPs), National Adaptation Programs of Action (NAPAs), Nationally Determined Contributions (NDCs) and other national strategies and plans, in the design of the investment and impact strategies/plans. DS, November 1, 2017: Comments cleared.	
	10. Is co-financing confirmed and evidence provided?	DS/DER/CA, October 23, 2017: Yes.	
	11. Are relevant tracking tools completed?	DS/DER/CA, October 23, 2017: Partly unclear. The relevant tracking tool has been completed, however, please consider adjusting the tracking tool to include 'post-project direct benefits' as per our comment under Question 1 above (related to CCA-1 for instance) also in the tracking tool. DS, November 1, 2017: Comment cleared.	Tracking tool has been updated to include post project benefits.
	12. *Only for Non-grant Instrument:* Has a reflow calendar been presented?	N/A	
	13. Is the project coordinated with other related initiatives and national/regional plans in the country or in the region?	DS/DER/CA, October 23, 2017: The project is coordinated with other relevant initiatives.	
	14. Does the project include a budgeted M&E Plan that monitors and measures results with indicators and targets?	DS/DER/CA, October 23, 2017: Yes.	

Review Criteria	Questions	Secretariat Comments	Agency Response
	15. Does the project have description of knowledge management plan?	DS/DER/CA, October 23, 2017: Yes.	
Availability of Resources	16. Is the proposed Grant (including the Agency fee) within the resources available from (mark all that apply):		
	• The STAR allocation?		
	• The focal area allocation?		
	• The LDCF under the principle of equitable access		
	• The SCCF (Adaptation or Technology Transfer)?	DS/DER/CA, October 23, 2017: Yes. The project grant including agency fees is available under the SCCF-A.	
	• Focal area set-aside?		
Recommendations	17. Is the MSP being recommended for approval?	DS/DER/CA, October 23, 2017: Not yet. Please address comments under Question 1, 5, 6, 7, 8, 9 and 11, and submit revised version. DS, November 1, 2017: Not yet. Please address remaining comments under Question 6 and 7, and submit revised version. DS, November 2, 2017: Comments cleared. Program Manager recommends MSP approval.	CI-GEF (11/02/2017) Comments under Questions 6 and 7 addressed
Review Dates	First Review	October 23, 2017	November 01, 2017
	Additional Review (as necessary)	November 01, 2017	November 02, 2017
	Additional Review (as		

Review Criteria	Questions	Secretariat Comments	Agency Response
	necessary)		