



PROJECT IDENTIFICATION FORM (PIF)
PROJECT TYPE: FULL SIZE PROJECT
TYPE OF TRUST FUND: LDCF

PART I: PROJECT INFORMATION

Project Title:	Promoting innovative finance and community based adaptation in communes surrounding community natural reserves (Ferlo, Niokolo Koba, Senegal river Bas Delta & Saloum Delta), Senegal		
Country:	Senegal	GEF Project ID:	5867
GEF Agency:	UNDP	GEF Agency Project ID:	5401
Other Executing Partner(s):	Ministry of Environment & Sustainable development (MEDD)	Submission Date:	May 28, 2014
		Re-submission Date:	July 14, 2014
GEF Focal Area (s):	Climate Changes	Project Duration (Months)	48
Name of parent program (if applicable):	n/a	Agency Fee (\$):	518,700

A. Indicative Focal Area Strategy Framework

Focal Area Objectives	Trust Fund	Indicative Grant Amount (\$)	Indicative Co-financing (\$)
CCA-1: Reduce vulnerability to the adverse impacts of climate change, including variability, at local, national, regional and global level	LDCF	3,000,000	9,000,000
CCA-2: Increase adaptive capacity to respond to the impacts of climate change, including variability, at local, national, regional and global level	LDCF	200,000	1,000,000
CCA-3: Promote transfer and adoption of adaptation technology	LDCF	2,000,000	6,000,000
Project Management Cost (PMC) ¹	LDCF	260,000	900,000
Total Project Cost		5,460,000	16,900,000

B. Indicative Project Framework

Project Objective: Promote sustainable financing mechanisms and community based adaptation in communes surrounding community natural reserves (Ferlo, Niokolo Koba, Bas Delta Senegal, Delta du Saloum), Senegal						
Project Component	Grant Type	Expected Outcomes	Expected Outputs	Trust Fund	Indicative Grant Amount (\$)	Indicative Co-financing (\$)
1. Innovative local financing systems for climate sensitive activities	TA	Create financial incentives linked with local government and communities financing systems to cover the incremental costs of climate change adaptation	1.1 Identify and integrate climate resilience related performance measures into local development plans, including community plans; 1.2 Set up sustainable financial mechanisms at sub national level (e.g. Local Resilience budget lines/funds, Eco taxes, etc.) to attract climate finance 1.3 Sustainability & performance of the nine (9) community based credit & saving mutuals improved to attract, manage and finance priority adaptation measures identified by vulnerable communities 1.4 Capacity of communes and villages leaders developed to (i) access incremental funding from non governmental sources, (ii) manage and (iii) monitor adaptation investments	LDCF	1,000,000	3,000,000
3. Inclusive access to resources and sustainable livelihood opportunities	INV	Investments and capacities provided to vulnerable households and community groups for holistic responses to climate vulnerability and future changes	2.1. Investments for structural adaptation measures channelled through local budget (e.g. restoration of natural reserves/pastoral areas/water points, research development, EWS, management of supply chains, etc.)	LDCF	4,200,000	13,000,000
	TA		2.2. Create revolving investment funds, through credit & saving mutuals, for profitable community based climate resilient agro-pastoral investments and other diversification activities 2.3. Community based organisation groups (women, youth & and other producers) provided with capacity to (i) understand climate impacts; (ii) identify resilient growth production areas, (iii) manage adaptation initiatives (iii) access to rural finance, & (iv) improve entrepreneurship and organizational skills 2.4. Mechanisms for capturing and dissemination key experiences & good practices established for replication			
Subtotal					5,200,000	16,000,000
Project Management Cost (PMC) ²				LDCF	260,000	900,000
Total Project Cost					5,460,000	16,900,000

C. Indicative Co-financing for the project by source and by name if available, (\$)

Sources of Co-financing	Name of Co-financier	Type of Co-financing	Amount (\$)
National Government	Ministries of Environment & Finance	Grant	10,000,000
National Government	Ministry of Environment	In-kind	400,000
GEF Agency	UNDP	Grant	6,500,000
Total Co-Financing			16,900,000

D. Indicative trust fund resources (\$) requested by agency, focal area and country¹

GEF Agency	Type of Trust Fund	Focal Area	Country Name	Grant Amount (\$) (a)	Agency Fee (\$) (b) ²	Total (\$) c=a+b
UNDP	LDCF	CC-A	Senegal	5,460,000	518,700	5,978,700
Total Grant Resources				5,460,000	518,700	5,978,700

E. PROJECT PREPARATION GRANT (PPG)

Please check on the appropriate box for PPG as needed for the project according to the GEF Project Grant:

	<u>Amount</u> <u>Requested (\$)</u>	<u>Agency Fee</u> <u>for PPG (\$)³</u>
• (Up to)\$150k for projects up to & including \$6 million	<u>150,000</u>	<u>14,250</u>

PART II: PROJECT JUSTIFICATION

PROJECT OVERVIEW

A.1. Project Description

The natural regions of Ferlo, Niokolo Koba, Bas Delta Senegal, and Delta du Saloum play a key role for livelihoods, as the communities are directly dependent on their natural assets such water, pasture, forests and fertile soil for a living. Recognizing this richness, the communities of 203 villages established about 26 Community Natural Reserves (RNC) as well 9 credit and saving mutuals to improve the living conditions of households, specifically women groups. However, with the effects climate change, both the natural capital maintained under these RNC and people's economic assets will reach a tipping point. Indeed, in Senegal, droughts are the result of climate variability that more recently has manifested by a late onset of the rainy season, irregular spatial distribution of rains, and an early end to the rainy season. Projections of mean annual rainfall averaged over the country shown trend towards decreases, particularly in the wet season. Projected changes ranges from - 41 to +48% by the 2090s, with ensemble means between - 3 and - 18%. According to the NAPA, the impacts of climate change in Ferlo, Niokolo Koba, Gandon, and Delta du Saloum are complex with

- The drastic reductions in water availability at critical times (e.g. in the dry season or in drought years) and at critical locations (e.g. in the more populous areas or where livestock congregates) have direct and catastrophic impact on livelihoods of communities;
- Natural grazing grounds in Niokolo Koba & Ferlo will be significantly diminished and livestock watering made difficult under climate change scenarios. This situation leads to localized conflicts between transhumant and sedentary communities, especially during the drought periods, when grazing grounds and water resources are particularly scarce.
- Among other predictable impacts, climate change is also expected to result in a marked increase in the incidence and intensity of bushfires in Niokolo Koba & Ferlo. Fire can have catastrophic impacts on livelihoods, notably because of the importance of pastoral resources in target regions.
- In Bas Delta Senegal, most of villages are facing a serious coastal erosion problem; the outer row of fisher folk houses has already been destroyed by the sea and thus abandoned by the population

- Finally, in Saloum Delta, the reduction of water table leads to the salinization of agricultural lands. Many valleys in Saloum are now affected by salted water intrusion resulting from reduced rainfall and lack of appropriate storage under changed conditions.

Under these conditions, the capacity of communities will remain weak to sustain current efforts in preserving natural capital and increasing economical capital. This is mainly due three main barriers: (i) local government capacity constraints to finance community resilience, including financial constraints, lack of information and guidance, and skill shortages. Councils are highly dependent on grant money, and have limited capacity to raise additional own-source revenue to effectively support communities' adaptation. In addition, most of councils staffs have difficulties to understand social and economic vulnerability, determining acceptable levels of risk and how and when to respond to reduce these risks within their communities; (ii) low effectiveness of communities coping strategies coping strategies (e.g. migration) that often failed due to misunderstanding of the impacts of climate change on the environment and to the absence of technical (information, training, organization), logistics (equipment) and financial supports; and (iii) finally, there is a low performance of community financing systems with the saving and loans mutuals created facing to many difficulties and inadequacies mostly related to the quality of the portfolio, the mobilization of savings, cost control and management. This limits the financial capacity to respond effectively to demand from communities on adaptation investments.

The baselines of the LDCF financed project are on-going initiatives managed by the Government of Senegal and UNDP to improve local development. These include: (A) *The National Programme for Local Development* supporting effective, efficient and sustainable delivery of basic socio-economic services to populations; (B) the *Sectoral Policy on supporting the development performance of financial*; and (C) the *UNDP Programme to improve the Dynamics of Economic and Social Development* promoting local initiatives developed by women and young for the development of their land and the creation of jobs. The total funding available for the achievement of baseline development goals is US\$16,900,000.

The LDCF funded initiative will assist Senegal to pursue a transformational' pathway towards resilience with, in the long term, local institutions able to provide adaptation services to vulnerable communities. To do so, changes in practices are needed, specifically: (1) establish attractive funding mechanisms, linked to existing local financing systems, to cover the incremental costs of climate change adaptation & (2) provide investments and capacities to vulnerable households and community groups for holistic responses to climate vulnerability and future changes.

The funded LDCF project will complement the existing baseline by promoting long term planning on climate changes and facilitating budgeting and establishment of innovative financing mechanisms to support climate change governance at communes' levels. More specifically, the project will review local development plans (including RNC plans) to (i) integrate climate adaptation priorities and resilience, (ii) set up innovative & sustainable financial mechanisms, (iii) improve the capacity of local credit & saving mutuals to finance adaptation projects & also the performance of local leaders o managing adaptations finances. The response to climate vulnerability and changes will be oriented toward investing on the restoration of key livelihood resources (natural reserves, pastures, water points, etc.), establishing minimum community based early warning system and sustaining climate resilient agro pastoral and diversification activities. Target communities, local government leaders and other supporting institutions, will be capacitated with knowledge on climate changes to inform and manage adaptation practices. This is critical for informing the design of feasible, credible and useful adaptation options and support. Communities will maintain the viability of production & livelihood systems in face to climate changes through investment on adaptations options. Finally, mechanisms for capturing and dissemination key experiences & good practices established for replication. The additional costs will be met with LDCF support (US\$5,460,000).

The approach of the project is innovative allowing local government making changes to planning instruments that affect existing local developments by incorporating climate change considerations. Communities will have now access to funding from a number of competitive grants (public & private) to address adaptation issues. The coordination arrangement, involving policy makers, extension services, private sector &

community based organisations, is a major innovation and will help to articulate institutional communication - educational and social at different levels. The overall project will also generate socio-economic benefits at the local level by involving communities in the 203 villages (at least 50,000 households) in a much more transitional approach in the use of natural resources through the dissemination of practices, technologies and techniques, which are expected to improve the productivity and the resilience of agro-sylvo-pastoral activities. Long-term benefits are also expected with investment aiming at restoring communities' Natural Capital and providing relevant climate information. In term of sustainability, the decentralized entities (councils and villages) will be empowered in implementing adaptation investments, strengthening community organizations in order to ensure that physical infrastructure and other investments are well managed and maintained after the project closure. Capacity-building initiatives and awareness-raising will achieve the social and environmental sustainability, and stakeholder involvement will be strengthened through adequate social mobilization and sensitization initiatives (workshops, forums, publications, community radios' programmes, etc.). In addition, the knowledge base will be improved, and the project will define and implement an adequate system for knowledge management and information sharing. Finally, the participation of women and youth will sustain the activities facilitating the establishment of youth in their land and building solidarity systems and traditional support owned by women.

A.2. Stakeholders. Identify key stakeholders (including civil society organizations, indigenous people, gender groups, and others as relevant) and describe how they will be engaged in project preparation:

The project will intervene in communes surrounding community natural reserves in Ferlo, Niokolo Koba, Bas Delta Senegal, and Delta du Saloum ecoregions. Activities are expected to take place least 203 villages & 26 Community Natural Reserves (RNC). Municipalities' staffs, local authorities (e.g. village leaders) & community organisation (including women & young groups, farmers& pastoralist associations, etc.) will be project target groups contributing to the identification of key project activities, institutional arrangements, and stakeholders involvement.

As GEF focal point, the Ministry of Environment & Sustainable development (MEDD) will facilitate PPG process, organisation of PPG inception, consultation /validation meetings, support consultants in finalising the Prodoc and secure Co-financing Letters. Other ministerial partners (Finance, Social Protection, Decentralisation, etc.) will be involved during the consultation phase to ensure their contribution to the Prodoc.

It will be ensure the active participation of media groups, universities and development partners to also contribute in the project document and ensure synergy/complementarities.

A.3 Risk. Indicate risks, including climate change

Risk	Level	Mitigation
Fiduciary risk due to the complex operation on setting up revolving funds, microfinance, and funds for capturing taxes or levies	Medium	The project will build on the ongoing restructuring process following the recommendations of the 2012 performance and apply UNCDF and UNDP's well-tested fiduciary risk management strategy in the sector of micro-finance in Senegal. The project will develop a detailed operational and monitoring plans, deliver financial monitoring reports and financial statements that will provide for any warning flags that may indicate possible misuse or losses and require an urgent response. Finally, the project will use existing community based monitoring mechanisms/platforms to increase the accountability and quality of social services.
Lack of collaboration between different sectoral ministries,	Medium	Adequate social mobilization and sensitization initiatives will help to foster collaboration

Risk	Level	Mitigation
Departments, agencies, central local authorities and community organisations		
Potential Environmental & social safeguards	Medium	During the preparatory phase, the project will prepare an Environmental and Social Management Framework (ESMF), to be integrated in the project document, that describe and propose measures and plans to reduce, mitigate and/or offset adverse impacts and enhance positive impacts

A.4. Coordination. Outline the coordination with other relevant GEF financed and other initiatives:

The project will complement other GEF financed initiatives in Senegal, namely: IFAD: Climate Change adaptation project in the areas of watershed management and water retention, World Bank -Senegal River Basin Climate Change Resilient Development Project & UNDP “The enabling environment for ecosystem based adaptation measures is strengthened in the Niayes and Casamance regions of Senegal”. Wherever possible, the project will also complement Adaptation Fund project -Adaptation to Coastal Erosion in Vulnerable Areas. Globally, the coordination of the projects will be ensuring by the Government under the Projects and Programmes Support Unit (CAP) within the Ministry of Economy and Finance.

B. Description of the consistency of the project with:

B.1: National strategies and plans or reports and assessments under relevant conventions, if applicable. (i.e. NAPAS, NAPs, NBSAPs, national communications, TNAs, NCSAs, NIPs, PRSPs, NPFE, Biennial Update Reports, etc.):

The project is anchored in the National Strategy for Socioeconomic Development for 2013-2017 (which substituted the previous Strategies for Poverty Reduction), framework that contributes to lifting the challenges identified. It focuses on the following strategic areas: (i) Growth, productivity and wealth creation, (ii) Human capital and sustainable development, (iii) Governance, Institutions, Peace and Security. The project will contribute to reduce impacts of climate changes on local development strategies by promoting appropriate adaptation technologies and involving all users in the formulation of priorities for local development (contributing to the Strategic Axis 3).

The proposed project is also consistent with the Ministry of Environment and Nature Protection’s Multiyear Framework of Sector-based Expenses (DPPD), based on three strategic orientations: (i) Improve basic knowledge in environment and natural resources; (ii) Intensify the fight against the current rate of degradation of the environment and natural resources in line with international conventions hereunder; (iii) Build the actors’ institutional and technical capacities in the implementation of environment and natural resources preservation.

The project complies with Senegal’s National Adaptation Programme of Action (NAPA) that identified four priority sectors: coastal protection, agro-forestry, water resources, awareness and education. The proposed project will address NAPA priority identify Ferlo, Niokolo Koba, Gandon, and Delta du Saloum regions focused on ecosystem restoration, water management, awareness, agro-forestry, water resources, awareness and education (Component 2). In addition, relevant climate information will be provided to help local government to better plan and manage climate risks (component 1).

B.2. GEF focal area and/or fund(s) strategies, eligibility criteria and priorities:

This project is consistent with LDCF eligibility criteria and financing strategy. It is in-line with LDCF/SCCF focal area (i) objective 1 “Reduce vulnerability to the adverse impacts of climate change, including variability, at local, national, regional and global level”, Objective 2 “Increase adaptive capacity to respond to the impacts of climate change, including variability, at local, national, regional and global level” and objective 3 “Promote transfer and adoption of adaptation technology”. It is specifically aligned with outcomes linked to these objectives including increased knowledge and understanding of climate variability and change-induced risks at country level and in targeted vulnerable areas, strengthened adaptive capacity to reduce risks to climate-induced economic losses, successful demonstration, deployment, and transfer of relevant adaptation technology in targeted areas.

B.3 The GEF Agency's comparative advantage for implementing this project:

Present in Senegal since 1975, UNDP supports the efforts of the Senegalese Government in improving the living conditions of communities by improving youth and women employment through particular skills / qualifications and developing the potential of MFI / micro-projects as well as promoting High Intensity Work (HIMO) in areas concentration, the increase in income of vulnerable groups (disabled, people living with HIV / AIDS, etc.).

Senegal has a dynamic microfinance sector with penetration rates of more than 15,24% in 2013 of the total population (<http://www.microfinance.sn>). The sector has been formalized with a regional regulatory framework and national microfinance legislation (Letter of Sectorial Policy for Microfinance). In 2012, the country registered 412 MFIs. UNDP and UNCDF in partnership have been supporting the evolution of micro finance institutions in Senegal since 2007. A partnership programme PALPS has helped the Gov. of Senegal to create sustainable, well- integrated microfinance institutions. The report of the final evaluation of the PALPS highlighted the efficiency of the programme in achieving tangible results in terms of improving the professionalism and governance of financial service provider (PFS), greater access of rural women and financial services and strengthening of institutional actors. He improved mutual understanding between banks and PSF and developed interesting partnerships with other projects and programs (<http://erc.undp.org/evaluationadmin/manageevaluation/viewevaluationdetail.html?evalid=6277>)

Recently, UNDP supported the Government to implement the Senegal component of the Africa Adaptation Project. Support was provided for Senegal to mainstream climate change adaptation across key sectors and into development processes. Under the “Boots on the Ground” Programme, UNDP has placed national officers in 24 Country Offices (including Senegal) to provide climate policy support to governments. It is expected that countries will climate-proof their development paths assisted by a package of focused climate change services. At local level, UNDP is supporting the implementation of the Down to Earth: Territorial Approach to Climate Change (TACC-Senegal 4M USD.) The TACC project is supporting the integration of climate change adaptation and mitigation measures into sustainable development planning and programming. The TACC-Senegal is implemented into 5 regions.

The project is consistent with UNDP's interventions in Senegal, specifically *Programme to improve the Dynamics of Economic and Social Development* (expected co-financing 6 millions USD). It seeks to promote local initiatives developed by women and young for the development of their land and the creation of jobs. LDCF resources will develop capacity of the women and young groups to (i) identify growth production areas, (ii) manage adaptation projects, (iii) access to rural finance, &(iv) improve entrepreneurship and organizational skills.

PART III: APPROVAL/ENDORSEMENT BY GEF OPERATIONAL FOCAL POINT(S) AND GEF AGENCY

A. RECORD OF ENDORSEMENT OF GEF OPERATIONAL FOCAL POINT (S) ON BEHALF OF THE GOVERNMENT(S):

NAME	POSITION	MINISTRY	DATE (MM/dd/yyyy)
Ms Mariline Diarra	Director of Environment	Ministère de l'Environnement et du Développement Durable	12/23/2013

B. GEF AGENCY CERTIFICATION

This request has been prepared in accordance with GEF/LDCF/SCCF/NPIF policies and procedures and meets the GEF/LDCF/SCCF/NPIF criteria for project identification and preparation.					
Agency Coordinator, Agency name	Signature	DATE (MM/dd/yyyy)	Contact Person	Telephone	Email Address
Adriana Dinu, Executive Coordinator and Director a.i. UNDP/GEF		July 14, 2014	Mame Diop RTS, GLECRDS	+251 919 39 6499	mame.diop@undp.org