GEF-6 GEF SECRETARIAT REVIEW FOR FULL-SIZED/MEDIUM-SIZED PROJECTS
THE GEF/LDCF/SCCF TRUST FUND

GEF ID:	**9051**		
Country/Region:	**Regional**		
Project Title:	**Moringa Agro-forestry Fund for Africa (non-grant)**		
GEF Agency:	**AfDB**	GEF Agency Project ID:	
Type of Trust Fund:	**GEF Trust Fund**	GEF Focal Area (s):	**Land Degradation**
GEF-6 Focal Area/ LDCF/SCCF Objective (s):		**LD-1 Program 1; LD-2 Program 3; LD-3 Program 4;**	
Anticipated Financing PPG:	**$0**	Project Grant:	**$12,000,000**
Co-financing:	**$50,800,000**	Total Project Cost:	**$62,800,000**
PIF Approval:	**April 28, 2015**	Council Approval/Expected:	**June 04, 2015**
CEO Endorsement/Approval		Expected Project Start Date:	
Program Manager:	**Ulrich Apel**	Agency Contact Person:	**Neeraj Vij**

PIF Review

Review Criteria	Questions	Secretariat Comment	Agency Response
Project Consistency	1. Is the project aligned with the relevant GEF strategic objectives and results framework?[1]	March 17, 2015. JMS/DER. a) The Non Grant Pilot can provide financing by LD, BD, and CC focal areas, but not the SFM incentive program. Please, revise the table A and D. b) Explain and justify the breakdown of resources between focal areas. We potentially understand the reasoning for multiple benefits, but it will be challenging to demonstrate the	

[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)?

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		eligibility under BD and CCM strategies, when the sub-projects are not fully described and the real BD and CCM GEB will be difficult to quantify (biodiversity of international importance, number of ha under a certification system, CO2 emissions cuts, etc.). We would like to recommend to only develop the project under the LD focal area, using the programs under LD1, LD2, and LD3. March 27, 2015 JMS/DER Addressed.	
	2. Is the project consistent with the recipient country's national strategies and plans or reports and assessments under relevant conventions?	March 17, 2015. JMS/DER. Addressed.	
Project Design	3. Does the PIF sufficiently indicate the drivers[2] of global environmental degradation, issues of sustainability, market transformation, scaling, and innovation?	March 17, 2015. JMS/DER. Addressed.	
	4. Is the project designed with sound incremental reasoning?	March 17, 2015. JMS/DER. a) - Yes for LD GEB. b) Please explain the structure of the GEF investment and the financing terms for the GEF funding. Will it match the indicative terms shown on page 10? Will our equity investment be pari-pasu with the agency	

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

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		investment in the Moringa fund? Is the Target Gross IRR of 10-12% inclusive of risk-adjusted loss? If not, what types of losses could happen? c) The terms shown on page 10 indicate an investment period of five years, but a fund life of 12 years. Please explain these terms. How long will the GEF funding in any single project be invested? Will GEF funding be recycled into additional investments during the 12 years? What is the view of the need for such a fund after 12 years? Will the GEF and agency investment be catalytic and draw in private capital, thus reducing the need for extension? d) Please explain where the GEF funding will be invested as compared to the AfDB funding? It appears on page 11 that AfDB will be "to an African-based vehicle." Will AfDB be able to represent the GEF investment on all appropriative investment review committees and structures? e) Also, please clarify the expected reflow of returns to the GEF, including a timeline specifying, in principle, when the expected payments would be made to the GEF Trust Fund. On page 16 the project proposal, the fund will "seek to generate annual returns from its investments." Therefore, will GEF	

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		receive annual reflows? Please clarify. f) Please describe the proposed approach for dealing with project developers that are not on track to succeed. Does the Moringa Fund have means for intervening to help project developers? g) Page 16 refers to "years 7 and 8 for each investment." Please explain how that aligns with the statement on page 10 of indicative terms of five-year investment period. h) In order to quality for GEF funding, specific investments must be in full compliance with GEF strategic focal area objectives covered by this project as specified in Table A. The GEF Partner agency has three options for obtaining GEF Secretariat concurrence: 1) In advance, under Option 1 on page 9, paragraph 52, of GEF/C.42/Inf.08, Operational Modalities for Public Private Partnership Programs; 2) Concurrent - prior to each investment decision under Option 2; or 3) Hybrid combination of option 1 and option 2 where option 2 is used on special types investments. Please specify which option the Agency will pursue. If Option 1 is selected, please describe how the agency and its investment partners will ensure	

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		investments meet these criteria. i) Please check the cofinancing mentioned in the table C with the information provided p 10. Provide all numbers in US$. March 27, 2015 JMS/DER Some clarifications have been made by email. The PIF has been revised accordingly. All points have been addressed.	
	5. Are the components in Table B sound and sufficiently clear and appropriate to achieve project objectives and the GEBs?	March 17, 2015. JMS/DER. No. Please address the following comments: a) Revise the table B, with a particular attention to the outputs of the first component. Provide outcomes and outputs that are aligned with the Focal Area Objectives in the Table A. b) Under the provisions of the GEF non-grant pilot, the GEF non-grant pilot cannot fund technical assistance unless that technical assistance is included in the investment funding and delivers a return on the investment. It may be logical to show the TA components being fully funded by the co-financing. Since the Moringa fund is managed by CBR and the Technical Assistance Facility is managed by ONFI, it will be difficult, but not impossible, to use the GEF investment funding as technical assistance. If the agency	

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		wishes to pursue this approach, please contact the GEFSEC to discuss. Otherwise, please remove the GEF funding from TA. c) A set of four project components listed on page 8, including capacity building, do not show up in Table B. Please explain these components and how they relate to the investment component of the project. d) In the impact projection provided, a total of 9.5 million tCO2e is presented, but no time frame is provided. Please clarify the emissions benefits estimate. e) Please propose project timelines including the following: 1) expected date for submission of CEO endorsement; 2) expected date for complete investment of all GEF funding; 3) expected duration for the GEF project with expected dates for mid-term review, project completion, and submission of the terminal evaluation; 4) expected lifetime of the investments and whether these will continue after the project completion date; 5) schedule of reflows, including an indicative timeline specifying when the expected payments would be made to the GEF Trust Fund.	

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		March 27, 2015 JMS/DER Some clarifications have been made by email. The PIF has been revised accordingly. All points have been addressed.	
	6. Are socio-economic aspects, including relevant gender elements, indigenous people, and CSOs considered?	March 17, 2015. JMS/DER. Addressed.	
Availability of Resources	7. Is the proposed Grant (including the Agency fee) within the resources available from (mark all that apply):		
	• The STAR allocation?	NA	
	• The focal area allocation?	March 17, 2015. JMS/DER. - This project requests funding from the non-grant pilot. Sufficient funding is available for this project if it is proposed for work program inclusion.	
	• The LDCF under the principle of equitable access	NA	
	• The SCCF (Adaptation or Technology Transfer)?	NA	
	• Focal area set-aside?	March 17, 2015. JMS/DER. a) In the section I "project description", the Agency fees that are mentioned represent 9 percent of the non-grant pilot ($12 million). This is the maximum allowed. Please, check the fee values in table D are correct. b) The project cannot request SFM resources: remove the mention of SFM3 in the table A, and in the text, remove reference to the SFM3 and	

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		SFM4 objectives. March 27, 2015 JMS/DER Addressed.	
Recommendations	8. Is the PIF being recommended for clearance and PPG (if additional amount beyond the norm) justified?	March 17, 2015. JMS/DER. We thank the Agency for a very interesting proposal. However, the PIF cannot be recommended yet. Please, address the comments above. March 27, 2015, JMS/DER All points have been addressed. The PIF is technically cleared. At CEO endorsement, please clarify the following points: a) Provide additional detail on the pipeline of project developers, types of projects, locations, readiness and other market assessment information to better judge the planned investments; b) Please provide a revenue model; c) Please provide details on the other partners, management team, and the structure; d) Please clarify the opportunities to scale the Moringa fund after the end of the GEF investment; e) Please clarify the schedule of reflows using the GEF provided template or the equivalent.	
Review Date	Review	March 17, 2015	

PIF Review			
Review Criteria	Questions	Secretariat Comment	Agency Response
	Additional Review (as necessary)	March 27, 2015	
	Additional Review (as necessary)		

CEO endorsement Review			
Review Criteria	Questions	Secretariat Comment at CEO Endorsement	Response to Secretariat comments
Project Design and Financing	1. If there are any changes from that presented in the PIF, have justifications been provided?	July 8, 2015, JMS/DER. No changes with the PIF. Cleared.	
	2. Is the project structure/ design appropriate to achieve the expected outcomes and outputs?	July 8, 2015, JMS/DER: mostly addressed. a) Please, document the methodology that Moringa fund will use to develop and report on GHG emissions reductions as noted in the Project Result Framework on page 18. 07/21/2015 UA: Details on GHG emissions reduction calculations provided in Excel Table included in the resubmission package. Cleared	

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	3. Is the financing adequate and does the project demonstrate a cost-effective approach to meet the project objective?	July 8, 2015, JMS/DER: We agreed at PIF level about the financing of this pilot project. We understand that the fund manager will use commonly accepted business techniques, including cost-effectiveness, when making each investment consistent with the project objective. Cleared.	
	4. 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)	July 8, 2015, JMS/DER: Actually, the whole project is a response to improve ecosystem services and enhance climate resilience. There is a risk analysis and mitigation measures are proposed. Environmental and social risks are taken into account. Implementation risks will be identified in specific investments. Risk mitigation measures are also proposed. Cleared.	
	5. Is co-financing confirmed and evidence provided?	July 8, 2015, JMS/DER: cofinancing letters are not provided. We need confirmation from the Agency that co-financing has been provided. If AfDB has company confidential documents that show co-financing by investors, AfDB should provide some form of confirmation for these investments without sharing company confidential information. A letter of cofinancing from the Moringa Agroforestry Fund can also make the case.	

CEO endorsement Review			
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		07/21/2015 UA: Co-financing evidence provided in the resubmission. Cleared.	
	6. Are relevant tracking tools completed?	July 8, 2015, JMS/DER: LD Tracking Tools are provided. Cleared.	
	7. *Only for Non-Grant Instrument:* Has a reflow calendar been presented?	July 8, 2015, JMS/DER: A schedule of reflows is presented in Annex D. However, please respond to the following comments: a) The following entries do not make sense: - First repayment date 2016 - First repayment amount 2025 - Final repayment date 2027 Please clarify. Is it intended to provide a one-time balloon payment at the end of the investment term? If that is the case, leave the first payment date and amount blank and put all data into the final payment dates/amounts. b) Please align Annex D with the schedule presented on page 12 which implies more than one payment. c) Please ensure all payments are planned to be consistent with the GEF policy for semi-annual payments to the GEF Trustee as documented in	AfDB 7/16/2015 a) The repayment dates have been corrected in Annex D and page 12. It should be noted that reflows will not be in a single balloon payment but multiple payments according to when drawdown cash are paid into the fund. Also, the amount of repayments cannot be predicted at present as it depends on a number of factors, including the increase in the value of the equity held by the fund. However, a total reflows amount using the minimum hurdle rate of 7% is indicated. Annex D has been adjust it with first and last repayment dates. b) Annex D aligned with page 12 c) All repayments are aligned with GEF Trustee guidelines for semi-annual payments d) As agreed, all payments and reflows will be done in USD and any FX risk will be covered by The Fund Manager. The section in page 13 has been revised to reflect this agreement e) Section in page 15 has been adjust for adequate time for terminal evaluation after all

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		GEF/C.47/06, October 10, 2014, GEF-6 Non-Grant Instrument Pilot and Updated Policy for Non-Grant Instruments. d) Please adjust the language on page 13 to reflect guidance from the GEF Trustee that all resources provided to the AfDB from GEF are in USD; all reporting to the GEF must be in USD; and all reflows to the GEF Trustee must be in USD. The AfDB must manage internally the conversion of USD to other currencies if needed. e) On page 15, please ensure adequate time after the expected date for complete investment of all GEF funding and the terminal evaluation. July 21, 2015, DS: Schedule of reflow has been adjusted. There are uncertainties in the schedule as clarified in Agency Response. Reflows will be initiated within 60 days when resources become available and will not be made as balloon payment at the end of the period. Comments cleared.	investments completed.
	8. Is the project coordinated with other related initiatives and national/regional plans in the country or in the region?	July 8, 2015, JMS/DER: The project is compatible with AfDB's long term strategy on inclusive green growth as the pathway for sustainable development (2013-2022). The project is compatible with the AfDB's Country Strategy Papers. The	

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		proposed approach is compatible with SLM principles of the UNCCD. Cleared	
	9. Does the project include a budgeted M&E Plan that monitors and measures results with indicators and targets?	July 8, 2015, JMS/DER: There is a M&E Plan with performance indicators. Addressed. Cleared	
	10. Does the project have descriptions of a knowledge management plan?	July 8, 2015, JMS/DER: Each investment will receive specific support in terms of information, knowledge, participation, and capacity building. The approach is included in an Environmental, Social, and Governance Management System (ESGMS). Cleared.	
Agency Responses	11. Has the Agency adequately responded to comments at the PIF[3] stage from:		
	• GEFSEC	July 8, 2015, JMS/DER. Addressed. Cleared	
	• STAP	July 8, 2015, JMS/DER: We take note of the responses made by the Agency to STAP comments. The agency responded to all 15 of STAP comments as noted on pages 20-28 of	

[3] If it is a child project under a program, assess if the components of the child project align with the program criteria set for selection of child projects.

CEO endorsement Review			
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		the CEO endorsement request. We understand that each investment will take into account these responses. Cleared.	
	• GEF Council	July 8, 2015, JMS/DER. AfDB provided responses to Germany and United States comments that fully address the comments provided. Germany provided 3 comments; all were addressed. The United States provided 1 comment; it was addressed. Cleared.	
	• Convention Secretariat	NA	
Recommendation	12. Is CEO endorsement recommended?	July 8, 2015, JMS/DER. Not at this time. Please address comments in boxes 5 and 7. July 21, 2015, UA/DS. Yes, comments cleared.	
Review Date	Review	July 08, 2015	
	Additional Review (as necessary)	July 21, 2015	
	Additional Review (as necessary)		