



PROGRAM FRAMEWORK DOCUMENT (PFD)

TYPE OF TRUST FUND: GEF Trust Fund

TYPE OF PROGRAM: Program Accessible to GEF Agencies with Board

PART I: PROGRAM IDENTIFICATION

Program Title:	IDB-GEF Climate-Smart Agriculture Fund for the Americas		
Country(ies):	Latin American and Caribbean	GEF Program ID: ¹	5754
Lead GEF Agency:	IADB	GEF Agency Program ID:	
Other GEF Agency(ies):	(select) (select) (select)	Submission Date:	2014-03-28
Other Executing Partner(s):	private sector	Program Duration(Months)	60
GEF Focal Area (s):	MULTI FOCAL AREA	Agency Fee (\$):	400,000

A. FOCAL AREA STRATEGY FRAMEWORK²:

Focal Area Objectives	Expected FA Outcomes	Expected FA Outputs	Type of Trust Fund	Indicative Financing (\$)	Indicative Cofinancing (\$)
CCM-5 (select)	Outcome 5.2: Restoration and enhancement of carbon stocks in forests and non-forest lands, including peatland	Output 5.2: Forests and non-forest lands under good management practices	GEF	2,000,000	20,340,000
(select) LD-1	Outcome 1.2: Improved agricultural management Outcome 1.3: Sustained flow of services in agro-ecosystems Outcome 1.4: Increased investments in SLM	Output 1.2 Types of Innovative SL/WM practices introduced at field level Output 1.3 Suitable SL/WM interventions to increase vegetative cover in agro-ecosystems Output 1.4 Appropriate actions to diversify the financial resource base	GEF	3,000,000	30,510,000
(select) (select)			(Select)		
(select) (select)			(Select)		
(select) (select)			(Select)		
(select) (select)			(Select)		
(select) (select)			(Select)		
(select) (select)			(Select)		
(select) (select)			(Select)		
(select) (select)			(Select)		
(select) (select)	Others		(Select)		
Subtotal:				5,000,000	50,850,000
Program Management Cost ³					
Total Program Costs				5,000,000	50,850,000

B. PROGRAM RESULT FRAMEWORK

Program Goal: to leverage private sector lending in climate-smart agriculture in Latin America and the Caribbean						
Program Component	Grant Type	Expected Outcomes	Expected Outputs	Type of Trust Fund	Indicative Financing (\$)	Indicative Cofinancing (\$)
Silvo-pastoral production systems	Inv	- 3 million tons CO2 equivalents sequestered - Increased income for beneficiary companies and employees	- 30,000 hectares of silvo-pastoralism systems under good good management practices	GEF	2,000,000	20,340,000

¹ Program ID number will be assigned by GEFSEC.

² Refer to GEF-5 Template Reference Guide posted on the GEF website for description of the FA Results Framework when filling in Table A.

³ This is the cost associated with the unit executing the project on the ground and could be financed out of trust fund or co-financing sources.

Climate resilient value chains	Inv	- 33,000 hectares with climate resilient technologies - increased provision of water and soil regulation services to vulnerable communities	- 5-6 innovative types of land management practices deployed	GEF	3,000,000	30,510,000
	(select)			(Select)		
	(select)			(Select)		
	(select)			(Select)		
	(select)			(Select)		
	(select)			(Select)		
	(select)			(Select)		
	(select)			(Select)		
	(select)			(Select)		
Subtotal:					5,000,000	50,850,000
Program Management Cost ⁴						
Total Program Costs					5,000,000	50,850,000

C. INDICATIVE CO-FINANCING FOR THE PROGRAM BY SOURCE AND BY NAME IF AVAILABLE, (\$)

Sources of Co-financing	Name of Co-financier (if known)	Type of Cofinancing	Amount (\$)
GEF Agency	IDB	Hard Loan	20,000,000
Private Sector	private sector counterparts	Unknown at this stage	30,000,000
GEF Agency	IDB	Grant	850,000
(select)		(select)	
(select)		(select)	
(select)		(select)	
(select)		(select)	
(select)		(select)	
(select)		(select)	
(select)		(select)	
Total Cofinancing			50,850,000

D. GEF/LDCF/SCCF RESOURCES REQUESTED BY AGENCY, FOCAL AREA AND COUNTRY¹

GEF Agency	Type of Trust Fund	Focal Area	Country Name/Global	Program Amount (a)	Agency Fee (b) ²	Total c=a+b
IADB	GEF TF	Climate Change	regional	2,000,000	160,000	2,160,000
IADB	GEF TF	Land Degradation	regional	3,000,000	240,000	3,240,000
(select)	(select)	(select)				0
(select)	(select)	(select)				0
(select)	(select)	(select)				0
(select)	(select)	(select)				0
(select)	(select)	(select)				0
(select)	(select)	(select)				0
(select)	(select)	(select)				0
(select)	(select)	(select)				0
(select)	(select)	(select)				0
(select)	(select)	(select)				0
(select)	(select)	(select)				0
(select)	(select)	(select)				0

⁴ Same as footnote #3.

(select)	(select)	(select)				0
(select)	(select)	(select)				0
(select)	(select)	(select)				0
(select)	(select)	(select)				0
(select)	(select)	(select)				0
(select)	(select)	(select)				0
(select)	(select)	(select)				0
(select)	(select)	(select)				0
(select)	(select)	(select)				0
(select)	(select)	(select)				0
(select)	(select)	(select)				0
Total Grant Resources				5,000,000	400,000	5,400,000

¹ In case of a single focal area, single country, single GEF Agency project, and single trust fund project, no need to provide information for this table

² Please indicate fees related to this project.

PART II: PROGRAMATIC JUSTIFICATION

A. GOAL OF THE PROGRAM:

The overall goal of IDB-GEF Climate-Smart Agriculture Fund for the Americas is to catalyze greater private sector investments in sustainable agriculture, forestry and rangeland systems in order to maintain and improve the flow of agro-ecosystem services from productive landscapes in the face of climate change and increasing resource scarcity. Climate-smart agriculture projects improve productivity and profits for agribusinesses and their value chains while decreasing greenhouse gas emissions from land use, improving management of ecosystem services and increasing resilience of productive systems. The Fund will be the first to focus specifically on climate-smart investments in agriculture, which it will support through provision of concessional loans and guarantees.

The proposed Fund has two components for areas of investment focus:

1. Silvo-pastoral production systems
2. Climate resilient value chains

Both components follow a value chain approach, targeting large agribusinesses, traders and financial intermediaries who on-lend to producers to promote sustainable use of natural resources, reduce greenhouse gas emissions (GHGs), attract new market participants, and create economic opportunities for local businesses, low income rural populations, including women and the indigenous. The split in allocation among the components is indicative (tables A, B and D). Ultimate allocation will depend on opportunities arising with IDB clients.

IDB requests delegated authority for the investments from GEFSEC, according to Option 1 under the PPP modalities.

B. DESCRIPTION OF THE CONSISTENCY OF THE PROGRAM WITH:

B.1.1 The [GEF/LDCF/SCCF focal area strategies](#):

This Fund is a response to the call by the GEF Secretariat for MDB Public-Private Partnership (PPP) platform proposals. The Climate-Smart Agriculture Fund's overall objective will be to facilitate innovative private investments cutting across GEF's climate change and land degradation focal areas.

Climate-smart agriculture encompasses land use management systems that reduce emissions, increase productivity and revenues, rehabilitate degraded land, reduce impact on ecosystems and strengthen the physical, economic and social resilience of actors along the value chains. More specifically, these project outcomes align with GEF focal areas in promoting conservation and enhancement of carbon stocks through sustainable management of land use and forestry (FA Objective CCM-5) and maintaining or improving the flow of agro-ecosystem services sustaining the livelihoods of local communities (FA Objective LD-1). Regarding carbon stock enhancement, mosaic and agroforestry systems have the potential to sequester a significant amount of CO₂ equivalent in above ground biomass and soil carbon, ranging from 8-12 tons per hectare per year.

Despite growing opportunities, traditional financiers have been slow to move into this space. The provision of funding for these specific components under the Climate-Smart Agriculture Fund will catalyze investments in enterprises along productive value chains that are engaged in sustainable land use and carbon stock enhancement. These resources will be additional, and invested with the expectation that investee companies will grow and achieve profitable returns, while generating social and environmental impact.

B.1.2. For programs funded from LDCF/SCCF: the LDCF/SCCF [eligibility criteria and priorities](#):

Not applicable.

B.2. National strategies and plans or reports and assessments under relevant conventions, if applicable, i.e. NAPAS, NAPs, NBSAPs, national communications, TNAs, NIPs, PRSPs, NPFE, etc.:

No country in LAC is an Annex 1 member under the Kyoto Protocol, yet all countries in the region recognize the need for a lower carbon growth model and the corresponding need for GHG mitigation. To date, eight countries in the region have prepared National Appropriate Mitigation Actions (NAMAs) Proposals: Argentina, Bolivia, Brazil, Colombia, Costa Rica, Chile, Mexico, and Peru. Some of these NAMAs include actions to reduce emissions from

the agriculture and land use sectors by promoting sustainable intensification and diversification technologies that will prevent further deforestation and habitat conversion.

With respect to land degradation, all potential project countries are signatories of the UN Convention to Combat Desertification. Once projects further developed, project team will ensure alignment with national strategies and plans.

C. Rationale of the program and description of strategic approach (including description of current barriers to achieve the stated objectives):

Most countries in the Latin America and Caribbean region are not high per capita GHG emitters, but emissions from the land use sector continue to account for 67% of overall emissions (versus 42% of emissions worldwide) due to ongoing deforestation, habitat conversion and other unsustainable land use practices. A population predicted to continue growing until 2060 and changing diets will put additional pressure on natural resources. At the same time negative impacts from climate change are already observed. Temperature rise and more erratic rainfalls negatively impact on crop yields in many regions. Until 2050, up to 80% of current coffee growing regions in Central America will no longer be suitable for coffee, requiring specific adaptation strategies such as renovation, irrigation, improved soil and shade management and other practices. In Mexico, the highly freshwater dependent dairy industry faces water scarcity issues that require investments in groundbreaking water saving technologies. Slow onset climate change as well as more frequent extreme weather events such as floods and cyclones require production systems to become more resilient and diversified where possible to reduce production risk.

The rationale of the proposed Climate-Smart Agriculture Fund is to target the subsectors of agricultural production with the highest potential of achieving positive climate change performance and improved land use: silvo-pastoral production systems and climate resilient agricultural value chains. Each of these components was selected to address a specific threat or opportunity. Beef production via extensive pasture represents the single largest driver of deforestation and greenhouse gas emissions in Latin America and the Caribbean. Small holders in the region are particularly vulnerable to climate variability and have the most to gain from guaranteeing sustainable yields. Given the region's dependency on agriculture as well as its vulnerability to climate change, investing in climate-smart agriculture is an imperative in Latin America and the Caribbean.

These challenges offer opportunities for sustainable business models in agricultural value chains. Soil conservation and other climate-smart technologies reduce input costs. Diversification of the production base creates multiple revenue streams, reducing production risk. Water harvesting and efficient irrigation systems protect producers against seasonal water variability. Sustainable intensification practices such as introducing silvo-pasture (combining livestock and forestry) on extensive grazing lands increases productivity without further area expansion.

But climate-smart agriculture investments face certain barriers to access finance: they are longer-term investments and project paybacks develop over numerous years rather than months, longer than commercial loans can offer. Information and capacity barriers lead to higher risk categorization by investors with associated risk premiums assigned to financing decisions. Therefore, climate-smart agriculture opportunities are often missed, resulting in poor land use management, unnecessary area expansion, additional greenhouse gas emissions, and low productivity levels of small producers.

To address the information and capacity barriers to climate-smart agriculture projects, IDB's Private Sector lending arm, the Structured and Corporate Finance Department (SCF), is providing \$850,000 in non-reimbursable grants to identify opportunities for clients to make these climate-smart agriculture investments with detailed economic and financial ecosystem services appraisals for corporate clients. These resources will also fund market studies and workshops on sustainable finance with financial intermediaries. The proposed GEF Climate-Smart Agriculture Fund will address the financial barriers once the information barriers are overcome, by providing debt at sufficiently long tenors and without high collateral requirements which will allow clients to finance projects they otherwise couldn't. The Fund will be a pilot to demonstrate the viability of these investments.

D. Discuss the added value of the program vis-à-vis a project approach (including [cost effectiveness](#)):

A program approach will help the Fund to reduce transaction costs therefore improving cost effectiveness in two ways. First, due technical synergies in projects, a program approach allows the fund to replicate technical design costs across projects. Second, an existing Fund will allow IDB to more effectively respond to client demand. Ensuring readiness of resources will entice clients to engage in the identified investments, shortening IDB origination process. Advance delegated authority for the investments from GEFSEC to IDB according to PPP modalities Option 1, as requested in section A, will further reduce transaction costs and ensure cost-effectiveness of GEF resources.

The programmatic approach brings to the table the added value of a potential project pipeline in all three components of the proposed Fund. The following list is indicative and will depend on negotiations with potential clients:

- Reforestation of degraded pasture land in Paraguay: by establishing integrated commercial timber plantations in existing pasture land, this investment will diversify revenue streams and enhance carbon stocks. Production of beef in Paraguay is characterized by low-density, extensive land use. As such, the sub-sector contributes to climate change by driving land use change and increasing methane emissions. To address this issue, the Government of Paraguay has created the AFD-PROFORESTAL program to protect existing forests and reforest degraded land. However, private-sector investment in activities to reduce emissions in the sector remains underdeveloped. Forestry projects are largely unable to raise funds by assuming debt because of the long payback period associated with forestry investments. The Fund will address this issue by enabling the IDB to provide longer grace periods than are found in commercial markets.
- Agricultural services and resiliency to water variability in agro-ecoregions of Bolivia: provision of services and finance to small land owners who have so far been excluded from financial markets will allow producers to increase productivity and reduce vulnerability. Small land owners in Bolivia are particularly vulnerable to climate variability. Floods, droughts and extreme temperatures damage production and undermine livelihoods. In response, the Government of Bolivia has developed a climate investment strategy, which has identified policies and investments that incentivize improved water management through activities such as efficient irrigation and switching to water efficient crops. The Fund will build on the investment strategy in order to further catalyze private sector involvement.
- Promoting sustainable aquaculture in Chile: supporting aquaculture companies to make investments in water efficiency will allow them to achieve improved management while cutting costs and reducing impact on water resources. GEF supported protected area conservation initiatives will be complemented by our approach to improve the private sector's impact on ecosystem services. Intensive aquaculture production continues to have a large impact on sensitive aquatic ecosystems due to water pollution, introduction of disease and other threats. To address this issue, a number of Chilean aquaculture companies have made commitments to achieve certification from the Aquaculture Stewardship Council, which entails significant investment in infrastructure and change in management practices. Commercial banks in the country have investigated the possibility of extending loans to aquaculture companies in order to support these investments, but have found them to be too risky. By providing guarantees, the Fund can reduce risk for private sector investors.
- Productive use of degraded lands in the Brazilian Cerrado: sustainable intensification of beef production through improvements in rangeland management will increase productivity, avoid deforestation and reduce methane emissions. While deforestation rates in the Amazon have decreased in recent years, agricultural expansion in the Cerrado is driving increased land degradation and habitat conversion. There tends to be a natural succession of land use change and agricultural production; deforestation is first caused by conversion of forest into pasture, which is followed by crop production, such as soy. The Brazilian Forest Code requires that 30% of the Cerrado remain as natural forest. Public research institutions have made substantial investments in efforts to improve agriculture productivity. While these public sector interventions have transformed Brazilian agricultural production, there remains a lack of incentive for private sector investment to intensify production of cattle. The Fund will support such investments by providing concessional loans to agricultural cooperatives.
- Sustainable production of high value added crops and forest products in Honduras: enabling small holders to access high value markets by providing innovative financial products will reduce land degradation and create positive impacts on ecosystem services. Honduras forms part of the Mesoamerican Biological Corridor, where it is of special importance that land use activities have a strong land conservation and sustainable

production focus (CAMBio project). Small-scale agriculture and extraction of timber products from forests remain drivers of forest conversion and habitat loss in Honduras. Improvements in coffee production have already succeeded in adding value to the final product and increasing the productivity of poorly managed lands. This Fund will expand on this success to other activities identified by Proyecto CAMBio with similar potential, such as cocoa and agroforestry production. Concessional funds will help to demonstrate the viability of investments that, at the moment, are made only at a small scale.

Proposed project governance criteria include: financial viability, demonstrated need for concessional resources, client capacity to implement project and existing MRV system in mitigation projects. Proposed investment impact criteria include: baseline level of degradation or threat, positive impact on vulnerable populations (e.g. job creation, diversified income source), reduction of GHG emissions, and number of SLM practices implemented.

E. Describe the baseline program and the problem that it seeks to address:

The Fund addresses specific problems of the agricultural subsectors that were identified as the components of the Fund.

Silvo-pastoral productions systems have financial and implementation barriers that the Climate-Smart Agriculture Fund will help to overcome. Investments in commercial timber plantations face the usual challenge of very long payback periods in forestry (in some cases 85% of expected cash flow occurs in years 12-15). Additionally, traditional cattle breeders are often skeptical of extending their business model into innovate technologies due to lack of experience and capacities.

Climate resilient production techniques are wide-spread in more developed agricultural markets and among top market players but often lack implementation in the most vulnerable regions and weakest players in the value chains that are expected to be hit hardest by climate change. Studies of small scale coffee producers in Mexico or mixed farmers in the Bolivian Altiplano show that smallholders often operate well below potential yield maximums per hectare. Financial intermediaries and agribusinesses with established contractual relationships and existing producer financing schemes will be able to overcome these implementation barriers with the Fund's catalytic effect.

Funding to close these specific gaps is not currently available. Private sector funds that support climate change investment have thus far been focused on renewable energy and energy efficiency projects. While funds may not specifically exclude climate smart agriculture investments, they tend to not to address the specific needs of agriculture. On the other hand, agricultural development funds are often missed opportunities to invest in innovative technologies and they lack a focus on climate change mitigation, adaptation and land degradation. This Fund focuses on the synergies between these two types of funding and will be the first fund tailored to incentivize private sector investment in climate smart agriculture. Support from the Fund will catalyze private sector co-financing in the form of equity from client companies, debt from IDB and commercial banks or a mixture.

F. [Incremental/Additional cost reasoning](#): describe the incremental (GEF Trust Fund) or additional (LDCF/SCCF) activities requested for GEF/LDCF/SCCF financing and the associated [global environmental benefits](#) (GEF Trust Fund) or [associated adaptation benefits \(LDCF/SCCF\)](#) to be delivered by the project:

GEF resources will be catalytic to realize IDB investments outlined above. Climate smart agriculture projects often have a higher risk profile than typical DFI risk appetite. For example, silvo-pastoral production systems generate the majority of their revenues from timber harvest, which necessitates generous tenor and grace period conditions. Thus, forestry investments may present risks that market capital is unwilling to absorb absent a guarantee from the parent company in order to invest in any type of forestry project. Another example is private sector investment in improved aquaculture technology; commercial banks thus far have been reluctant to invest due to high risk. In general, these types of investments have high upfront costs, longer payback periods and higher perceived risk, which has discouraged IDB from participating in these projects. By providing first loss risk mitigation and concessional loans, GEF resources will enable IDB to invest in projects it currently is unable to finance. There is significant potential for a demonstration effect, as GEF-financed projects will show the viability of these types of investments.

In addition to expected financial results, these funds will deliver significant global environmental and climate change benefits. It is expected that the silvo-pastoralism production systems component will sequester 3,000,000 tons of CO₂ equivalent, along with improving water regulation services to nearby communities. The climate resilient value chains component will help vulnerable businesses and communities adapt to climate change threats to productive systems.

Given the innovative nature of the investments supported by the Fund, concessional funds from multilateral institutions are necessary in order to establish a business case for their large-scale implementation. It is anticipated that the successful execution of demonstration of these investments will spur additional SCF and other private sector investment in the future.

G. Describe the socioeconomic benefits to be delivered by the Program at the national and local levels, including [consideration of gender dimensions](#), and how these will support the achievement of global environment benefits (GEF Trust Fund) or adaptation benefits (LDCF/SCCF).

This Fund will deliver a range of socioeconomic benefits at national and local levels while increasing global environment and climate change adaptation benefits. Additionally, the associated investment operations and technologies supported under the Fund are gender sensitive. All components of the Fund will benefit from IDB support for inclusion of gender and social issues. The specific socioeconomic benefits expected from the Fund include:

- Silvo-pastoral production systems will improve the long-term sustainability of local business models; provide more local jobs as compared to traditional extensive grazing systems, while increasing sequestration of greenhouse gases.
- Many sustainability improvements facilitate achieving internationally recognized certification for certain agricultural products. Certification schemes also include a number of social standards, which will improve working conditions for employees throughout productive value chains and specifically target gender equality in order to conform to the Millennium Development Goals.
- Promoting climate resilient value chains will improve vulnerable communities' resiliency to climate change.
- Introducing climate resilient commodities to value chains will also support diversification of income sources.

Promoting silvo-pastoralism and climate-resilient value chains will increase the supply of ecosystem services to local communities.

H. Justify the type of financing support provided with the GEF/LDCF/SCCF resources:

Climate smart agriculture investments face well understood barriers. First, they are longer-term investments that require additional capital, which is often in short supply for seasonal agricultural companies. Project paybacks develop over numerous years rather than months, which is longer than typical loan tenors available in the sector. Second, there are information and capacity barriers, which contribute to perceptions that many climate-smart agriculture investments are higher-risk and associated premiums for financing. For instance, many commodity traders and processors with vulnerable supply chains such as coffee, peanuts and other high value-added crops have identified investment needs at the producer level, but lack the capacity to develop and access to longer term lending products to their suppliers to improve production. Despite the business case for climate-smart agriculture investments, banks are generally unfamiliar with the opportunity and concerned by the longer tenors required, which results in unnecessarily high risk premiums and high collateral requirements. As a result, climate-smart agriculture opportunities are often missed, resulting in poor land use management, additional greenhouse gas emissions, and lower incomes for small producers.

This Climate-Smart Agriculture Fund will address these barriers, by co-financing with and/or providing guarantees for SCF loans to enable SCF to finance projects it otherwise couldn't. This GEF contribution will allow the SCF to:

- provide longer loan tenors to cover the payback period of climate-smart agriculture projects;

- reduce collateral requirements that are barriers to many climate-smart agriculture projects;
- provide reduced pricing (due to the first-loss coverage and the reduced IDB risk).

Non-reimbursable resources from the IDB will provide technical assistance in order to overcome information and capacity barriers. The Fund will be a pilot to demonstrate the viability of these investments.

I. Indicate risks, including climate change risks that might prevent the program objectives from being achieved, and if possible, propose measures that address these risks to be further developed during the program design:

The main risks facing investments made with these funds are:

- (i) Information risks: The benefits of these climate-smart agriculture investments need to be quantified in order to convince private sector companies to take a loan and make the additional investments. The use of technical assistance from the IDB's resources as well as some of the GEF agency fees to hire experienced experts in Corporate Ecosystem Valuations will help overcome this barrier and demonstrate to clients the value of the investments.
- (ii) Regulatory risks: Unanticipated changes in local or national regulatory or legal frameworks could raise the costs of investments, thereby adversely altering investment economics.
- (iii) Social acceptance risks: The components of the Fund are introducing innovative technologies and practices that may be met with skepticism by landowners. Low-financing costs and IDB support for technical assistance will help to overcome this barrier.
- (iv) Policy risks: Unforeseen shifts in local or national policies regarding land use, in particular, could adversely affect investment economics.
- (v) Climate change risks: The LAC region and its productive systems are particularly vulnerable to climate change; the IDB has made climate change adaptation one of its five priority sectors in recognition of this threat. For example, coffee production has been negatively affected by the Coffee Leaf Rust epidemic. The spread of the Rust has been exacerbated by climate change. Increased variability of water supply and water scarcity is another primary threat to productive systems brought on by climate change.

While these remain risks to investments supported by the Fund, design of the components specifically addresses these risks, both through economic and technological interventions, in order to minimize their downside. The silvo-pastoral production systems component, for example, will help to diversify incomes for landowners, making them less vulnerable to climate change risk.

J. Outline the institutional structure of the program including coordination and monitoring & evaluation:

This program is requesting a total of US\$5 million in reimbursable GEF resources for three IDB-SCF components that will invest in climate smart agricultural systems. A Fund advisor will be responsible for identifying transactions advising in the management of GEF resources. GEF resources and associated co-financing will be delivered according to typical IDB protocol. By providing first-loss guarantees, GEF resources will assume risk and allow SCF to make investments it normally would not be able to. Tenor of loans will be 3-18 years. In some cases, such as silvo-pastoral production systems, a long tenor is necessary in order to make the investment feasible. GEF resources will also enable longer than normal grace periods.

Monitoring and Evaluation of the proposed Fund will be mainstreamed according to IDB non-sovereign guarantee procedures. As such, clients will be responsible for the monitoring and reporting of project specific indicators. Potential costs will be factored into loan design. The monitoring and evaluation of program execution will be managed by IDB's Portfolio Management Unit (PMU) and Development Effectiveness Unit (DEU). The DEU has just completed a revamping of its Development Effectiveness Matrix (DEM), which provides each investment with a results framework for monitoring development impact. According to IDB policy, all indicators will be gender-disaggregated. A new tool developed by IDB suggests ecosystem services indicators to be included in investments' results frameworks. PMU will be responsible for tracking the impact of investments supported by GEF according to the indicators included in the DEM.

K. Identify key stakeholders involved in the program including the private sector, civil society organizations, local and indigenous communities, and their respective roles, as applicable:

Each component will engage a variety of stakeholders depending on its specific activities, including: private companies, commercial banks, local and indigenous community groups, and business cooperatives. Private companies will be the primary beneficiaries of investments and responsible for executing activities. Commercial banks will be co-lenders in investments, allowing GEF and IDB to leverage its resources. Engagement with community groups and business cooperatives will be particularly important for investments that include value chain development. IDB’s Environmental and Social Safeguards compliance policy, which includes safeguards for the rights of indigenous people, will be applied across all investments.

L. Indicate the co-financing amount the GEF agency is bringing to the project:

IDB is requesting US\$5 million in reimbursable resources from GEF for this program. IDB expects to invest a total of US\$20 million in reimbursable resources in the three components that comprise this GEF project. This US\$20 million is expected to leverage an additional US\$30 million in private sector investment. Additionally, IDB has contributed \$850,000 in non-reimbursable technical assistance funds to support the development of transactions.

M. How does the program fit into the GEF Agency’s program (reflected in documents such as UNDAF, CAS, etc.) and the Agency staff capacity in the country to follow up program implementation:

This program aligns with a number of IDB’s institutional goals. Combating climate change and helping clients to become more resilient is a strategic goal of the IDB. By 2015, 25% of IDB lending will be directly related to climate change, a five-fold increase over the 2006-2009 period. The private sector has a major role to play in responding to this challenge and the IDB’s Structured and Corporate Finance Department has adopted a target of supporting \$15 billion in climate finance by 2015. In 2013, the IDB also supports a Biodiversity and Ecosystem Services Program, which seeks to increase private sector investment in projects that are consistent with this Fund.

In addition to fitting into IDB’s climate and environmental goals, the program aligns with IDB social objectives. IDB’s Board of Governors has identified supporting institutions for growth and social welfare as a sector priority. Additionally, in November 2010, the IDB approved an operational policy on gender equality in development, which will mainstream gender issues across sectors.


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

A. RECORD OF ENDORSEMENT OF GEF OPERATIONAL FOCAL POINT (S) ON BEHALF OF THE GOVERNMENT(S): (Please attach the [Operational Focal Point endorsement letter \(for programs accessible to all GEF Agencies\)](#) and [Operational Focal Point Endorsement letter \(for programs accessible to GEF Agencies with board\)](#) with this template.

NAME	POSITION	MINISTRY	DATE (MM/dd/yyyy)
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B. GEF AGENCY(IES) CERTIFICATION

This request has been prepared in accordance with GEF/LDCF/SCCF policies and procedures and meets the GEF/LDCF/SCCF criteria for project identification and preparation. Following the new project cycle, [Enter Agency(ies) name] will submit all PIFs under the program within 6 months after Council approval of the PFD.

Agency Coordinator, Agency name	Signature	DATE (MM/dd/yyyy)	Project Contact Person	Telephone	Email Address
Michael Collins Inter-American Development Bank		03/28/2014	Patrick Doyle	202 623 1468	patrickd@iadb.org
			Katalin Solymosi	202 623 2993	katalins@iadb.org

LIST OF PROJECTS UNDER THE PROGRAM FRAMEWORK

Projects Submitted for Council approval in this work program + Future submissions:						
<u>Project Title</u>	<u>GEF Amount (\$)</u>			<u>Agency Fee (\$)</u>	<u>Total (\$)</u>	<u>Expected Submission Date</u>
	<u>Focal Area 1</u>	<u>Focal Area 2</u>	<u>TOTAL</u>			
	<u>Project</u>	<u>Project</u>	<u>Project</u>			
<u>FSP submitted with PFD in the work program</u>						
1.			0		0	Same as program framework document
2.			0		0	
3.			0		0	
4.			0		0	
<u>Total</u>	0	0	0	0	0	
<u>MSPs Submitted for CEO approval</u>						
1.			0		0	
2.			0		0	
3.			0		0	
<u>Total</u>	0	0	0	0	0	
<u>FSP Projects to be submitted in future work programs:</u>						
1.			0		0	
2.			0		0	
3.			0		0	
4.			0		0	
<u>Total FSPs</u>	0	0	0	0	0	
<u>MSP Projects to be submitted for CEO Approval</u>						
1.Reforestation Of Degraded Pasture Land In Paraguay			0		0	
2.Agricultural Services And Resiliency To Water Variability In Agro-Ecoregions Of Bolivia			0		0	
3.Promoting Sustainable Aquaculture In Chile			0		0	

4.Productive Use Of Degraded Lands In The Brazilian Cerrado			0		0	
5.Sustainable Production Of High Value Added Crops And Forest Products In Honduras						
Total	0	0	0	0	0	

Note: Qualifying GEF Agencies submitting the PFD do not need to fill this table. For all other GEF Agencies, fill in the focal area split, if any. If more than two focal areas involved, add columns as necessary.