

Funding Proposal

FP135: Ecosystem-based Adaptation in the Indian Ocean – EBA IO

Multiple Countries | Agence Française de Développement (AFD) | Decision B.26/02

21 August 2020



**GREEN
CLIMATE
FUND**

Funding Proposal

Programme title:	Ecosystem-based Adaptation in the Indian Ocean – EBA IO ¹
Countries:	Comoros, Madagascar, Mauritius and Seychelles
Accredited Entity:	Agence Française de Développement (AFD)
Date of first submission:	<u>2020/01/23</u>
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¹ Previously entitled “Strengthening Ecosystem-based Adaptation to climate change in Island States through Civil Society”.

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Note to Accredited Entities on the use of the funding proposal template

- Accredited Entities should provide summary information in the proposal with cross-reference to annexes such as feasibility studies, gender action plan, term sheet, etc.
- Accredited Entities should ensure that annexes provided are consistent with the details provided in the funding proposal. Updates to the funding proposal and/or annexes must be reflected in all relevant documents.
- The total number of pages for the funding proposal (excluding annexes) **should not exceed 60**. Proposals exceeding the prescribed length will not be assessed within the usual service standard time.
- The recommended font is Arial, size 11.
- Under the [GCF Information Disclosure Policy](#), project and programme funding proposals will be disclosed on the GCF website, simultaneous with the submission to the Board, subject to the redaction of any information that may not be disclosed pursuant to the IDP. Accredited Entities are asked to fill out information on disclosure in section G.4.

Please submit the completed proposal to:

fundingproposal@gcfund.org

Please use the following name convention for the file name:

“FP-[Accredited Entity Short Name]-[Country/Region]-[YYYY/MM/DD]”

A. PROJECT/PROGRAMME SUMMARY			
A.1. Programme or programme	Programme	A.2. Public or private sector	Public
A.3. Request for Proposals (RFP)	Not applicable		
A.4. Result area(s)	<p>Check the applicable GCF result area(s) that the overall proposed project/programme targets. For each checked result area(s), indicate the estimated percentage of GCF budget devoted to it. The total of the percentages when summed should be 100%.</p>		
	<p>Mitigation: Reduced emissions from:</p> <p><input type="checkbox"/> Energy access and power generation:</p> <p><input type="checkbox"/> Low-emission transport:</p> <p><input type="checkbox"/> Buildings, cities, industries and appliances:</p> <p><input type="checkbox"/> Forestry and land use:</p> <p>Adaptation: Increased resilience of:</p> <p><input checked="" type="checkbox"/> Most vulnerable people, communities and regions:</p> <p><input type="checkbox"/> Health and well-being, and food and water security:</p> <p><input type="checkbox"/> Infrastructure and built environment:</p> <p><input checked="" type="checkbox"/> Ecosystem and ecosystem services:</p>	<p>GCF contribution:</p> <p>13%</p> <p>87%</p>	
A.5. Expected mitigation impact	Not applicable	A.6. Expected adaptation impact	698,000 beneficiaries, of which 88,000 are direct beneficiaries
			2.4% of targeted population
A.7. Total financing (GCF + co-finance)	<u>49.2 million</u> USD	A.9. Programme size	Small (Upto USD 50 million)
A.8. Total GCF funding requested	<u>38M</u> USD		
A.10. Financial instrument(s) requested for the GCF funding	<p><input checked="" type="checkbox"/> Grant <u>USD 38 million</u> <input type="checkbox"/> Equity <u>Enter number</u></p> <p><input type="checkbox"/> Loan <u>Enter number</u> <input type="checkbox"/> Results-based payment <u>Enter number</u></p> <p><input type="checkbox"/> Guarantee <u>Enter number</u></p>		
A.11. Implementation period	2021-2030. 10 years	A.12. Total lifespan	20+ years
A.13. Expected date of AE internal approval	6/30/2020	A.14. ESS category	I-3
A.15. Has this FP been submitted as a CN before?	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	A.16. Has Readiness or PPF support been used to prepare this FP?	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
A.17. Is this FP included in the entity work programme?	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	A.18. Is this FP included in the country programme?	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
A.19. Complementarity and coherence	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>		

<p>A.20. Executing Entity information</p>	<p>Conservation International Foundation (“CI”) is the unique Executing Entity for the Programme. CI manages a programme named The Critical Ecosystem Partnership Fund (“CEPF”). Therefore, CI will be responsible for GCF funding received under this Programme. CI is a non-profit public benefit corporation organized under the laws of the State of California, U.S.A. CI is one of CEPF’s global donor organizations (so is AFD). CI hosts the CEPF secretariat and provides supporting legal and financial services but the CEPF has its own governance system and its own specific sub account within CI main bank account.</p>
<p>A.21. Executive summary (max. 750 words, approximately 1.5 pages)</p>	
<p>Like all island developing states, the four Programme countries (Comoros, Madagascar, Mauritius, and Seychelles) are extremely vulnerable to climate change. Their populations, agricultural lands and infrastructure are highly exposed to climate change because they tend to be concentrated in coastal zones² where sea-level rise and increased frequency and severity of extreme weather is most damaging³. All the Programme countries report recent climate change such as increased temperatures, rainfall changes, sea-level rise and increasing ocean acidification. Climate models, even under the most optimistic scenarios, project that existing changes are going to become more pronounced in the future, putting people, infrastructure, agriculture, natural ecosystems and people’s livelihoods at risk. Increased air and sea surface temperatures, changes to seasonal rainfall and increased numbers of extreme weather events including both droughts and flooding are expected. Cyclones are already a significant threat to life and assets and are expected to intensify.</p> <p>While the combined effects of projected climate change mean that many people are at risk, the populations and economies of the Programme countries are highly dependent on natural resources and therefore ecosystem services. However, the natural ecosystems that provide these services are already under severe threat from human activities in all the Programme countries, which are within a <i>biodiversity hotspot</i> – a region of high biodiversity importance but with extremely threatened natural ecosystems. As a consequence, the resilience and ability of ecosystems to provide essential ecosystem services necessary for people to adapt to climate change is diminished, further exacerbating climate change vulnerability. The most significant impacts are expected to include: decreased provision of freshwater due to degraded watersheds; increased flooding due to conversion of ecosystems that provide natural flood regulation; loss of coastal protection due to damage to coastal ecosystems such as mangroves and coral reefs; declines in the productivity of fisheries due to loss of nursery habitats; and decreased agricultural production due to heat stress and drought.</p> <p>Ecosystem-based Adaptation (EbA) measures have been identified as high priorities in the climate change strategies of all the Programme countries (see section D). EbA encourages conservation, improved management and restoration of ecosystems to provide the essential services that people need to adapt to climate variability. However, beyond a few pilot projects, financing for EbA is currently insufficient in the Programme countries despite the urgent need and opportunity to scale up EbA action. While there has been a focus on strengthening government programmes to address climate change impacts, there has been less attention on harnessing the capacity of civil society to address these challenges. Despite their potential to play an effective role in addressing EbA, CSOs are typically under-utilized, under-valued and under-financed by development actors.</p> <p>In this context, the Programme will provide specific funding for EbA through the Critical Ecosystem Partnership Fund (CEPF) to mobilize Civil Society Organizations (CSOs). CEPF was established in 2000 as a mechanism to enable CSOs to support conservation of critical ecosystems within biodiversity hotspots. CEPF is a joint initiative of AFD, Conservation International (an international NGO), the European Union, the Global Environment Facility, the Government of Japan and the World Bank. Since inception, CEPF has</p>	

² Madagascar, due to its size, is the exception but still has significant coastal populations and offshore islands that share the same characteristics as the other countries.

³ <https://www.ipcc.ch/srocc/>

granted more than USD 232 million for biodiversity conservation to over 2,300 CSO grantees in 24 biodiversity hotspots. CEPF currently funds biodiversity conservation actions in the four countries of the biodiversity hotspot and so there is an immediate opportunity to use its existing CSO networks to address climate change issues at scale. Integrating biodiversity and climate change issues are at the heart of the international agenda this year and this is exactly what this proposal is about.

CEPF do not have any legal status of its own. It is a program of Conservation International. Conservation International Foundation (“CI”) is then the Executing Entity for the Programme. As said above, CI is one of CEPF's global donor organizations (so is AFD). CI hosts the CEPF secretariat and provides supporting legal and financial services but the CEPF has its own governance system and its own specific sub account within the CI main bank account.

The goal of the Programme is to reduce the vulnerability of island populations by securing the critical ecosystem services they need to be resilient to climate change. The Programme will use tried-and-tested tools and methodologies that CEPF has developed over the last 20 years for strengthening and engaging civil society actors in ecosystem conservation. CEPF's current model, which prioritises biodiversity conservation, will be modified to direct investments to geographic and thematic areas of highest priority for EbA. The Programme will work through CSOs, help to build their capacity and help them develop partnerships with the private and public sector. The Programme includes a component to achieve long-term sustainability and encourage replication of best EbA practice. The Programme has three components:

Component 1: Developing strategic plans for EbA in the small island biodiversity hotspot that are well aligned with national climate change strategies;

Component 2: Supporting EbA activities through grants to CSOs;

Component 3: Ensuring long-term sustainability and replicating success through knowledge products and tools for EbA.

The Programme is expected to make a significant contribution to the climate change and sustainable development strategies of the Programme countries by increasing resilience and reducing the vulnerability of ecosystems and people. High level impacts of the Programme include: decreased vulnerability for at least 698,000 people through access to more resilient ecosystem services and livelihood options; restoration or improved management of at least 1.83 million hectares of coastal and terrestrial ecosystems that play critical roles in ecosystem service provision; and increased capacity of at least 25 CSOs, thereby enabling them to make further contributions to EbA. While EbA is the main focus of the Programme, the proposed protection and restoration of ecosystems is expected to have important mitigation benefits through avoided emissions from deforestation and sequestration linked to ecosystem restoration activities.

By financing the Programme, GCF will be supporting CEPF to replicate the EbA tools and approaches developed in the four countries.

It is also important to note that the Programme will also allow the CEPF to replicate the EbA tools and approaches developed in other Small Island Developing States, Least Developed Countries and other countries in the biodiversity hotspots where CEPF works. This replication throughout CEPF's portfolio (CEPF disburses approximately USD 16 million per year to CSOs globally) will be both during the Programme period, and beyond. **For avoidance of doubt, replication activities in countries other than the four Programme countries fall outside the scope of the Programme.**

In this way, the Programme will have a lasting impact and scaling up far beyond the scope of the one-off Programme in the four countries of the Indian Ocean.

B. PROJECT/PROGRAMME INFORMATION

B.1. Climate context (max. 1000 words, approximately 2 pages)

The GCF funding for the Programme will target the Indian Ocean: Madagascar, Mauritius, and Seychelles, a region where CEPF has current investments. The region, recognized as a biodiversity hotspot, is among the most biologically diverse yet threatened ecoregions in the World⁴. It is also one of the most vulnerable to climate change (see below). The goal of the Programme is to reduce the vulnerability of populations in island states by securing the critical ecosystem services they need to be resilient to climate change. Three of the four proposed Programme countries are Small Island Developing States (SIDS). Madagascar is a Least Developed Country (LDC)⁵ that is much larger than the other islands, but its coastal areas and offshore islands share many of the same environmental and socio-economic features as SIDS.

Climate Change rationale

The specific vulnerability of SIDS and LDCs are recognized by the climate convention (see UNFCCC⁶). Warming temperatures (both sea surface and air temperatures), sea-level rise and the increased frequency and severity of extreme weather events have, and will continue to have, significant and profound effects on island populations, agricultural lands and infrastructure, which tend to be concentrated in coastal zones. With one-third of their population living on land less than 5m above sea level, the threat of sea-level rise and destruction from storm surges means that significant parts of Islands, and in some cases entire nations, may become uninhabitable⁷. These climate risks, combined with their particular socio-economic situations, make SIDS and LDCs some of the most vulnerable countries in the world to climate change. Large parts of the populations of SIDS and LDCs also rely directly on natural resources, and therefore directly on ecosystem services, for their livelihoods.

All the countries included in the Programme are facing broadly similar challenges related to climate change. The IPCC Fifth Assessment Report (AR5 -2014) indicates with high confidence that current and future climate-related drivers of risks for small islands – including Comoros, Mauritius and Seychelles – during the 21st century include sea level rise, cyclones, increasing air and sea surface temperatures, and changing rainfall patterns⁸. Likewise, climate change in Madagascar induces more frequent droughts and floods, sea level rise and increasing temperature, which also have increasing impacts on livelihood, food security, economic development, and infrastructure⁹. Figure 1, presenting average annual temperatures in the four countries, highlights the warming trend. More detailed presentation of climate data, and model projections is provided in Annex 2, the Feasibility Study.

In addition to temperature rise, several national climate change documents (e.g. UNFCCC National Communications, Nationally Determined Contributions and other national climate strategy documents, based on scientific reports) report sea-level rise (e.g. + 0.6 cm/year in Madagascar (1994-2008)) and increasing ocean acidification as climate threats. Moreover, when looking at historical scientific data over the Indian Ocean, trends are showing more floods and droughts based on a comparison of periods 1961-1990 and 1991-2016¹⁰.

⁴ More precisely, hotspots are distinguished by: (i) harboring at least 0.5% of all species of vascular plants, and (ii) containing 30% or less of their original primary vegetation.

⁵ Comoros is also an LDC

⁶ <https://unfccc.int/resource/docs/convkp/conveng.pdf>

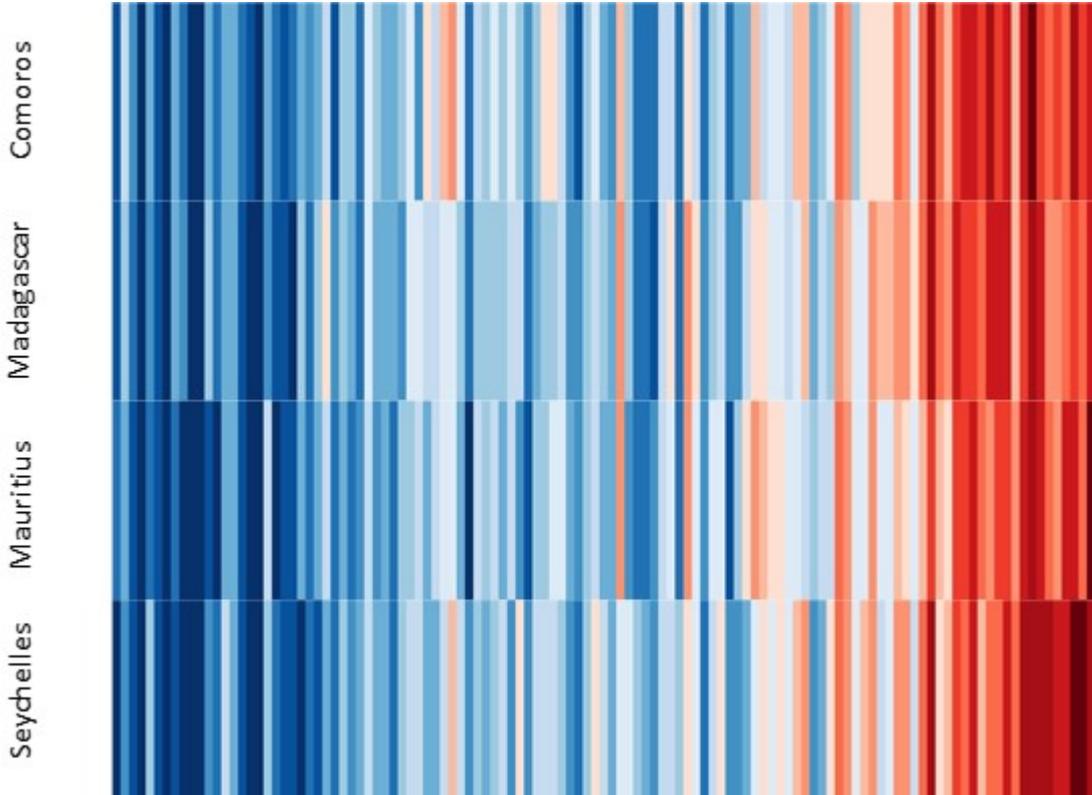
⁷ UN-OHRLLS, 2015. Small Island Developing States in Numbers.

⁸ WGI AR5 Chapter 14; Table 29-1

⁹ <https://www.worldbank.org/en/news/feature/2015/12/04/building-madagascars-climate-resiliency-to-ensure-food-security-and-preserve-livelihoods>

¹⁰ World Bank, 2017. 'South West Indian – RAFI' <https://www.gfdr.org/sites/default/files/publication/116342-WP-PUBLIC-52p-SWIO-RAFI-Summary-Report-2017-Publish-Version.pdf>

Figure 1: Annual average temperatures in the Programme countries showing the warming trend between 1908 and 2018.



Note: Each stripe represents the mean annual temperature averaged over a year. For each country, the average temperature for the 1971-2000 period is set as the boundary between blue and red colours, and the colour scale varies from +/- 2.6 standard deviations of the annual average temperatures between 1901-2000. Data source: Berkeley Earth temperature dataset; [www. Showyourstripes.info](http://www.Showyourstripes.info)).

In the future, all Programme countries are expected to experience increased annual average temperatures, with projected increases ranging from approximately 0.6 to 3.5°C by 2090 depending on assumptions about future GHG emission scenarios¹¹. There is less consensus from climate models about projected rainfall patterns and there is more variation between countries expected for rainfall. However, seasonal rainfall changes (increases or decreases) are predicted in many of the countries, or specific regions of countries, and most countries are also expected to have a greater number of extreme weather events including both droughts and flooding. Natural disasters such as cyclones, and tropical depressions already cause significant damage in the region. For example, cyclone Ava, which hit Madagascar in 2018, killed 51 people, displaced 50,000, and caused USD 156 million in losses - equivalent to 2.5% of GDP¹². This was just one of several cyclones in the region in 2018. Overall, the number of affected people - estimated at 14.4 million for the 1964–2014 period - and the physical damages associated to climate-related hazards in Comoros, Madagascar, Mauritius and Seychelles - estimated at USD 3.1 billion over the same period - are expected to further increase in the context of climate change¹³. For instance, The

¹¹ As reported in national climate strategy documents

¹² *Randrianalijaona T.million. 2018. Measuring the economic impact of cyclones in Madagascar. Reliefweb.* <https://reliefweb.int/report/madagascar/measuring-economic-impact-cyclones-madagascar>.

¹³ World Bank, 2017. 'South West Indian – RAFI' <https://www.gfdr.org/sites/default/files/publication/116342-WP-PUBLIC-52p-SWIO-RAFI-Summary-Report-2017-Publish-Version.pdf>

Special Report on Ocean and the Cryosphere from IPCC (2019)¹⁴ states that, overall, cyclones are expected to become less frequent but more intense.

Another manifestation of climate change that will have very important impacts on the Region is sea-level rise, which is expected to rise in all the Programme countries. Based on spatial trend patterns from January 1993 to May 2019, the Indian Ocean region and in particular East of Madagascar has the strongest regional sea level rise trend of the World (see figure 9 of the WMO Statement on the State of the Global Climate in 2019¹⁵). However, the magnitude of sea level rise remains uncertain in climate change projections because how processes such as the melting of large ice sheets near the poles will impact sea levels are not precisely known. Larger sea level rises than the projected average rises of up to 2m being reported by 2090 in the national climate strategy documents of the Programme countries could therefore occur. In addition, extrapolating from average sea level rises to predict the consequences for coastal populations to rising sea levels is challenging. A recent study suggests that even under current projections of sea-level rise, the vulnerability of coastal populations has been greatly underestimated and that 630 million people worldwide will live on land below projected annual flood levels by 2100¹⁶. In addition, increased ocean acidification is expected in the waters around all Programme countries, which will lead to additional stress to the health of coral reefs¹⁷.

Under the projected scenarios for future climate change, threats to coastal areas will be exacerbated by temperature rise, increased storms, sea-level and wave action. The main climate risks facing the Programme countries and their potential impacts on water resources, agricultural production, fisheries, ecosystem services and human health are summarized in Annex 2 (Feasibility study). The most significant impacts are expected to include coastal erosion with damage to (and potential loss of) mangroves, coral reefs and other habitats; declines in the productivity of fisheries that people depend on; and displacement of human communities leading to subsequent conversion of natural vegetation. Agriculture remains a major socio-economic activity in the hotspot. Under likely scenarios of climate change, especially with temperature increase and modification of precipitation regimes, traditional crops will be affected. This will have implications for changing agricultural systems, as new crops are introduced that are better suited to the altered climatic regime. Storm surges and inundation of seawater on low-lying coastal areas will damage staple agricultural crops and make land unsuitable for agriculture. Increased temperatures will cause heat stress on many agricultural plants. Flooding and droughts are likely to be more frequent due to more extreme weather.

The above-mentioned risks will directly impact the economies, the populations and the ecosystems of the countries of the Programme, which aim to reduce their vulnerabilities. In that regard, healthy coastal, freshwater and terrestrial ecosystems of islands are crucial for adaptation to climate threats. Coastal ecosystems such as coral reefs, mangroves, salt marshes and seagrass meadows play important roles in reducing coastal erosion, and provide a range of additional services such as supporting fisheries and tourism that are important to support local livelihoods. Coastal ecosystems stabilize shorelines by reducing wave energy, trapping sediments and filtering nutrients. When healthy, these ecosystems also keep up with sea level rise through soil accretion, thereby countering challenges such as saline intrusion and erosion. Healthy coastal ecosystems have also been credited with reducing vulnerability to extreme weather events such as cyclones, since altered or degraded coastlines are more prone to

¹⁴ IPCC Special Report on the Ocean and Cryosphere in a Changing Climate [H.-O. Pörtner, D.C. Roberts, V. Masson-Delmotte, P. Zhai, M. Tignor, E. Poloczanska, K. Mintenbeck, A. Alegría, M. Nicolai, A. Okem, J. Petzold, B. Rama, N.M. Weyer (eds.)]. 2019

¹⁵ https://library.wmo.int/doc_num.php?explnum_id=10211

¹⁶ Kulp S., A., & Strauss B., H. 2019. New elevation data triple estimates of global vulnerability to sea-level rise and coastal flooding. Nature Communications 10, Article number: 4844 (2019)

¹⁷ Magnan, A.K., M. Garschagen, J.-P. Gattuso, J.E. Hay, N. Hilmi, E. Holland, F. Isla, G. Kofinas, I.J. Losada, J. Petzold, B. Ratter, T. Schuur, T. Tabe, and R. van de Wal, 2019: Cross-Chapter Box 9: Integrative Cross-Chapter Box on Low-Lying Islands and Coasts. In: IPCC Special Report on the Ocean and Cryosphere in a Changing Climate [H.-O. Pörtner, D.C. Roberts, V. Masson-Delmotte, P. Zhai, M. Tignor, E. Poloczanska, K. Mintenbeck, A. Alegría, M. Nicolai, A. Okem, J. Petzold, B. Rama, N.M. Weyer (eds.)]. In press

significant impact¹⁸. Terrestrial and wetland ecosystems also play an important role in delivering services that help people adapt to climate change. For example, forests can reduce the effects of flooding in catchment areas, protect sources of freshwater and facilitate replenishment of groundwater. Good watershed management is important for water retention, prevention of landslides and reduction of flash-flooding and protection of downstream infrastructure. Ecosystem protection and restoration, including elimination of invasive alien species, can be important actions to improve the resilience of island ecosystem services.

EbA solutions to climate change are particularly relevant for Islands. EbA integrates the conservation and restoration of biodiversity and ecosystem services¹⁹ into broader climate change adaptation strategies. EbA encourages conservation, improved management and restoration of ecosystems to provide essential services that people need to adapt to climate variability. The aim is to maintain and increase resilience and reduce the vulnerability of ecosystems and people. EbA can be less expensive to implement than infrastructure-based adaptation, and can generate important social, economic, biodiversity conservation and cultural co-benefits. The UNFCCC has recognized the role that sustainable management of natural resources can play in building resilience of socio-economic and ecological systems as part of climate change adaptation strategies. In addition, many EbA measures also bring climate change mitigation benefits. Natural climate solutions, such as conservation and restoration of natural ecosystems, could provide as much as a third of mitigation measures needed by 2030 to limit global warming to 2°C²⁰.

Context

The islands of the Madagascar and Indian Ocean island hotspot share biogeographical features but Madagascar, an island-continent, makes up about 95 percent of the hotspot's land area and is home to about 92 percent of the population²¹. There are also significant economic disparities. Seychelles and Mauritius can be considered as upper-middle income economies with high human development, while Madagascar and Comoros are categorized by the United Nations as among the world's Least Developed Countries. In these two countries, the economy relies mostly on subsistence agriculture and fishing, while the services sector, and in particular tourism and financial services (in Mauritius), dominates the economy of the more developed islands. Notwithstanding, tourism, fisheries and agriculture are all heavily dependent on natural resources and their preservation and sustainable management is critical for these countries. Although they have small land areas, both Seychelles and Mauritius have huge areas of ocean in their Exclusive Economic zones and are therefore Large Ocean States with important marine resources.

Table 1. Summary of key information for Programme countries²²

Country	Land area (km ²) ^a	Coastline (km)	Population size ^b (2019 estimates)	Human Development Index (Global Rank) - 2019	GDP (USD billions) ^c	GDP (USD per capita)	GDP composition by sector ^d
Comoros	2,235	340	850,886	0.538 (156)	1,179 (173)	\$1,600 (2017 est.)	Agriculture 47.7% Industry 11.8% Service 40.5%
Madagascar	587,041	4,828	26,969,307	0.521 (162)	12,550 (132)	\$1,600 (2017 est.)	Agriculture 24% Industry 19.5% Service 56.4%
Mauritius	2040	322	1,198,575	0.796 (66)	14,391 (123)	\$22,300	Agriculture 4% Industry 21.8%

¹⁸ McIvor et al. 2012. Storm Surge Reduction by Mangroves. Natural Coastal Protection Series: Report 2. The Nature Conservancy & Wetlands International.

¹⁹ Ecosystem services are the benefits people obtain from nature, such as flood regulation, storm protection, food, clean water, fuel, shelter, soil formation, nutrient cycling, recreational and spiritual benefits, etc.

²⁰ Griscom et al. 2017 Natural Climate Solutions. Proceedings of the National Academy of Sciences of the U.S.A. **114**: 11645-11650

²¹ Critical Ecosystem Partnership Fund (CEPF) 2014. Ecosystem Profile of the Madagascar and Indian Ocean Islands Hotspot.

²² Data summarised from CIA World Factbook and references except where noted otherwise. <https://www.cia.gov/library/publications/the-world-factbook/> Accessed 18 Oct. 2019

						(2017 est.)	Service 74.1%
Seychelles	455	491	97,739	0.801 (62)	1,644 (169)	\$29,300 (2017 est.)	Agriculture 2.5% Industry 13.8% Service 83.7%

Notes: a) Includes inland water bodies; b) 2019 population estimates by Population Division of UN Economics and Social Affairs; c) source: IMF, 2019; d) estimate for 2017.

All of the countries in the Programme are signatories of the main international environmental treaties including the UNFCCC and the Convention on Biological Diversity (CBD). All of the countries have indicated in national climate plans that EbA activities are part of their priority national climate adaptation strategies (see section D5). A limited number of projects focused on EbA and climate change mitigation have been started in some of the countries and provide opportunities for synergy with the proposed Programme. Similarly, a greater number of projects and programmes focused on biodiversity conservation objectives are ongoing that also provide opportunities for synergies. Further details of relevant projects are provided in the Feasibility Study in Annex 2, but some of the most important current projects on EbA are described in the table below.

Table 2. Summary of some important current/planned projects addressing EbA in the Programme countries

Project name (Promoter/donor)	Countries included	Brief description
Ensuring climate resilient water supplies in the Comoros Islands (UNDP/GCF)	Comoros	Strengthen water resources management and environmental monitoring, improve groundwater management and preservation, expand hydrological and meteorological monitoring infrastructure, protect ecosystems and regulate stream flow, and integrate local populations into water resources management.
EbA to climate change in Seychelles (UNDP/Adaptation Fund)	Seychelles	Watershed management and coastal protection.
Restoring Marine Ecosystem Services by Rehabilitating Coral Reefs to Meet a Changing Climate Future (UNDP/Adaptation Fund)	Seychelles, Mauritius	Reef restoration, establish coral farming and nursery facilities, and actively restore degraded reefs
Blue Action Fund (KfW/GCF)	Madagascar	Enhance, through coastal zone management, ecosystem services that contribute to reducing climate change-related risks for vulnerable coastal communities
AFD	Comoros, Madagascar, Mauritius and Seychelles	AFD finances several other projects in the region that address similar themes and for which there are additional opportunities to create synergies, including RECOS (promoting coastal resilience and adaptation; financed by AFD for EUR 8.5 million and FFEM for EUR 1.5 million), support to the Moheli National Park in Comoros (EUR 3 million), the Kobaby project in Madagascar which finances the strengthened management of terrestrial and coastal protected areas (EUR 7 million) and the Talaky/Talaky Be project (EUR 3.5 million) that addresses deforestation, low emission rice agriculture and the creation of a protected area and support to the FAPBM - Madagascar's Biodiversity and Protected Areas Foundation (EUR 8 million).

B.2. Theory of change (max. 1000 words, approximately 2 pages plus diagram)

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The goal of the Programme is to reduce the vulnerability of island populations by securing the critical ecosystem services they need to be resilient to climate change. This goal will be achieved by harnessing the capabilities of CSOs to accomplish EbA to climate change in the Programme countries and then replicating this experience to other island countries that face similar challenges, with a particular emphasis on SIDS and LDCs. While there has been a focus on strengthening government programmes to address climate change impacts, there has been less attention on harnessing the capacity of civil society to address these challenges. Despite their potential to play an effective role in addressing EbA, CSOs are typically under-utilized, under-valued and under-financed by development actors.

The Programme will support EbA actions that protect, restore or promote the sustainable use of critical ecosystems providing ecosystem services to vulnerable people, beginning with demonstration subprojects in four island countries in the Indian Ocean, which CEPF will then be able to expand to other parts of its global grants portfolio. As shown in Figure 2, healthy ecosystems provide a range of services that are essential for human well-being and for improving adaptive capacity by increasing resilience to stresses. This is especially the case in SIDS and LDCs, which are particularly vulnerable to climate change impacts, such as sea level rise and extreme weather events. Individuals, communities, businesses and society as a whole benefit and are more resilient when these ecosystem services are of sufficient quantity and quality because they are better able to survive, adapt and improve conditions in the face of stresses and shocks from climate change and other sources.

EbA is a nature-based solution that is gaining significant importance in the context of both climate change (e.g. within the UNFCCC processes, included in Nationally Determined Contributions and a growing number of National Adaptation Plans) and biodiversity conservation (e.g. integration into the CBD Strategic Plan 2011-2020 and Aichi targets). EbA makes important links between biodiversity conservation and sustainable economic development as part of an overall strategy for helping people adapt to the risks associated with climate change. EbA is an emerging concept with an increasingly documented scientific basis, implementation of pilot projects globally, as well as emerging guidelines, tools and standards. Nevertheless, there remains a lack of EbA pilots and studies from island countries, where the potential for the approach is great. For example, four of the ten highest global priorities for adaptation of agriculture and biodiversity in the face of climate change are located in island biodiversity hotspots.²³

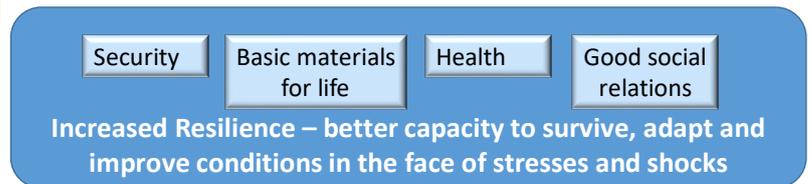
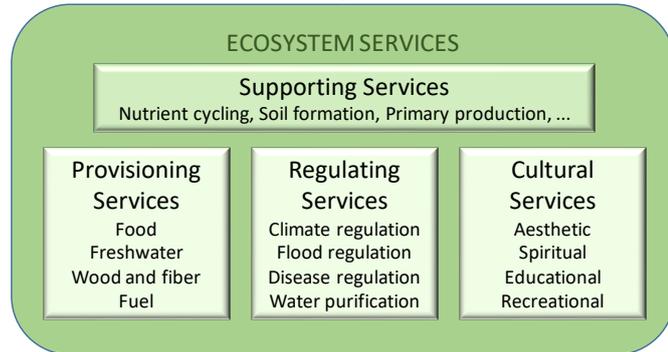
Figure 2. The pathway between EbA actions and increased human resilience to stresses and shocks from climate change and other sources

²³ Hannah L, Ikegami million, Hole DG, Seo C, et al. (2013) Global Climate Change Adaptation Priorities for Biodiversity and Food Security. PLoS ONE 8(8): e72590. doi:10.1371/journal.pone.0072590
<http://www.plosone.org/article/info:doi/10.1371/journal.pone.0072590>

Ecosystem-based Adaptation actions
Protect, restore and use sustainably



HEALTHY
ECOSYSTEMS



- Examples of important ecosystems and ecosystem services in the Project countries
- Mangroves – coastal protection, fish nurseries, food provision
 - Coral reefs – coastal protection, food provision, nature-based tourism
 - Forest watersheds - freshwater provision, flood regulation, soil stabilization
 - Forests – provision of building materials, wild food and traditional medicine
 - Rivers and lakes - provision of food, freshwater, flood regulation

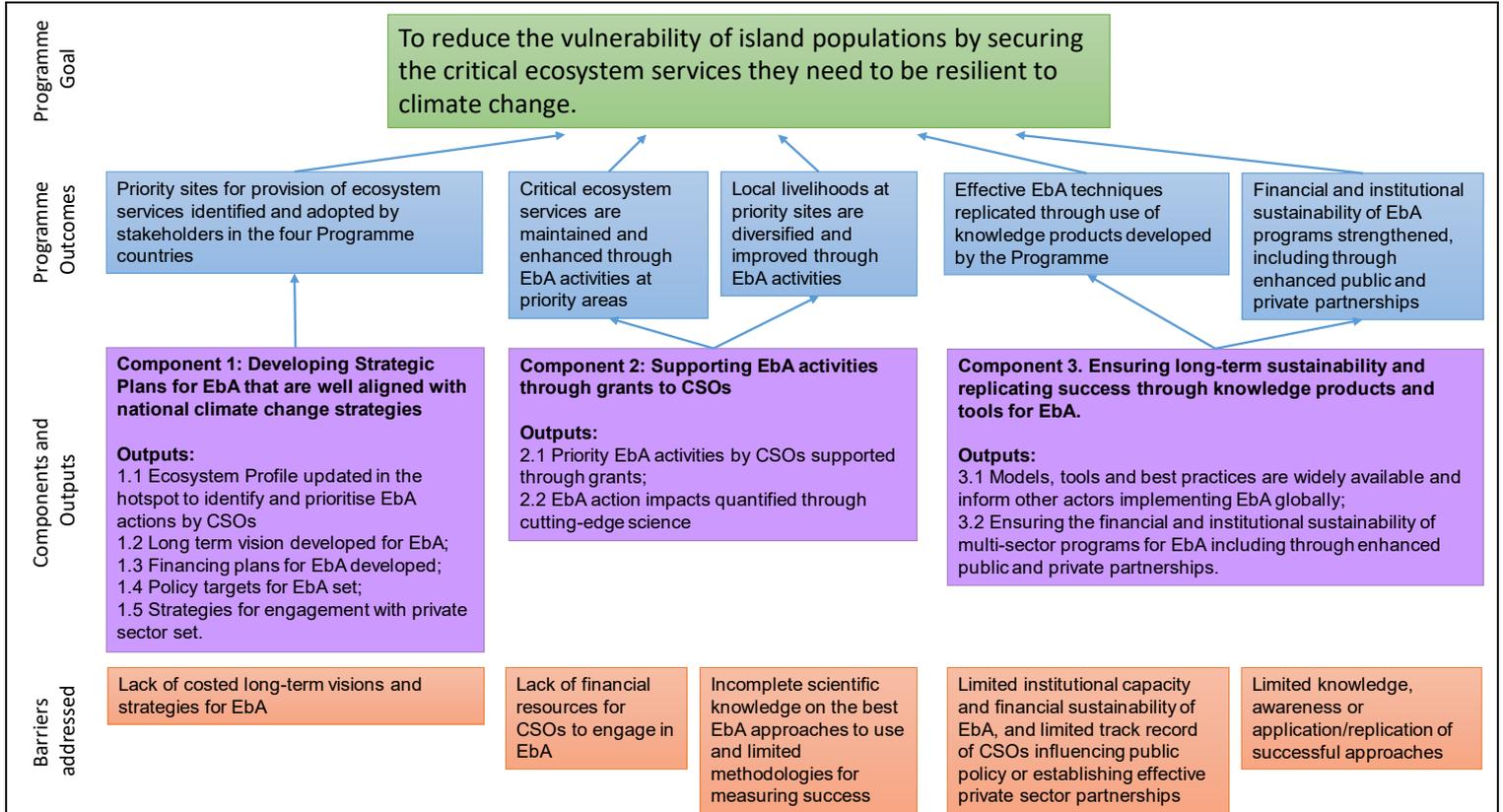
To achieve its overall goal of reducing the vulnerability of island populations by securing the critical ecosystem services they need to be resilient to climate change, the Programme will need to overcome several key barriers:

- **Lack of costed long-term vision and strategies for EbA.** To be effective, EbA needs to focus on the most important ecosystems and ecosystem services for vulnerable people. The priority geographical areas for action are not necessarily the same as those traditionally captured in biodiversity conservation plans, because their focus is usually on areas of the highest biodiversity value. The importance of natural ecosystems in providing essential services is often overlooked and therefore not integrated into development plans and spatial planning tools. Currently the priority themes and areas for EbA action are not defined for any of the Programme countries (this will be addressed through Component 1 of the Programme).
- **Lack of financial resources for CSOs to engage in EbA.** Once EbA priorities have been identified and planned, it is necessary to understand their costs and have strategies for covering those costs both during the Programme period but also beyond, to ensure sustainability and continuity of support to CSOs for further EbA action. While donors are committed and engaged in ecosystem conservation and climate change issues, national governments remain the recipients of the majority of related funding. Meanwhile, the private sector is able to generate its own resources to engage in environmental protection. Civil society, despite its indispensable role in achieving ecosystem conservation and climate change goals, remains the least funded sector. In addition to a general lack of funding opportunities, EbA activities often include ecosystem restoration activities, which have significantly higher costs than protecting existing natural ecosystems. There is, therefore, a tendency to focus on protecting remaining natural ecosystems rather than engaging in the challenges of ecosystem restoration.
- **Limited institutional capacity and financial sustainability for EbA.** Achieving long term sustainability of EbA requires institutional and financial capacity that is currently a challenge for some CSOs. While there are many CSOs working in each of the Programme countries, there is a broad range of institutional and technical capacity among them and their ability to access and manage funding also varies widely. Developing the capacity of the CSO sector as a whole and encouraging collaboration and exchange between larger, international NGOs and smaller, local CSOs is needed.

- **Limited track record of CSOs at influencing public policy or at establishing effective partnerships with private companies in sectors with a large footprint on coastal and terrestrial ecosystems.** CSOs collectively possess important organizational and technical capacity to be effective advocates for sustainable development and EbA, but they are not always considered as equal partners with governments and the private sector regarding decision making to achieve sustainable societies and economies. There is a need for new models to demonstrate effective partnerships between CSOs and public sector agencies as well as with private sector companies to achieve EbA outcomes.
- **Incomplete scientific knowledge on the best EbA approaches to use for some ecosystems and limited methodologies for measuring success.** The scientific underpinning of EbA needs to be strengthened globally, but also within each country. There are many applied research questions about the best approaches to use to achieve specific EbA outcomes. Similarly, science has an important role to play in improving the way in which ecosystem services and EbA impacts are measured.
- **Limited knowledge, awareness or application/replication of successful approaches.** Although promising EbA projects have been undertaken around the world and there is a growing scientific literature about it, the concept is still relatively new for many organizations and governments. Many CSOs could replicate successful EbA approaches if there was greater knowledge about how to achieve successful EbA activities. Where existing publications and EbA tools do exist, they are not always easy to access in the Programme countries and may not be in a form that is appropriate for end-users. In particular, Community Based Organizations (CBOs) often have very good knowledge of their local natural resources and could play an important role in achieving EbA action if the necessary technical information is presented in an appropriate and accessible form.

The proposed Programme is designed to address these barriers, which are similar to the barriers CEPF addresses to achieve biodiversity conservation outcomes. The Programme will therefore benefit from CEPF's successful previous experience and well-established networks of government and civil society partners. Based on the barriers that have been identified, five expected Programme outcomes have been identified. The outputs necessary to achieve the Programme outcomes have been grouped into 3 Programme Components. Figure 3 shows how the Programme outputs will address the barriers so as to achieve the Programme outcomes and ultimately the goal. Further detail on the activities needed to achieve each output is given in section B3, with further detail on sub-activities provided in section E6.

Figure 3. Theory of Change showing the relationship between the Programme goal, Programme Outcomes, Components and Outputs. See narrative for activities under each output in section B3.



Critical assumptions:

1. CSOs are willing to engage constructively with public and private sector actors
2. Governments provide political space for civil society to operate and engage in EbA
3. EbA remains a priority for national governments during Programme period
4. Investments by other donors support complementary activities to maintain and restore ecosystems

The proposed approach to the Programme is highly complementary to AFD’s broader activities in the Indian Ocean. AFD’s operations in the region are coordinated by its Indian Ocean Directorate based in Saint-Denis (Réunion). The Directorate supervises AFD’s activities in two LDCs (Madagascar and Comoros), Mauritius, Seychelles, and three overseas French territories (Réunion, Mayotte and the French Southern and Antarctic Territories). AFD has disbursed EUR 2.4 billion between 2015 and 2018, mostly in the overseas French territories. AFD provides loans and grants based on the specific needs of each country in the region, which vary greatly in terms of human development. AFD’s grant portfolio in the region has increased from EUR 336 million in 2018 to EUR 539 million in 2019 and it is expected to reach EUR 560 million in 2020. In the four Programme countries, AFD works in cooperation with the French embassies and in partnership with other financial partners. The group’s regional strategy in the Indian Ocean aims at addressing common challenges faced by all territories in the basin. Through its network of local agencies, AFD finances cooperation projects that contribute to sharing common resources and /or expertise and experiences on subjects of common interest, reducing the spread of negative externalities, increasing resilience of population and territories to climate change and natural disasters. The Group aims at strengthening its actions to preserve, restore and sustainably manage biodiversity, improve living conditions for vulnerable people and to strengthen the capacity of the population to mitigate and adapt to the effects of climate change. Thanks to its strong local networks, AFD’s Indian Ocean Directorate is able to catalyze cooperation between countries of the region, for example in priority areas of mutual interest such as disaster risk reduction, responses to natural disasters, health monitoring and the protection of biodiversity. The Programme will support and catalyze future activities of AFD in the Region through the process of capitalization and learning by doing which will be part of the Programme.

B.3. Programme/programme description (max. 2000 words, approximately 4 pages)

In the four Programme countries, the Programme will address the key barriers noted in section B.2 by using tried-and-tested tools developed by CEPF since its inception in 2000 to engage civil society actors in ecosystem conservation. Under this Programme, CEPF's model will be modified to direct investments to geographic and thematic areas of highest priority for EbA. The Programme will work through CSOs, help to build their capacity, and help them develop partnerships with private and public sector actors to achieve EbA. The Programme will also ensure long-term sustainability and replicate best practice during the Programme and also in the long term across the hotspot. The tools and approaches developed under the Programme will be designed to allow replication of EbA by other organizations, but also by CEPF, for whom this Programme will be important support towards integrating EbA more systematically into its global portfolio of grants to CSOs. The Programme has three components, described below:

Component 1: Developing strategic plans for EbA in the small island biodiversity hotspot that are well aligned with national climate change strategies.

Expected Programme outcome (see section E5):

- *Priority sites for provision of ecosystem services identified and adopted by stakeholders in the four Programme countries.*

Under this component, detailed plans will be developed to guide CEPF investment in the hotspot and ensure that it is well aligned both with national climate change strategies and major investments by other donors. These strategic documents will explicitly identify the priority climate adaptation challenges in each Programme country, as well as the specific EbA actions needed to address them. For the hotspot, several documents will be developed with distinct, complementary purposes. The outputs and activities of this Component 1 will be implemented in all four Programme countries.

As mentioned in its Operational Manual (Annex 21), CEPF's investment in a hotspot is guided by an 'Ecosystem Profile': a five years investment strategy framed by an analysis of the environmental, economic and political context for conservation of biodiversity, including an in-depth analysis of conservation priorities, and threats to biodiversity and their drivers. Each ecosystem profile is developed through an extensive consultation process involving a wide range of stakeholders, from academic institutions, NGOs, government agencies, donors, indigenous people's organizations, community groups and private companies. In this way, priorities for CEPF investment are established in a bottom-up manner, establishing a foundation for future collaboration, and paving the way for the partnerships that are the hallmark of the fund's approach.

An Ecosystem Profile for the hotspot focused on biodiversity conservation was published in 2014. It needs to be updated, both to take account of the evolving context and to establish priorities for investment in EbA. This will be done by CEPF through extensive consultation processes, involving stakeholders from civil society, government, private sector and the donor community. The updated document will consider the gender implications of climate change, including how men and women may be impacted in different ways, and how they can best be engaged in developing and implementing EbA activities under Component 2. Another key exercise will be to identify priority areas for support to EbA activities. The existing Ecosystem Profiles identify priority sites for CEPF investment based on Key Biodiversity Areas (KBAs): sites that contribute significantly to the global persistence of biodiversity. This analysis will be extended to incorporate ecosystem service values, to focus site-level investments at coastal, freshwater and terrestrial ecosystems that play critical roles in provision of ecosystem services. This so-called "KBA+" methodology has been piloted in Madagascar (see Chapter 8 of Annex 2), and will be updated and replicated in the other Programme countries.

The KBA+ methodology assesses the value of KBAs and their surrounding areas for ecosystem services, thereby identifying geographical areas that contain natural ecosystems of high importance for biodiversity as well as for provisioning, regulating and cultural services. For example, in the KBA+ pilot for Madagascar, areas were identified on the basis of their importance for food provisioning, freshwater provisioning, climate mitigation, disaster risk

reduction and cultural values. These multiple ecosystem services from terrestrial and freshwater ecosystems were then combined based on the results to give an overall prioritization of KBAs in terms of their ecosystem service provision. Once the KBA+ sites have been identified, they will be prioritized for investment by CEPF through the consultation process mentioned above so as to arrive at a broad vision shared by the different stakeholders regarding the priorities for CEPF funding of EbA.

Table 3. Types of Ecosystem services and the measures used for the KBA+ pilot in Madagascar

Provisioning services	Measures of Ecosystem Services
Food provisioning	Average landed values of fish catch; number of food insecure people living within 10km of mangroves or coral reefs; number of food insecure people living within 10km from natural terrestrial and freshwater ecosystems
Freshwater provisioning	Relative importance of KBAs for freshwater for domestic use; relative importance of KBAs for freshwater for irrigation; relative importance of freshwater for hydropower
Regulating Services	
Climate change mitigation	Average biomass carbon stock per hectare; potential avoided carbon emissions from deforestation
Disaster risk reduction	Number of people vulnerable to climate change-driven increases in storm surges that are potentially protected by mangroves; relative importance for flood risk protection
Cultural Services	
Cultural values	Number of visitors to protected KBAs

The updated Ecosystem Profile will guide CEPF investment during the first five-year phase of the Programme, and then be updated again, by CEPF, before the second five-year phase, to take account of the evolving context and lessons learned in the first five years. Ecosystem Profiles provide a detailed strategy for investment in conservation and restoration of critical ecosystems over a short timeframe but, in order to plan CEPF investment into the long-term and to allow for eventual transition to other sources of support, a “long-term vision” will be developed.

Long-term visions recognize that CEPF should not be a permanent presence in each hotspot but, rather, should define and work towards an end point where local civil society transitions from its support with sufficient capacity, access to resources, and credibility to respond to future ecosystem conservation challenges. CEPF’s experience shows that reaching such a point will take more than five years. Thus, the long-term vision will set clear transition targets that individual investment phases (typically of five years) will work towards, guided by the Ecosystem Profile. The long-term vision will be developed along with a financing plan for the Ecosystem Profile as a whole, describing the funding requirements for their implementation (i.e. the best estimate of the funding needed to achieve the transition targets). This financing plan will inform fundraising efforts by CEPF and other donors, and will explore potential sources of long-term financing for EbA activities led by civil society, including from non-traditional sources, such as the private sector. This is critical to achieve a successful exit strategy (see section B.6).

In addition to sustainable financing, other avenues for ensuring that EbA approaches developed in the hotspot are continued and replicated beyond the end of the Programme will be explored. In particular, the Programme will promote the uptake of effective EbA approaches demonstrated by CSOs into public policy, including but not limited to national climate change strategies and adaptation plans. To this end, opportunities for mainstreaming EbA into public policies will be identified in consultation with relevant government agencies in each country and integrated into the Ecosystem Profile and long-term vision (with related CSO subprojects being supported under Component 2). The Programme will also promote uptake of EbA approaches by private companies in sectors with a large

footprint on coastal and terrestrial ecosystems, such as agriculture, fisheries, forestry and tourism. Strategies for CSO engagement with leading companies in these sectors will be developed and incorporated into the long-term vision for the hotspot.

AFD and CEPF's experience is that Ecosystem Profiles, long-term visions and the accompanying financing plans are very useful planning tools broadly used by other donors, national governments, and various other actors engaged in activities related to sustainable management of natural resources. Updating these documents with a strong EbA component will indirectly impact all the different actors who will take into account these documents. To do this effectively, they must be well aligned to national climate change strategies and adaptation plans. Currently, the Programme countries differ greatly in the level of detail of their strategies for EbA. Where detailed national (or subnational) EbA strategies exist already, this component will draw on them rather than creating new or competing visions for EbA. This component of the Programme will be funded by co-financing from CEPF.

The outputs and activities of this component are:

Output 1.1 Ecosystem Profile updated in the hotspot to identify and prioritise EbA actions by CSOs.

Activity 1.1.1 Identification of important Ecosystem Services and areas for EbA.

Activity 1.1.2 Stakeholder consultation to set priorities for CEPF investment in EbA.

Activity 1.1.3 Develop and publish updated Ecosystem Profile for the hotspot.

Output 1.2 Long-term Vision for civil society engagement in Ecosystem-based Adaptation developed for the hotspot with participation of government, civil society, donor and private sector actors.

Activity 1.2.1. Use multi-sectoral participatory processes to collect data needed for the long-term vision.

Activity 1.2.2. Define targets for CSO capacity building for the hotspot.

Activity 1.2.3. Develop and publish Long-term Vision for the hotspot.

Output 1.3 Financing Plan developed for the long-term vision document.

Activity 1.3.1. Establish financial targets for identified EbA actions.

Activity 1.3.2. Develop financing plan for the hotspot.

Output 1.4 Sector and/or development policy targets set for addressing key drivers of ecosystem service loss in the hotspot.

Activity 1.4.1. Identify opportunities for CSOs to engage in mainstreaming EbA into government policies (results are integrated into Ecosystem Profile and Long-term Vision; support to CSOs to be provided under Component 2).

Output 1.5 Strategies for engagement with private sector actors for mainstreaming EbA into business practices of industries driving ecosystem service loss completed for the hotspot.

Activity 1.5.1 Identify opportunities for private sector partnerships with CSOs to deliver EbA (results are integrated into Ecosystem Profile and Long-term Vision; support to CSOs to be provided under Component 2).

Component 2: Supporting EbA activities through grants to CSOs.

Expected Programme outcomes (see section E5):

- *Critical ecosystem services are maintained and enhanced through EbA activities at priority areas*
- *Local livelihoods at priority sites are diversified and improved through EbA activities*

The majority of Programme activities will take place under Component 2. Under this component, grants will be provided by CEPF to CSOs to undertake and complete the EbA activities during the Programme implementation

period (10 years), which are aligned with the geographic and thematic priorities identified in the Ecosystem Profile updated under Component 1. CEPF uses a very broad definition of civil society, to encompass all organizations that are not government entities. To be eligible to apply for CEPF grants, government-owned enterprises or institutions are eligible only if they can establish i) that the enterprise or institution has a legal personality independent of any government agency or actor, ii) that the enterprise or institution has the authority to apply for and receive private funds, and iii) that the enterprise or institution may not assert a claim of sovereign immunity. Applications for grants from CSOs will mainly be generated through open calls for proposals, based on the priorities defined in the Ecosystem Profile. These calls for proposals will be widely advertised through online and mainstream media, as well as a local dissemination of the information. If persistent gaps emerge in the grant portfolio, they may be addressed through targeted use of grants by invitation (see section 4 of Annex 21 – CEPF’s Operational Manual for details of grant management process). The grant selection process will involve external peer reviewers and be supported by a single Regional Implementation Team (RIT) for the hotspot (with CEPF retaining responsibility for grant approvals). The RIT will be hosted at an established CSO in the region, selected through a competitive process, and will provide detailed knowledge of the local context. As well as supporting the grant selection process, the RIT will have important roles in monitoring and oversight of grants, capacity building for grantees, and ensuring that the CEPF grant portfolio remains well aligned with national strategies and other initiatives in the climate adaptation space. An important part of CEPF’s objective, and an important task for the RIT, is to strengthen local CSOs, most of which are small or medium sized and so CEPF grants tend to be relatively small. For the Programme, grants to CSOs are expected to be in the range of USD 200,000 on average and for a period of 2 to 4 years.

Eligibility criteria

The grant selection process will have an important emphasis on ensuring that proposed EbA activities are gender sensitive and that women are equitably engaged in the activities supported. In addition, CSOs applying for grants will need to demonstrate how vulnerable people (such as migrants and young adults with limited opportunities) are considered and integrated into Programme activities. As part of the grant selection process, all proposals will be screened against CEPF’s environmental and social safeguard policies, which are consistent with, and fulfil the requirements of, GCF’s policies. Detailed information on the grantmaking process is provided in CEPF’s Operational Manual - Annex 21. To access funding from CEPF, prospective grantees will need, at minimum, to demonstrate that their subprojects:

- Are in line with EbA thematic and geographic priorities identified in the Ecosystem Profile developed under Component 1;
- Contribute to achieving the GCF’s investment criteria;
- Demonstrate that the proposed EbA activity addresses vulnerability based on a clear climate change risk;
- Adopt EbA approaches that increase the resilience of ecosystems and ecosystem services that are critical to local or national populations;
- Reflect on the climate change mitigation potential of the subproject;
- Address priorities identified in national climate change policy or strategy documents;
- Avoid or fully mitigate negative environmental and social impacts²⁴;
- Meet the requirements of GCF environmental and social safeguards and all relevant GCF policies;
- Meet the due diligence requirements of CEPF (included in Annex 21, Operational Manual);
- Demonstrate positive gender impacts;
- Demonstrate effective and efficient use of funds;
- Demonstrate a clear strategy for achieving financial sustainability;
- Will be implemented during the Programme period.

Grants cannot be used for:

- The purchase of land;

²⁴ To ensure consistency with CEPF’s existing environmental and social safeguard policies and a category C Environmental and Social safeguard designation according to GCF’s criteria.

- The removal or alteration of any physical cultural property (including those with archaeological, paleontological, historical, religious or unique natural values);
- The relocation of people or any other form of involuntary resettlement;
- The capitalization of trust funds;
- Any other purposes agreed between GCF and the Accredited Entity.

Priority will be given to subprojects that are the closest fit to the investment strategy set out in the CEPF ecosystem profile. Preference will also be given to subprojects that demonstrate a leading role for local organizations and/or an explicit focus on capacity building for local civil society. Subprojects that show that they will coordinate with other organizations to prevent duplication of efforts are preferred, as are subprojects that work with partnerships and alliances.

Other considerations that will strengthen an application include:

- Endorsement from relevant government authorities;
- Clear plans for continuing the subproject after the CEPF funding is complete;
- Support for indigenous and local communities in community-based or co-management activities for EbA and actions that enhance local communities' tenure and resource use rights.

CEPF maintains a public subproject database (<https://www.cepf.net/grants/grantee-projects>) that can guide applicants on the types of subprojects that have been successful in securing funding in the past.

In addition, all grants for site-based EbA activities must be located at priority sites identified in the updated Ecosystem Profile, following the KBA+ methodology. It is expected that these sites will be concentrated in coastal ecosystems, given the nature of climate change threats to small islands, but freshwater, forests and other terrestrial ecosystems will also be considered, based on their critical role in supporting climate resilient livelihoods and the delivery of essential ecosystem services. Because many communities have livelihood strategies that depend on coastal and terrestrial resources, particular attention will be given to sites that present opportunities for "ridge-to-reef" approaches to conservation and restoration of ecosystems and ecosystem services.

Through this process, a portfolio of grants to CSOs will be developed in each country that aims to increase the resilience of local communities to climate change through restoration and improved management of ecosystems and ecosystem services that are critical for local or national populations. There will be variation within and among countries with regard to the specific EbA approaches adopted but these are likely to include interventions to:

- Protect and restore wetlands, mangroves, coral reefs and seagrass meadows that deliver protection against storms and sea level rise, and provide food and income to coastal communities.
- Protect and restore watershed forests that perform critical flood prevention, soil stabilization and catchment protection functions.
- Pilot and replicate climate-resilience agroforestry models, using native plant species for shade, ground cover and nutrient fixing.
- Preserve and restore traditional and indigenous knowledge and natural resource management practices, including ones related to building materials, wild foods and traditional medicines.
- Diversify, strengthen and protect livelihood assets and strategies, including through sustainable fisheries management, nature-based tourism, value chains for natural products, etc.
- Restore small island ecosystems through eradication and control of alien invasive species.

This component also recognizes that work on the science underpinning EbA approaches is needed within the biodiversity hotspot, which will be particularly relevant for associating academic institutions with the Programme. Applied research activities will be supported during the Programme implementation period to improve understanding of the role of specific ecosystems and to test the effectiveness of promising EbA techniques. The research will generate important information to guide policy decisions about EbA in the Programme countries and globally. This component will also include activities to ensure rigorous, science-based quantification and verification of the impacts of the grant portfolio on ecosystem services. As specified in CEPF's standard grant agreement (provided in the Operational Manual - Annex 21), intellectual property of any creative work developed as a result of

CEPF funding will remain with the grantee. However, the funding sources (including the GCF) would have rights to publish or use any works for non-commercial purposes.

The outputs and activities of this component are:

Output 2.1. Priority EbA activities by CSOs supported in priority areas as defined in the Ecosystem profile.

Activity 2.1.1. Select and contract Regional Implementation Team (RIT).

Activity 2.1.2. Manage the grant making process.

Activity 2.1.3. Administer EbA grants for CSOs.

Activity 2.1.4. Supervision, Monitoring and evaluation of grant portfolio.

Output 2.2 EbA action impacts quantified through cutting-edge science.

Activity 2.2.1. Support applied research activities to improve understanding of the role of specific ecosystems and to test the effectiveness of promising EbA techniques.

Activity 2.2.2. Support research activities that provide quantification and verification of the impacts of grant portfolio on ecosystem services.

Component 3: Ensuring long-term sustainability and replicating success through knowledge products and tools for EbA.

Expected Programme outcomes (see section E5):

- *Effective EbA techniques replicated through use of knowledge products developed by the Programme*
- *Financial and institutional sustainability of EbA programs strengthened, including through enhanced public and private partnerships*

This component aims to replicate success through knowledge products and tools and ensure the financial and institutional sustainability of the Programme for ecosystem-based adaptation, including through enhanced public and private partnerships.

Component 1 of the Programme includes development of the Ecosystem Profile, and it is at this stage that CEPF will identify the topics for knowledge products that would be most useful to change the course of EbA in the hotspot and beyond.

In Component 2 of the Programme, grants will be awarded to CSOs to adopt and demonstrate successful EbA activities in the hotspot.

In Component 3, CEPF will take the successful models and tools developed and demonstrated under the first two Programme components, and produce innovative knowledge products that will allow wider replication of these best practices by other organizations and also by CEPF in other hotspots where it is active (currently 9 hotspots). The knowledge products will be developed under professional service contracts. Requests for proposals for these contracts will be issued by CEPF to ensure a competitive process that complies with procurement policy.

Globally, CEPF manages a grant portfolio of approximately USD 16 million per year and therefore there is enormous potential for the Programme to create leverage, both during the Programme period and beyond, by helping CEPF to systematically integrate EbA into its global grant-making.

Knowledge products will be innovative and varied, and tailored to deliver to a specific audience, which will affect the format of the knowledge product. A knowledge product could be a manual, guidebook, video, website/portal, drama, webinar or other appropriate means to share best practice to stimulate its uptake elsewhere in the hotspot and in other hotspots globally. Means of delivery can go beyond the actual product, or even be “the product”, and could include learning exchanges, partnerships between CSOs and private sector actors, a demonstration event for pilot activities, or informative panel discussions, among others. Knowledge products developed under this

component will include at least one related to gender and at least one on the role of local communities in EbA. Emissions-free approaches to share lessons will be prioritized and, to this end, exchanges will use teleconferencing where possible. The ultimate goal is to ensure that best practice for EbA activities is documented, shared and replicated both in the hotspot and beyond, enabling learning by CEPF grantees as well as by organizations that may not be current partners of CEPF. GCF funds will not be used for the replication work outside of the four Programme countries and CEPF costs for this have not been included in co-finance or parallel finance for the Programme.

The second part of this component is to ensure financial and institutional sustainability of action on EbA in the Indian Ocean hotspot, via several means, including: creation of a long-term implementation structure; building the capacity of civil society; and developing resource mobilization strategies and innovative models for private sector finance to support CSO EbA actions in the hotspot. The aim of a long-term implementation structure is to become the steward of the long-term strategic vision for the hotspot, able to coordinate and support civil society organizations, connect them with government and private sector partners, and help them prepare for future challenges. This long term implementation structure is not intended to be a new legal entity but an informal platform for collaboration hosted by a consortium of CSOs covering the four Programme countries. The Regional Implementation Team (RIT) is a temporary structure, in place for the duration of the Programme. The long-term implementation structure will be established by the end of the Programme, so that it can maintain key functions of the RIT, as well as build a resilient civil society capable of understanding the global context and trends, and charting a course to meet the challenges of the future. Funding will be leveraged to support the long-term implementation structure, based upon opportunities identified in the financing plan for the long-term vision, developed under Component 1. Both the RIT and the long-term implementation structure that will supercede it aim to enable conservation-focused civil society actors in the biodiversity hotspot to achieve sufficient levels of capacity, credibility and resourcing to ensure they remain effective agents of change, unreliant on continued external funding support. This objective will guarantee they have both the capacity and the access to resources necessary to respond to emerging challenges, to demonstrate effective EbA models, and become trusted, long-term advisors to government and private sector actors in EbA. This has been the experience of CEPF in other hotspots, for example, Indo-Burma, where local CSOs have grown significantly in capacity and credibility over the last decade, thanks to support delivered via the RIT/long-term implementation structure, and are now entering into constructive engagements with government and private sector actors to mainstream biodiversity in ways that would have been unthinkable a decade ago. In this case, the RIT has gradually evolved into a long-term implementation structure, and created new platforms to engage CSOs in the long-term development of the regional conservation effort, thereby building accountability and wider ownership. A similar transition is anticipated in the Madagascar and Indian Ocean Islands Hotspot, and this will be informed by experience elsewhere in CEPF's global portfolio.

This component will also include development of a resource mobilization strategy for EbA projects in the hotspot and innovative models for private sector finance of EbA. Private sector finance models will be innovative and varied, and could for example be modelled on biodiversity offsets, where a company provides long-term financial support to an area not currently managed for conservation to compensate for the residual impacts of its operations that could not be fully avoided or mitigated. Several examples of this exist with mining companies in Madagascar, and could serve as models to learn from. These activities will form an important part of the long-term strategy to sustain the Programme's impacts.

The outputs and activities of this component are:

Output 3.1 Models, tools and best practices developed under the Programme are widely available and inform other actors developing and implementing EbA actions globally.

Activity 3.1.1 Develop innovative knowledge products documenting models, tools and best practices developed under the Programme (including at least 1 on gender and 1 related to local communities).

Activity 3.1.2 Support the replication of successful policy demonstrations.

Activity 3.1.3 Support the replication of EbA action through innovative partnerships between CSOs and the private sector.

Output 3.2 Ensuring the financial and institutional sustainability of multi-sector programs for EbA, including through enhanced public and private partnerships.

Activity 3.2.1 Support the creation of long-term implementation structures to serve as a steward for the hotspot's Long-term Vision.

Activity 3.2.2 Build organizational and technical capacity of CSOs for EbA in the hotspot.

Activity 3.2.3. Develop resource mobilization strategies to generate additional revenues for EbA programs in the hotspot.

Activity 3.2.4. Develop innovative models for private sector finance to support CSO EbA actions.

The Programme is proposed to have a duration of 10 years. This will cover two five-year phases of investment in the hotspot. Based on CEPF's long experience working with CSOs in the biodiversity hotspot, a duration of three to five years is too short to achieve sustainability. A longer duration will provide sufficient time to build capacity among CSO partners to implement EbA actions, develop a robust scientific basis for quantifying impacts, and achieve technical and financial sustainability. A 10-year duration will also allow successful approaches to EbA to be refined if necessary, documented and amplified, through replication by other CSOs and integration into government policies and programmes.

B.4. Implementation arrangements (max. 1500 words, approximately 3 pages plus diagrams)

Programme Execution

- AFD is the GCF Accredited Entity. It is a long-standing member of the CEPF Donor Council. Since its first contribution to the CEPF in 2007, AFD has granted it with a total of USD 58 million. It is actively involved in the Indian Ocean Region and aims at strengthening its actions to preserve, restore and sustainably manage biodiversity, improve living conditions for vulnerable people and to strengthen the capacity of the population to mitigate and adapt to the effects of climate change. AFD will sign a grant agreement – the Subsidiary Agreement with the Executing Entity.
- Conservation International Foundation (CI) is the unique Executing Entity of the Programme. From a technical point of view, CI will act through the CEPF (hosted by Conservation International, the signatory of the Subsidiary Agreement with the AE (AFD)). It is important to note here that CEPF has its own governance system (CI being part of it alongside AFD and other CEPF donors) and its own specific sub account at CI's main bank account (see the CEPF's Operational Manual - Annex 21).

CEPF was established in 2000 as a mechanism to enable Civil Society Organizations (CSOs) to support conservation of critical ecosystems within biodiversity hotspots. CEPF is a joint initiative of l'Agence Française de Développement (AFD), Conservation International (CI), the European Union, the Global Environment Facility (GEF), the Government of Japan and the World Bank.

CEPF has no legal status of its own. It is legally a program of Conservation International Foundation (CI). Conservation International Foundation is a non-profit public benefit corporation organized under the laws of the State of California, U.S.A. Conservation International is one of CEPF's global donor organizations. It hosts the CEPF secretariat (a team of around 25 conservation, finance, grant management and communications professionals) and provides supporting legal and financial services but the CEPF has its own governance system (CI being part of it with neither more nor less power of decision than the others Donors of the CEPF) and its own specific sub account in CI's main bank account (see the CEPF's Operational Manual - Annex 21).

Since its inception, CEPF has granted more than USD 232 million to over 2,300 CSO grantees in 24 biodiversity hotspots. Since its establishment in 2000, CEPF has adopted a targeted approach to biodiversity conservation,

focusing on the most threatened species (following the IUCN Red List), the sites important for them (following the Key Biodiversity Area (KBA) standard), and the corridors that connect them. With a small fraction (less than 0.5%) of funding for biodiversity conservation in developing countries, CEPF has had a disproportionately high impact. It has helped: address threats to 6% of globally threatened vertebrates (550 of 9,013 species); strengthen the protection of 4% of KBAs (691 of 16,000 sites) covering 46 million hectares; and expand protected area coverage by 15.3 million hectares (equivalent to 7% of the expansion of terrestrial protected areas in developing countries). Within the target countries of the Programme, CEPF has supported the creation and expansion of protected areas covering 1,587,400 hectares and strengthened the management of biodiversity within production landscapes covering 971,085 hectares²⁵.

The Programme will be executed through CEPF's well established procedures described below (summarized in Figures 4 and 5 and detailed in the CEPF's Operational Manual - Annex 21). The Programme will make use of CEPF's existing structure, governance arrangements, CSO networks, procedures and tried-and tested tools for engaging CSOs in EbA actions.

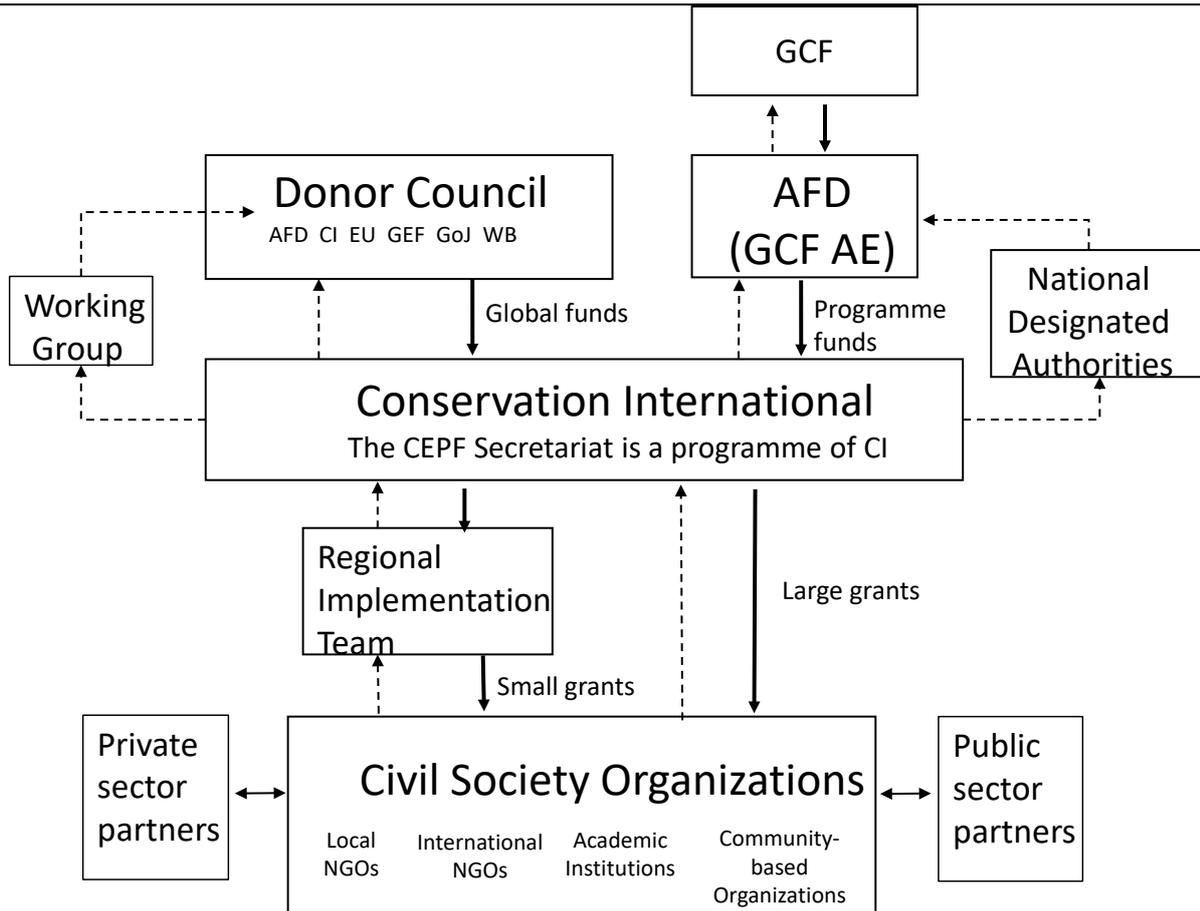
The CEPF Secretariat (hosted by Conservation International and based in Arlington, USA) will be responsible for the Programme execution. It will be accountable to the AFD for the GCF funding it receives under the Programme, and also to the CEPF Donor Council²⁶, for contributions from its global donor partners. The flow of funds for the Programme is indicated on Figure 4 by the solid arrows. The Donor Council will function as the Programme Steering Committee (PSC). The Donor Council is the key governance mechanism for CEPF, with authority to select hotspots for investment, allocate budgets for grant making, and approve changes to CEPF's Operational Manual. Decision making by the Donor Council is by consensus, meaning that decisions related to the Ecosystem Profile approval / RIT selection require the favourable votes of both AFD and CI. Technical staff representing the global donors form the CEPF Working Group, which reports to the Donor Council and provides technical guidance to the CEPF Secretariat.

The Programme will be executed by the CEPF Secretariat (see Annex 2 for information on CEPF structure and staffing). The CEPF Secretariat supports and oversees grant-making in the hotspots, ensuring compliance with donor policies, and monitoring and communicating results. Coordination and support in each hotspot are provided by a Regional Implementation Team (RIT), based locally, selected through a competitive process. The NDAs in each country will also be involved in the selection of CSO subprojects (with country-specific arrangements to be put in place), ongoing monitoring and evaluation of Programme progress, and will participate in supervision visits made by AFD and CEPF (see section E7).

Figure 4. Proposed governance structure for the Programme showing the relationships between the different entities involved.

²⁵ CEPF's website, www.cepf.net includes reports on CEPF's impact, evaluation reports and other important resources for prospective and current CSO grantees such as Ecosystem Profiles, case study documents, a grants database and information on applying for funding for subprojects.

²⁶ The Donor Council consists of representatives from CEPF's donors: AFD, Conservation International, the European Union, the Global Environment Facility, the Government of Japan and the World Bank.



Reporting (dashed arrows), Funding (thick arrows) and Partnership (two-way arrows)

The majority of Programme activities will be executed via subprojects funded by grants to CSOs.

Grants to CSOs will be of three types.

1. First, CI will engage with the Regional Implementation Team (RIT) for the hotspot through a Grant Agreement. The RIT plays a leading role in delivering strengthened local CSOs that can effectively participate in opportunities made available through CEPF grant making, facilitating communication among stakeholders, establishing and strengthening networks and alliances for EbA implementation, and monitoring Programme impacts. The RIT is usually an NGO of medium or large size or even composed of a consortium of NGOs. By engaging with the RIT, CEPF is already implementing its mandate. It is strengthening CSOs and the Programme will strengthen the capacity of the RIT regarding EbA challenges. As such, CEPF regards the RIT as being programmatic, rather than administrative in nature. CI then does not sign a Procurement agreement with the RIT but a Grant agreement. Note that the RIT will be chosen on a transparent and competitive basis, based on an open call for proposals (see Annex 21 section 4.2 for terms of reference of the RIT and description of the RIT selection process). Approval of selection of the RIT is done by the CEPF Donor Council. The RIT is responsible for supporting and coordinating the CEPF activities on the ground. The RIT is not eligible for further subgrants for activities under the Programme (other than to fulfil its role as the RIT). The RIT will become responsible for managing the grant-making process within the hotspot. It acts under the supervision of CEPF. The RIT will receive training in CEPF's policies and procedures within 90 days of appointment. It is also in charge of managing the small grants (see below).
2. Next, two types of grants will be made for implementation of subprojects consistent with the investment strategy set out in the Ecosystem Profile for the hotspot:

- Large grants refer to grants above a threshold amount of USD 50,000;
- Grants below the threshold amount are referred to as small grants.

Approval of all grants will be done by CEPF. Typically, large grants are used to engage international and larger, more established local CSOs, while small grants are used to engage local CSOs with less experience of receiving international donor funding, such as grassroots NGOs and community-based organizations. All grants awarded and activities supported with CEPF funding must be in compliance with the policies and procedures outlined in the CEPF Operational Manual (Annex 21), including all financial protocols. The CEPF procedures conform to the requirements of all its donors (and GCF) in terms of anti-terrorism screening, risk analysis, procurement procedures. Despite the complexity of the requirements, CEPF has developed specific tools and tailored its grant-making processes to facilitate access to funding by small CSOs. AFD has modified its own programmes destined for NGOs with inspiration from CEPF's tools and procedures. Financial audits of CEPF are conducted annually but the World Bank also commissions periodic institutional assessments²⁷, which have shown that CEPF funds are used in conformity with the procedures in place and that CEPF's funding is particularly important for small NGOs.

Grant cycle

The typical grant cycle for CEPF will be followed and is indicated in Figure 4 below. Further details are provided in Section 4 of Annex 21 and at <https://www.cepf.net/grants/before-you-apply/life-cycle-of-grant>. The grant cycle comprises the following steps:

- **CEPF opens a Call for Proposals.** Calls for Proposals will be advertised on CEPF's website and through local media in the Programme countries.
- **Submit a Letter of Enquiry.** Prospective grantees will submit a letter of enquiry to CEPF (for large grants) or the RIT (for small grants). See section 4.3.1 of Annex 21 for details of content of a letter of enquiry.
- **Prepare Full Proposal (Large grants only).** Based on the letters of enquiry, prospective grantees for large grants will be invited to proceed to develop a full proposal. In addition to the proposal, documents such as anti-terrorism screening, financial questionnaires and supporting documentation and cash flow estimates for the initial months of the subproject will be requested to allow due diligence.
- **Additional information (Small grants only).** Successful small-grant applicants will not need to submit a subproject proposal in addition to the letter of enquiry. However, the RIT will request additional information relevant to the subproject (e.g., detailed budget, work plan, financial questionnaire, bank details, etc.) and they will be required to undergo the same set of screenings and checks, including anti-terrorism screenings, environmental and social safeguards as for large grants (refer to Annex 21 for details of checks).
- **Prepare safeguard documentation (if required).** All subprojects (large and small) will be screened against the CEPF safeguard policies (which address GCF safeguard policies – see Annex 6). If a subproject triggers one or more safeguard policies, the grantee will be asked to prepare the relevant safeguard document(s) and incorporate related measures into the subproject's design. Safeguard documents will be prepared by the grantee in parallel with proposal design and must be approved prior to approval of the subproject.
- **Applicant signs grant agreement.** Successful applicants for large grants will sign a grant agreement with CEPF. Successful applicants for small grants will sign a grant agreement with the RIT for the hotspot.
- **Orientation training.** Large-grant recipients will be required to attend a CEPF online orientation training within the first three months of their subproject's start date. Details on this training will be provided shortly after countersigning the grant agreement. All small grant recipients will benefit from a new-grantee orientation, either by completing the online course or by participating in a training organized by the RIT.

²⁷ For example, https://www.cepf.net/sites/default/files/cepf_institutional_assessment_report_comissioned_by_the_world_bank.pdf

- **Gather baseline monitoring information.** New grantees need to submit baseline monitoring information within three months of the start date of their grant. The precise information required will depend upon the purpose of the grant, and will need to include relevant indicators in the Programme’s Monitoring and Evaluation Plan (Annex 11), but the following tools are commonly required:
 - Gender mainstreaming tracking tool – required for all grantees (one per organization)
 - Civil society organizational capacity tracking tool – required for all grantees registered in one of the countries of the hotspot where the project will take place (one per organization)
 - Management Effectiveness Tracking Tool (METT) – required for grantees working to strengthen management of protected areas (one per protected area)
- **Implement and report on subproject.** Recipients of large grants must submit financial reports each quarter and progress reports every six months through CEPF’s online grants management software, *ConservationGrants*. Additional reports may also be requested for compliance with financial and safeguard policies. The reporting requirements for small-grant recipients will vary depending on the subproject, and will be outlined in the grant agreement. All small-grant recipients will be required to provide interim and final technical and financial reports, either online, or through the RIT. They will also be required to complete the same tracking tools and safeguard monitoring reports as large grantees. The frequency of reports and requirements for supporting documents will vary among sub-grantees, and be defined in the individual sub-grant agreements.
- **Site visits.** Members of the CEPF Secretariat and the RIT will perform financial supervision missions and programmatic site visits to selected grantees each year. Members of AFD, the AE, will also take part in these visits (AFD has regional staff based in Comoros, Madagascar and Mauritius – also responsible for covering AFD’s programmes in Seychelles).
- **Address delays and challenges.** CEPF recognizes that due to unforeseen challenges, subproject delays may sometimes happen. When this occurs, grantees may request an extension to the duration of the grant (“no-cost extension”) or other changes to the deliverables or budget. CEPF and the RIT will try to accommodate reasonable requests supported by adequate justifications; however, they do reserve the right to reject any amendment request and no extensions will be made beyond the end of the Programme period.

Figure 5. Typical Grant cycle for CEPF subprojects

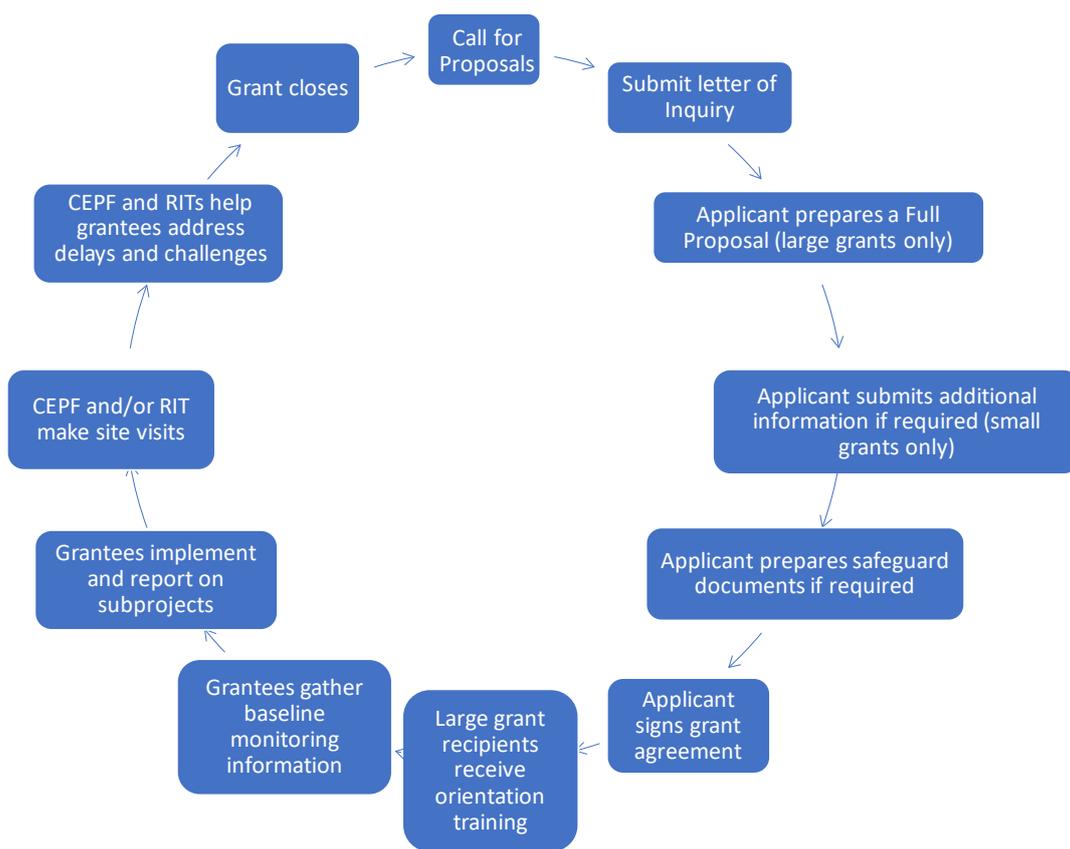


Table 4. Role and responsibilities of key entities involved in the Programme

Entity	Role	Programme responsibilities
AFD	GCF Accredited Entity	Overall responsibility for ensuring that the Programme is implemented in accordance with GCF requirements.
NDAs	National Focal Point	Ensure that the Programme addresses national adaptation priorities by coordinating government technical agencies' participation in the activities of Component 1, including development of the investment 'Vision' and 'Ecosystem Profile' documents (which will also require NDA endorsement), financing plans and identifying opportunities for CSOs to contribute to public policy and opportunities for partnerships between CSOs and the private sector. Monitoring and evaluation of Programme progress on behalf of governments of the Programme countries, including subproject site visits (country-specific arrangements to put in place). Participate with CEPF and/or RIT with the selection of CSO subprojects.
CI, through CEPF	Executing Entity	Programme execution – responsibility for the delivery of the Programme results through financial management and planning, oversee development of grant portfolio development and management (including contracting, risk assessment, oversight of administrative compliance by grantees), overall monitoring of results, dissemination of results and oversight of RIT.
RIT	Regional representative of CEPF	Regional oversight of grant portfolio within the biodiversity hotspot including contracting for small grants (with CEPF retaining responsibility for grant approval) and technical monitoring of all grants.
CSOs	Grantees	Development of grant proposals, execution of EbA grant activities

CEPF will use its existing tools to manage the Programme: the ecosystem profiling process; the grants management procedures; and the monitoring systems. These are useful for developing and promoting the strategies for hotspots, managing a large and dynamic portfolio of grants, and tracking progress in grant-making and achieving goals. These tools will enable CEPF to focus on achieving EbA impacts on the ground.

CEPF carries out its mission through a gender equity lens. This means that staff of the CEPF Secretariat, Regional Implementation Teams and grantees will understand and take into account the different roles of men and women in CEPF-related activities at all scales (e.g., Regional Implementation Team training, proposal design, Programme implementation and reporting). See Annex 8 for a Gender Assessment covering the Programme countries and the Programme's Gender Action Plan. Gender issues and considerations will be actively incorporated throughout the grant-making process and progress on gender-related outcomes will be monitored using CEPF's gender mainstreaming tracking tool (see section 4.4.4 of Annex 21).

B.5. Justification for GCF funding request (max. 1000 words, approximately 2 pages)

The Programme contributes to GCF's aim of supporting paradigm shifts to move developing countries towards climate-resilient sustainable development. By targeting SIDS and island LDCs, the Programme will focus on some of the highest priority nations for climate change adaptation action (see section B1). EbA has been identified as a priority in national climate change strategies in all of the Programme countries (see section D5), but actions to date have been limited to a few valuable pilot projects that need scaling up and replicating. EbA needs specific funding beyond what is available through existing nature conservation initiatives that are themselves underfunded in the Programme countries and where the focus of activities is often different to the needs of EbA. The Programme will therefore help the Programme countries to implement priority climate change actions that they have identified in national plans but are currently unable to achieve because of financial barriers. Furthermore, the Programme will mobilize civil society to work alongside government agencies and the private sector to address EbA needs. CSOs have important contributions to make to EbA but have not been fully utilized due to lack of funding opportunities since most international donor funding is directed to governments, while the private sector can access private finance. CSOs remain the least funded organizations working to protect and restore ecosystems.

The Programme will make important contributions to all of GCF's Investment Criteria and to advancing the climate strategies of the targeted countries. The funding will be used to undertake tangible on-the-ground action that will provide multiple benefits and ultimately 698,000 people will have more resilient livelihoods due to protection and restoration of critical ecosystem services. In addition, because the Programme will work in biodiversity hotspots - areas of globally important biodiversity that are highly threatened - significant co-benefits for biodiversity conservation are also expected through improved protection and management of at least 1.83 million hectares of coastal and terrestrial ecosystems that play a crucial role in securing ecosystem services for vulnerable people. The protection, restoration and improved management of natural ecosystems is also expected to lead to significant climate change mitigation co-benefits through avoiding emissions related to habitat loss and increased carbon sequestration in restored and recovering ecosystems.

The Programme countries have small economies with dependence on narrow resource bases and have high public debt. This situation is typical of SIDS and LDCs, which also suffer disproportionately from climate-related disasters because the costs are important in comparison to the size of their economies. GCF's governing instrument recognizes that SIDS and LDCs should be eligible to receive full agreed costs to enable and support action on adaptation. Given the existing financial challenges of government budgets for environmental action in the Programme countries, significant public funding for this Programme from the Programme countries is not realistic. Although there is some funding from other donors for environmental projects, including ones addressing climate change, these only cover a small proportion of the identified needs (see section B1). In addition, there are few opportunities for CSOs to access the existing funding from other donors. Activities under Component 1 have been

designed to ensure that EbA priorities for funding under this Programme do not duplicate work supported by other donors and indeed that opportunities for complementarity are identified. There are currently not enough other donors in a position to provide funding at the scale proposed by the Programme. There will be opportunities for partnership between CSOs, government agencies and other projects and these will be encouraged under Component 3 of the Programme. Funding leveraged in this way will be tracked and considered as co-financing. However, significant co-finance for this Programme will be coming through CEPF from its public donors – AFD, the EU, GEF, the Government of Japan and the World Bank. This is funding originally intended for biodiversity conservation and the Programme will therefore be using the co-finance to support initiatives that achieve both EbA and biodiversity conservation.

In Madagascar and Comoros, private sector finance for the Programme is also not currently realistic since EbA activities are unlikely to generate revenues and business activities that support environmental and social objectives are not widespread. By contrast, the private sector is larger in Mauritius and Seychelles, environmental and social standards are more widely adopted and there are already successful partnerships between companies and NGOs to achieve biodiversity conservation. These partnerships can serve as important models that can be built upon and replicated for EbA objectives in the other Programme countries. Developing and replicating these partnerships between CSO organizations and private companies is part of the strategy for ensuring long-term sustainability of the Programme's objectives under Component 3. Again, funding leveraged in this way from the Private Sector will be tracked by CEPF and considered as co-finance.

The Programme targets four countries where it is difficult for CSOs to access finance for EbA activities. As described in section B.3, CEPF will use grant-making to finance on-the-ground EbA activities by the CSOs. The grant instrument being requested by AFD will therefore be passed on to CEPF and ultimately to the CSOs who would be unable to access non-grant funding for EbA work.

In addition to the direct expected impacts of the Programme in the four countries, the Programme will also have a very important impact on the replication and scaling up of EbA elsewhere and over the long term, because it will allow CEPF to develop and use new tools specifically for EbA that it can integrate throughout its global portfolio (currently approximately USD 16 million per year). In this way, CEPF will be able to use its knowledge and expertise of working with CSOs to catalyze action on EbA throughout the biodiversity hotspots where it works. **For the avoidance of doubt, all such replication and scaling up outside of the four Programme countries falls outside of the scope of the Programme.**

B.6. Exit strategy and sustainability (max. 500 words, approximately 1 page)

The Programme aims to engineer a paradigm shift to EbA in the Programme countries, by pioneering new models and adapting global best practice to the local context of SIDS and LDCs. Hence, the exit strategy requires EbA activities to continue at priority sites beyond the end of the Programme, and EbA techniques with demonstrated effectiveness to be amplified through integration into public policies and private sector practices related to climate change adaptation. To this end, the following strategies for sustainability are interwoven into the Programme design:

- Preparation of long-term visions with financing plans to transition EbA activities to other funding sources.
- Strengthening CSO engagement, capacity and credibility in EbA implementation.
- Evaluation of the effectiveness of promising EbA techniques.
- Development of knowledge products and tools to facilitate replication.
- Mainstreaming of EbA techniques into public policy and private sector practices.
- Leveraging additional funding from traditional and non-traditional sources.

This section describes each of these strategies in turn.

CEPF is not intended to become a permanent presence in any hotspot but to define and work towards an end point at which local civil society transitions from its support with sufficient capacity, access to resources and credibility to respond to future conservation challenges. To this end, CEPF introduced a framework for preparation of long-term

visions²⁸. This framework sets out five target conditions, which need to be met before civil society in a hotspot could be considered to have transitioned from the fund's support: (i) priorities and best practices are documented, disseminated and used by public, private and civil society actors; (ii) local CSOs collectively possess sufficient organizational and technical capacity to be effective partners of private sector and government agencies influencing decision-making in favor of sustainable societies and economies; (iii) adequate and sustained financial resources are available; (iv) supportive public policies and private sector business practices are in place; and (v) mechanisms exist to identify and respond to emerging challenges.

A costed long-term vision for civil society engagement in EbA will be prepared under Component 1, which will provide a detailed exit strategy for the Programme. The long-term vision will establish criteria to track the progress of CSOs and EbA activities towards a point at which they can transition to other sources of funding. One advantage of the 10-year timeframe for the Programme is that it allows these transitions to be staggered over several years, so that, by the end of the Programme, many EbA activities will have already moved to other funding sources, thereby avoiding a hard stop.

Ownership of the long-term vision will be built among key stakeholders in each country, especially the long-term implementation structure, which will be put in place under Component 3 as an informal platform for collaboration hosted by a consortium of CSOs covering the four Programme countries. The long-term implementation structure will be the steward of the long-term vision beyond the end of the Programme; to this end, funding will be leveraged to support the long-term implementation structure after the end of the Programme. It will help build a resilient community of CSOs that have the tools, capacity and funding to address future EbA and ecosystem conservation needs. CEPF's experience from other hotspots is that the key RIT staff become very committed to the subgrantees and want to continue their involvement in the work beyond the formal end of the RIT grant. CEPF has seen, in several hotspots, the RIT host institution going on to play a long-term role in coordinating former CEPF subgrantees, either as a long-term implementation structure or more informally. In some cases, for instance the Western Ghats in India, the RIT leveraged additional resources, which it used to provide small grants to CSOs beyond the end of the CEPF program. In such cases, CEPF may help to leverage resources but step back from direct involvement, thereby enabling the former RIT host institution to graduate to a direct funding relationship with donors.

The work of the long-term implementation structure will be a continuation of a thread running throughout the Programme, to strengthen CSOs' institutional and financial capacity to implement EbA programs. Under Component 3, a comprehensive capacity development program for CSOs will be implemented, informed by a needs assessment in each Programme country. Training sessions will be held in various formats, including workshops, lectures or hands-on mentoring by the RIT. The focus of these activities will be on ensuring that CSOs achieve sufficient levels of capacity, credibility and resourcing, to maintain their involvement in EbA implementation beyond the end of the Programme.

As well as leaving a legacy of capacitated CSOs, the Programme will also develop EbA techniques that are adapted to the local social, economic and environmental conditions of Madagascar and the Indian Ocean islands. These techniques will provide a "toolbox" of ecosystem-based solutions to future climate change adaptation challenges in the Programme countries, as well as other LDCs and SIDS. To this end, under Component 2, the Programme will deploy cutting-edge science to evaluate promising EbA techniques, and identify those that are most effective with the greatest potential for replication. Once CEPF has the tools and experience on integrating EbA into its grant-making programmes, it has huge potential to replicate EbA action through its existing and future grant-making in countries in other biodiversity hotspots.

Because EbA techniques have the potential to be greatly more cost effective than engineering solutions to climate change impacts, it is anticipated that there will be considerable interest in adopting techniques demonstrated by the Programme among governments, CSOs and funding institutions. However, experience from other Small Grants Programs shows that, where successful approaches have been demonstrated locally, CSOs have lacked the capacity to capture and document good practice. As a result, broader uptake or amplification by government or the

²⁸ https://www.cepf.net/sites/default/files/resources/Donor%20Council/DC25_5A_LongTermVision.pdf.

private sector has been limited and opportunistic. The Programme will promote replication of successful approaches through promoting their integration in public sector policies and private best practices. To this end, the individual EbA grants awarded under Component 2 will be designed as demonstration projects, giving attention not only to delivery of EbA results in their local contexts but to evaluation of the approach, documentation of good practice and dissemination to key audiences. Although the precise strategy for replication will vary among grants, they will have the following common elements: (i) establishment of partnerships between CSOs and relevant private and public sector actors; (ii) joint design and implementation of field demonstration and, where appropriate, research activities; and (iii) dissemination of results to key private and public sector actors through field visits, briefing papers, etc.

As well as being engaged in the design and implementation of individual EbA field demonstration projects, private and public sector actors will be engaged from the very beginning in preparing the Ecosystem Profile, including the selection of priority geographies and approaches. In this way, the CEPF grants will be well aligned with the priorities of potential private and public partners, which will increase the relevance of experience from the demonstration projects and the prospects of them being taken up and replicated. Moreover, under Component 3, the Programme will provide targeted support for the replication of successful policy demonstration models and innovative partnerships with the private sector. These strategies, combined with the capacity strengthening for CSOs described above, will create an enabling environment for the replication of EbA techniques, resulting in policies and business practices that more effectively mainstream EbA and ecosystem conservation. The development of public-private partnerships engrained in long-term visions of sustainability will allow civil society to play the role of innovator, influencer and adviser to government agencies and private sector companies, facilitating the emergence of more sustainable, climate-adapted economies in the Programme countries.

Finally, in terms of leveraging financial resources, the Programme proposes, under Component 1, to develop long-term funding plans that identify traditional and non-traditional sources of funding, and to test models of non-conventional funding mechanisms that can be amplified within the hotspot. Over the 10-year duration of the Programme, the availability of climate financing from institutional donors is anticipated to increase significantly, accompanied by the emergence of new funding sources. For example, in Madagascar, a new platform has been proposed to mobilize resources from international donors and private companies to implement the national strategy for reforestation set out in the presidential vision "Madagascar Ile Verte". The result of these trends will be greater availability of financial resources to continue to support EbA, conserve critical ecosystems and ensure the provision of goods and services for human well-being. To take advantage of these opportunities, Component 3 of the Programme includes an explicit focus on developing resource mobilization strategies to generate additional revenues for EbA programs in the hotspot, and developing innovative models for private sector finance.

C. FINANCING INFORMATION							
C.1. Total financing							
(a) Requested GCF funding (i + ii + iii + iv + v + vi + vii)		Total amount			Currency		
		38			million USD (\$)		
GCF financial instrument		Amount	Tenor	Grace period	Pricing		
(i)	Senior loans	Enter amount	Enter years	Enter years	Enter %		
(ii)	Subordinated loans	Enter amount	Enter years	Enter years	Enter %		
(iii)	Equity	Enter amount	Enter years		Enter % equity return		
(iv)	Guarantees	Enter amount					
(v)	Reimbursable grants	Enter amount					
(vi)	Grants	38 million USD (\$)					
(vii)	Results-based payments	Enter amount					
(b) Co-financing information		Total amount			Currency		
		11.2			million USD (\$)		
Name of institution		Financial instrument	Amount	Currency	Tenor & grace	Pricing	Seniority
CI (includes AFD's contribution – see Annex 13)		Grant	11.2	million USD (\$)	Enter years Enter years	Enter%	Options
Click here to enter text.		Options	Enter amount	Options	Enter years Enter years	Enter%	Options
Click here to enter text.		Options	Enter amount	Options	Enter years Enter years	Enter%	Options
Click here to enter text.		Options	Enter amount	Options	Enter years Enter years	Enter%	Options
(c) Total financing (c) = (a)+(b)		Amount			Currency		
		49.2			million USD (\$)		
(d) Other financing arrangements and contributions (max. 250 words, approximately 0.5 page)		<p>CEPF chooses to not typically require co-finance of its CSO grantees since it can be counter-productive – it discourages smaller NGOs and community-based groups from proposing subprojects and therefore runs counter to CEPF's objective of fostering the emergence of credible and effective CSOs. This is recognized by other donors, particularly those on CEPF's donor council, and by grantees as being important and CEPF plays a unique and crucial role in the funding landscape available to CSOs. Nevertheless, CSO grantees (particularly larger ones) typically make significant in-kind contributions to achieve their subprojects (e.g. staff or volunteer time, use of buildings, materials, etc.). CEPF tracks funding that is leveraged for subprojects and will do this for the Programme and will count it towards co-finance. This tracking will also include funding leveraged through partnerships with public and private sector sources during Programme implementation (see Component 3).</p> <p>In addition to the finance for the Programme, AFD is one of the largest international donors for environmental action in the region and has commitments to provide EUR 31.5 million that is considered parallel funding to this Programme. These commitments are to support projects in the region that broadly support the climate change adaptation and ecosystem protection</p>					

objectives of the Programme. A list of the relevant AFD-funded projects in the region is provided in Section B1, table 2.

C.2. Financing by component

The table below provides a breakdown of GCF funding and co-financing for each Programme component and output described in section B3. Details of Programme Management Costs (PMC) and assumptions are provided in Annex 4. The total Programme cost is USD 49.2 million of which USD 38 million is requested from GCF.

Component	Output	Indicative cost million USD (\$)	GCF financing		Co-financing		
			Amount million USD (\$)	Financial Instrument	Amount million USD (\$)	Financial Instrument	Name of Institutions
Component 1: Developing strategic plans for EbA in the small island biodiversity hotspot that are well aligned with national climate change strategies	<i>Output 1.1 Ecosystem Profile updated in the hotspot to identify and prioritise EbA actions by CSOs</i>	0.35	0	Grants	0.35	Grants	AFD and CEPF
	<i>Output 1.2 Long- term Vision for civil society engagement in Ecosystem-based Adaptation developed for the hotspot with participation of government, civil society, donor and private sector actors.</i>	0.35	0	Grants	0.35	Grants	AFD and CEPF
	<i>Output 1.3 Financing Plan developed for the long-term vision document.</i>	0.07	0	Grants	0.07	Grants	AFD and CEPF
	<i>Output 1.4 Sector and/or development policy targets set for addressing key drivers of ecosystem service loss in the hotspot.</i>	0.01	0	Grants	0.01	Grants	AFD and CEPF
	<i>Output 1.5 Strategies for engagement with private sector actors for mainstreaming EbA into business practices of industries driving ecosystem service loss completed for the hotspot.</i>	0.01	0	Grants	0.01	Grants	AFD and CEPF
Component 2: Supporting EbA activities	<i>Output 2.1. Priority EbA activities by CSOs supported in priority areas</i>	39.43	30.36	Grants	9.07	Grants	AFD and CEPF

through grants to CSOs	<i>as defined in the Ecosystem profile.</i>						
	<i>Output 2.2 EbA action impacts quantified through cutting-edge science.</i>	3.81	3.81	Grants	0	Grants	AFD and CEPF
Component 3: Ensuring long-term sustainability and replicating success through knowledge products and tools for EbA.	<i>Output 3.1 Models, tools and best practices developed under the project are widely available and inform other actors developing and implementing EbA actions globally.</i>	0.89	0.80	Grants	0.09	Grants	AFD and CEPF
	<i>Output 3.2 Ensuring the financial and institutional sustainability of multi-sector programs for EbA, including through enhanced public and private partnerships.</i>	0.95	0.73	Grants	0.22	Grants	AFD and CEPF
PMC		2.34	1.81		0.53		
Monitoring, Evaluation & Learning		1.01	0.49		0.52		
Indicative total cost (USD)		49.20 million	38.00 million		11.20 million		

USD 38 million of GCF's financing will be allocated to the four Programme countries over 10 years, including USD 30.5 million of subgrants to CSOs. USD 11.2 million will be invested in the Programme as co-financing. The sources of co-financing are funds channeled through CI for the CEPF Programme and funds leveraged by the CSO recipients of individual EbA grants. The current donors to CEPF include AFD, CI, the European Union, the GEF, the Government of Japan and the World Bank, plus several private philanthropies. Several donors to CEPF have made commitments of funding for periods overlapping with the duration of the Programme; others are considering new commitments, while discussions are ongoing with a number of potential new contributors to the fund.

Exact budget figures for each country will depend on the subprojects proposed by CSOs. Calls for proposals from CSOs will be at the scale of the hotspot and therefore some flexibility is needed to ensure that the best subprojects are supported. Based on past CEPF experience, some subprojects are also likely to be multi-country/hotspot-wide initiatives. The funding allocation per country is therefore indicative but represents the target funding distribution. Minimum and maximum funding allocations for grants to CSOs per country are specified in Annex 22. Fixing the range of funding to CSOs available for each country ensures that there is sufficient flexibility to support the best subprojects in the hotspot, but also that each country has clarity over the grant amounts that will be available to CSOs in their country. Further information on total estimated funding allocations per country (inclusive of Programme Management Costs) are provided in Annex 17 and summarized below.

Table 5. Estimated GCF and co-finance per country (million USD)

Country	Estimated GCF funding	Estimated co-finance	Total
Comoros	6.33	1.87	8.20
Madagascar	19.00	5.60	24.60
Mauritius	6.33	1.87	8.20
Seychelles	6.33	1.87	8.2

C.3 Capacity building and technology development/transfer (max. 250 words, approximately 0.5 page)

C.3.1 Does GCF funding finance capacity building activities?

Yes No

C.3.2. Does GCF funding finance technology development/transfer?

Yes No

Capacity building of CSOs is an important objective of the Programme under Component 3. The aim is to contribute to transforming civil society into catalysts for effective agents of EbA in the Programme countries and beyond to other hotspots where CEPF is active. This will be achieved by providing capacity building to improve organizational and technical capacity for civil society organizations. Women's groups and community-based organizations will be explicitly targeted for capacity building activities as they tend to play important roles in stewardship of ecosystems but are often economically marginalized and under-represented in development processes in the hotspot.

During consultations, the main capacity barriers identified related to the organizational capacity of organizations, particularly community-based organizations and small NGOs. Technical capacity to carry out EbA also varies and there is an opportunity through the Programme to encourage cooperation and knowledge transfer between organizations. Larger national and international NGOs have a particular role to play in mentoring smaller national organizations.

Capacity building activities will be achieved through the CSO grantee subprojects and calls for proposals will specifically encourage EbA capacity building subprojects to address needs that will be further detailed during the Ecosystem Profile updates under Component 1. Based on CEPF's experience, capacity building activities are also often parts of larger subprojects proposed by CSOs.

The total requested from GCF for capacity building activities is captured by the activities planned under Component 3 and totals USD 2.15 million. This figure however excludes the capacity that CSOs will gain directly through implementing the grants they receive. The capacity building benefits of managing and delivering on grants are significant but difficult to quantify financially. Nevertheless, CEPF will capture progress on the capacity of CSOs in the hotspots through the use of its capacity tracking tool (see section 4.4.5 of Annex 21).

D. EXPECTED PERFORMANCE AGAINST INVESTMENT CRITERIA

This section refers to the performance of the project/programme against the investment criteria as set out in the GCF's [Initial Investment Framework](#).

D.1. Impact potential (max. 500 words, approximately 1 page)

The Programme will protect and restore coastal, freshwater and terrestrial ecosystems that are providing critical ecosystem services for vulnerable people in the four Programme countries. The resulting improved quantity and quality of the ecosystem services will improve resilience because ecosystems and people will be better able to absorb and react to the stresses caused by climate change. The exact mix of ecosystems to protect/restore and the resulting secured ecosystem services will be defined in detail as part of the Ecosystem Profile updating in Component 1. However, it is expected that the priority ecosystems will include coastal ecosystems such as mangroves, coral reefs, salt marshes, sea grass meadows, freshwater lakes and river systems, and forests that play an important role in watershed catchments.

Programme performance indicators are provided in more detail in section E and Annex 11 along with descriptions of how they will be achieved and measured. The Programme will contribute to the following high-level GCF performance impacts:

- *Increased resilience and enhanced livelihoods of the most vulnerable people, communities and regions*

CSO subprojects will focus on securing the critical ecosystem services that vulnerable people need to be resilient and to adapt to the impacts of climate change. In addition, based on CEPF's experience, many of the proposed subprojects are expected to have direct beneficial impacts on people's livelihoods. The Programme is expected to benefit at least 698,000 people through increased climate change resilience, access to improved quantity and quality of ecosystem services and income. Of these people, 88,000 are expected to benefit directly from employment opportunities and/or from support to adopt diversified, climate resilient livelihood options (See Appendix of Annex 2 and Annex 17 for details of estimates). Based on past CEPF experience in the hotspot, roughly equal numbers of men and women are expected to benefit from the Programme and a Gender Action Plan (see Annex 8) has been developed to maximize female participation in the Programme activities.

- *Improved resilience of ecosystems and ecosystem services*

The Programme will result in the restoration or improved management of at least 1.83 million hectares of coastal, freshwater and terrestrial ecosystems that play a critical role in climate change adaptation in the Programme countries. Given that the Programme is focused on a biodiversity hotspot, the conservation of globally important biodiversity in the areas where EbA subprojects are conducted will be an important co-benefit of the Programme.

GCF expected outcomes that will be addressed are:

- *Strengthened institutional and regulatory systems for climate-responsive planning and development*

The Programme will support the development of innovative models for EbA that can be mainstreamed into public policy and adopted by private sector partners. Grants will be provided to CSOs to partner with public agencies and private sector companies with the objective of developing models for effective EbA that can be further replicated. Adoption of Programme-supported EbA models as part of broader public policy will be an objective in each country and at least one such policy target will be developed per country (see section B3). In each country a strategy for private sector engagement on EbA will also be developed as part of the Programme.

- *Strengthened adaptive capacity and reduced exposure to climate risks*

Reduced exposure of 610,000 vulnerable people to climate risks will be achieved primarily by securing the critical ecosystem services they depend upon as explained above. Based on the level of proposed investment and CEPF's previous experience it is estimated that the Programme will reduce exposure to climate risks for 2.4% of the population in the targeted Programme countries. In addition, it is expected that the Programme will build the capacity of at least 25 CSOs, thereby enabling them to make further contributions to EbA and ecosystem conservation.

- *Climate Change Mitigation Potential*

The Programme has been designed to address climate change adaptation and priorities for investment will be set based on the potential to increase the resilience of vulnerable people. However, the focus on supporting EbA subprojects means there will be important mitigation co-benefits. Natural terrestrial and coastal ecosystems such as forests, wetlands and mangroves are important both for storing and sequestering carbon. Activities designed to improve management will result in less deforestation and habitat conversion leading to avoided emissions. Ecosystem restoration activities will result in increased carbon sequestration. Globally, the conservation, restoration and improved management of tropical forests, mangroves and peatlands could provide a third of cost-effective mitigation action needed by 2030 to limit global warming to 2°C²⁹. Most (53%) of the total land-based mitigation opportunity comes from protecting tropical forests, including those targeted in the Programme³⁰. Furthermore, natural climate solutions provide the highest potential for mitigation in most tropical countries and in a quarter of tropical countries, cost effective natural climate solutions for mitigation are greater than national emissions. In Madagascar, for example, cost effective natural climate solutions have the potential to mitigate 163% of national emissions³¹. Coastal and marine ecosystems, including protection and restoration of mangroves, salt marshes, seagrass beds and seaweeds have been identified as one of the five most important ocean-based climate actions and could have a mitigation potential of 0.5-1.38 GTCO_{2e} per year, making these activities an important part of achieving pathways to limit warming at 2°C or below.³²

Although the Programme is primarily focused on adaptation, the mitigation co-benefits (tons of CO_{2e} emissions avoided/sequestered) of all the subprojects funded under the Programme will be estimated once selected and reported to GCF as part of the Programme's monitoring.

Further detail on Programme indicators is available in section E5, in the Programme Monitoring and Evaluation Plan (Annex 11) and the Multi Country Information Form (Annex 17).

D.2. Paradigm shift potential (max. 500 words, approximately 1 page)

Over the last two decades, extreme weather events caused the deaths of around half a million people worldwide and economic losses amounting to around USD 3.5 trillion³³. With the effects of climate change, the impacts of extreme weather events and the resulting increases in global adaptation costs are likely to be two-to-three times higher than current global estimates by 2030³⁴. There is, therefore, an urgent need for cost-effective and locally appropriate climate change adaptation solutions, especially in SIDS and LDCs, whose human populations are disproportionately vulnerable to extreme weather events and other climate change impacts (for instance, Madagascar was ranked fourth on the most recent Global Climate Risk Index³⁵) and whose governments lack the resources to implement costly engineering solutions.

²⁹ Griscom et al. 2017. Natural Climate Solutions. Proceedings of the National Academy of Sciences 114 (44): 11645-50.

³⁰ Griscom et al. 2020. National mitigation potential from natural climate solutions in the tropics. Phil. Trans. R. Soc. B 375: 20190126

³¹ % derived from data provided in Griscom et al. 2020, cited above

³² Hoegh-Guldberg, O., et al. 2019. "The Ocean as a Solution to Climate Change: Five Opportunities for Action." Report. Washington, DC: World Resources Institute

³³ Ekstein, D. et al. 2020. Global Climate Risk Index 2020. Bonn: Germanwatch.

³⁴ UNEP. 2016. The Adaptation Gap Report. United Nations Environment Programme.

³⁵ Ekstein, D. et al. 2020. Global Climate Risk Index 2020. Bonn: Germanwatch.

In this context, EbA approaches have great potential. By taking advantage of the ecosystem services (coastal protection, soil erosion control, catchment protection, etc.) provided by natural ecosystems, EbA is recognized by many LDCs as a cost-effective, accessible way of reducing poverty and climate risk³⁶. Many EbA techniques, such as mangrove planting, agroforestry and assisted natural regeneration, can be taught to rural communities, and adopted with locally available technology. In addition, because EbA approaches benefit from the natural capacity of ecosystems to regenerate, they entail limited recurrent costs, provided that appropriate natural resource governance structures are put in place. Indeed, restoration of natural ecosystems can deliver significant economic benefits to local communities and economies, including by supplying freshwater for domestic use and irrigation, providing fuel, food and building materials, and underpinning the development of nature-based tourism. Additional co-benefits include conservation of biodiversity and mitigation of climate change, through capture and storage of carbon.

The Programme is premised on the belief that there is significant potential to effect a paradigm shift towards EbA among public, private and civil society actors in the target countries, and its interventions have been designed with this in mind. In this way, the Programme will contribute to GCF's paradigm-shift objective of increasing climate-resilient sustainable development in island territories. The Programme will transform critical ecosystems, that people depend on, from their current state of increasing degradation to a situation where they are able to maintain essential ecosystem services. By focusing on the ecosystem services that increase the climate resilience of the maximum number of people, identified through application of the KBA+ methodology (see section B3 and Annex 2), and by using cutting-edge science to evaluate impacts, the Programme will demonstrate the effectiveness of EbA techniques and their relevance to national climate change policy goals. By engaging with key public and private sector actors at all stages of implementation, the Programme will familiarize them with EbA techniques, promote their incorporation into national policies and corporate business practices, and, in this way, catalyze a paradigm shift towards EbA.

By working through civil society, the Programme will particularly emphasize locally led, decentralized models for EbA, which are appropriate in LDCs and SIDS, where national government may have limited implementation capacity. CEPF's experience from 20 years of working with CSOs on biodiversity conservation is that they are capable of offering useful and timely advice and support to both governments and private companies. CSOs can be extremely effective at: (i) bringing global experience and good practice to local contexts; (ii) transferring skills and knowledge to government agencies and the private sector, leading to better policy and business practices; (iii) catalyzing innovation, testing new approaches and responding to emerging challenges and opportunities; (iv) brokering partnerships among traditional and non-traditional conservation actors; and (v) ensuring that conservation programs are beneficial to local people, such as by protecting vital ecosystem services and providing sustainable livelihood options. AFD and CEPF believe that these same capabilities that have been so effective at achieving biodiversity conservation outcomes can also be harnessed to contribute to climate-resilient sustainable development.

While the Programme is ambitious in scale, and GCF funding will be directed to four countries, it will also generate knowledge and learning to enable wider replication, both by CEPF and others. The tools and approaches developed by the Programme will be used to address the technical limitations of CSOs within the hotspot but also to replicate the focus on EbA in other biodiversity hotspots where CEPF is active and has CSO networks. In particular, CEPF will replicate EbA approaches in other SIDS, LDCs where the need for scaled up action on adaptation to climate change are greatest. This will create a shift in CEPF's emphasis on setting priorities so that enhancing the resilience of vulnerable people to climate change becomes an important criterion alongside its traditional focus on biodiversity.

D.3. Sustainable development (max. 500 words, approximately 1 page)

By promoting sustainable development across multiple sectors, EbA is a unifying concept in national and international sustainable development frameworks. Most directly, it helps countries meet their obligations

³⁶ Colls, A. et al. (2009) Ecosystem-based Adaptation: a natural response to climate change. Gland: IUCN.

under the United Nations Convention on Biological Diversity (UNCBD), both adaptation and mitigation targets under the UNFCCC and the Sendai Framework for Disaster Risk Reduction. In addition, EbA activities supported under the Programme are expected to promote sustainability related to agriculture, forestry, energy, water, social justice, education and livelihood diversification, thus helping to achieve Sustainable Development Goals (SDGs). While it is not possible to quantify all social, economic and environmental co-benefits of the Programme because this depends to a large extent on the priorities that are determined through the priority setting in Component 1, a wide range of co-benefits are nevertheless expected. Once the Ecosystem Profile has been established under Component 1, CEPF will revisit the quantification of sustainable development co-benefits (such as number of jobs expected to be created, effects on food security, income and gender equality) and integrate them into the Programme monitoring. If biodiversity co-benefits are at the heart of the actions under this project, as CEPF has been established 20 years ago to tackle biodiversity challenges, the Programme will contribute to the following SDG indicators in the Programme countries:

- **SDG 1. No poverty.** The Programme focuses on improving resilience for some of the planet's poorest of the poor, living in rural areas and depending directly on ecosystem services for their livelihoods.
- **SDG 2. Zero hunger.** Maintaining and improving Ecosystem Services linked to food production was identified during consultations as a priority for the Programme.
- **SDG 5. Gender equality.** Both women and men are equally reliant upon, and engaged in stewardship of ecosystem services. The Programme includes tools to ensure that gender adverse impacts are avoided and that gender positive approaches to EbA are stimulated.
- **SDG 6. Clean Water and sanitation.** Watershed management for provision of water was identified during consultations as an important priority for EbA in most of the Programme countries. Water availability and provision on many of the small islands involved in the Programme is a major issue.
- **SDG 8. Sustainable economic growth.** Principal industries and economic sectors in the Programme countries, notably fisheries, agriculture and tourism are reliant on healthy ecosystems and the ecosystem services they provide.
- **SDG 13. Climate Action.** In addition to adaptation outcomes, the Programme will provide important mitigation co-benefits by reducing emissions from land-use conversion, including deforestation, and through habitat restoration activities.
- **SDG 14. Life below water.** Protecting and promoting sustainable use of coastal and marine resources was identified during Programme consultations as a high priority in all Programme countries. Protection and restoration of mangroves and coral reefs are anticipated to be priorities in subprojects submitted by CSOs.
- **SDG 15. Life on land.** The Programme will support the protection, restoration and sustainable use of terrestrial ecosystems. With its focus on biodiversity hotspots, the Programme focuses on some of the planet's most important ecosystems for preserving life on Earth.

Two of the four countries where GCF funds will be used have extreme rural poverty where large parts of the population depend directly on the services provided by the same ecosystems that the Programme will be protecting and restoring. The Programme will promote a range of activities that strengthen the resilience to climate change of local communities and their natural support systems, including watershed management, promoting traditional stewardship practices, improved management of natural resources, discouraging destructive and unsustainable practices, gathering baseline data for improved management, establishing zoning for sustainability, and creating jobs and alternative livelihoods.

The Programme aims to ensure that both men and women have equal opportunities to participate in and benefit from the Programme. A Gender Action Plan (Annex 8) has been developed to ensure that gender adverse impacts are avoided and that gender considerations are included in all key Programme activities so that positive gender impacts are achieved. Through the measures outlined in the Gender Action Plan and Programme design, the Programme aims to ensure that approximately half of all direct and indirect

beneficiaries are women. For all indicators related to people, sex disaggregated data will be collected during project monitoring.

D.4. Needs of recipient (max. 500 words, approximately 1 page)

With its focus on Small Island Developing States and Least Developed Countries, the Programme includes some of the most vulnerable countries in the world to climate change as well as some of the poorest. All the countries in the Programme have already reported significant impacts of climate change with increased temperatures, rising sea levels, ocean acidification, coastal erosion, flooding and droughts all being attributed to climate change. Climate change projections for the region and the countries where the Programme will work indicate that climate change impacts will continue to get worse over the next century even under the most optimistic scenarios for cutting greenhouse gas emissions (see Annex 2). In addition, other anthropogenic pressures on ecosystems are reducing the availability and quality of important ecosystem services, further reducing the resilience of people, often the poorest and most vulnerable in society, that depend on them.

The Madagascar and Indian Ocean islands hotspot is among the biological wonders of the world, with globally significant levels of biodiversity and species endemism. Its ecosystems provide millions of people with fresh water, food and other ecosystem services that are essential to their survival. Despite their wealth in natural resources, the current pace of action in biodiversity conservation appears insufficient to ensure the hotspot inhabitants will sustainably benefit from their environment and the ecosystem services it provides for generations to come.

EbA has been identified as a priority in the various climate change strategies of all the Programme countries. All of the countries are concerned about the state of their natural ecosystems and the quality and quantity of ecosystem services that their people depend upon. Pilot EbA initiatives have been started in all the Programme countries meaning that there is already experience to build upon, replicate, and expand, both within government, and within CSOs. Despite the existence of some other EbA initiatives, there is widespread recognition that much more needs to be done beyond the few existing pilots. The Programme will give an opportunity to a broad range of organizations to use their existing technical capacity on EbA and to build it further.

Gender inequality remains a significant problem in Comoros and Madagascar, increasing the risks and burdens of climate change for women. In Mauritius and Seychelles, per capita national incomes are higher than the other countries and women enjoy greater equality in many, but not all, aspects of society (see Annex 8 – Gender Assessment and Action Plan). However, in the two poorer nations included in the Programme, women are often unequal participants in decision-making, labor markets, legal processes and they face gender stereotypes due to socio-cultural norms. Women are also often poorer than men and therefore have less access to adaptation options when faced with risk events (e.g. poor crop yields, floods, droughts etc.). The Programme seeks to address gender inequality and deliver gender positive impacts (see Annex 8).

CSOs are active in delivering sustainable development outcomes, including nature conservation and climate change projects in all the Programme countries. Their experience, capacity and capabilities vary greatly reflecting their range in size from small community-based organizations to large national and international NGOs. The Programme will address the barriers of lack of finance and need for greater capacity that hinders this “third sector” from playing a greater role in climate change adaptation in the Programme countries.

D.5. Country ownership (max. 500 words, approximately 1 page)

The important role of healthy ecosystems and ecosystem services for climate change adaptation is recognized in the key climate strategies of all four countries targeted by this Programme (see table below and further details in Annex 2). In addition, the link between ecosystem services and increased resilience to climate change is noted in numerous other policies and strategies in the Programme countries – particularly those related to biodiversity conservation. At the time of Proposal preparation, the Programme countries do not yet have published GCF Country Work Programmes³⁷, however EbA is a clear priority for all four countries. Most of the countries have national climate change policies, strategies or implementation plans and key UNFCCC documents such as National Adaptation Programmes of Action (for LDCs) and Nationally Determined Contributions (NDCs). All of these documents either specifically cite EbA as a priority or include specific examples of EbA (e.g. restoration of watersheds or mangroves) that are considered priorities. Madagascar has published a National Adaptation Plan (NAP)³⁸, in which both terrestrial and marine based EbA action feature prominently as priorities. Development of the NAP is ongoing for Comoros, where government agency staff responsible for these documents confirmed that EbA would be included as a priority (as it is in the existing NAPA). Similarly, the current NDCs of all the Programme countries include Nature based Solutions to climate change and the enhanced NDCs currently under development are also expected to include Nature based Solutions.

Table 6. Key national climate strategy documents that include EbA as priorities

Country	National Climate Strategy ¹	NDC	NAPA	Other
<i>Comoros</i>	NAPA is the main document	✓	✓	Accelerated Growth and Sustainable Development Strategy (SCA2D); The National Strategy on Biodiversity (2010); Strategy for Coastal Areas Integrated Management (2010)
<i>Madagascar</i>	National Policy for Action on Climate Change	✓	✓	National Strategy for Biological Diversity and Action Plan; National Adaptation Plan
<i>Mauritius</i>	National Climate Change Adaptation Policy Framework	✓	NA	National Disaster Risk Reduction Strategic Framework and Action Plan; Technology Action Plan for an enhanced Climate Change Adaptation and Mitigation; Resilient Strategy under development through the Adapt Action Programme (expected April 2020)
<i>Seychelles</i>	National Climate Change Policy	✓	NA	Coastal Management Plan (209-2024); National Biodiversity Strategy and Action Plan 2015-2020

Note: Various titles are used for national climate strategy documents. Nationally Determined Contributions (NDCs) developed in 2015/16 and National Adaptation Programmes of Action were developed following UNFCCC guidance; NAPAs are only for Least Developed Countries; NA = Not Applicable.

In addition to identifying EbA as a national priority in key policy and strategy documents, pilot EbA activities have been undertaken in all of the Programme countries meaning that there is already a good understanding of the approach and capacity within government agencies and CSOs to execute EbA activities. Further, in all of the countries the role of civil society in delivering climate change resilience is recognized. For example, the NDCs of all four countries identify building community capacity for adaptation as a priority and several highlight the role that CSOs can play in addressing adaptation priorities.

CEPF is already operational in the hotspot and has provided 102 grants for a total of USD 10.3 million to CSOs for biodiversity conservation activities since 2015. As such, CEPF is already a well-known donor by

³⁷ <https://www.greenclimate.fund/projects/commitment>. Last accessed 12 Feb 2020

³⁸ The UNFCCC's NAP process is for Least Developed Countries – Madagascar and Comoros in this Programme.

many of the CSOs operating in the Programme countries. Nevertheless, the emphasis on EbA, rather than biodiversity conservation, in this Programme means that other CSOs who had not previously engaged with CEPF expressed an interest during the Programme consultation in applying for EbA funding made available through the Programme.

Over the last 20 years, CEPF has demonstrated that it fills an important niche within global biodiversity conservation through its focus on CSOs. Over that time, it has developed a suite of policies, procedures and operating systems that are simple enough to allow even small community-based CSOs to benefit from funding while at the same time providing the rigor needed by its donors such as the World Bank, EU, GEF, Govt. of Japan and AFD. CEPF defines its investment priorities using an inclusive participatory process involving national, sub-regional and expert consultations. The results, encapsulated in an Ecosystem Profile, provide a common vision developed by government agencies, donors, CSOs and the private sector that allows CEPF's investments to be targeted at high priorities (whether thematic or geographic) while avoiding duplication with other donor and/or government investments. CEPF's tried-and-tested approach that has worked so well for biodiversity conservation is easily transferable to support Ecosystem-based Adaptation. CEPF is also ideally positioned to support concrete regional collaborations among the CSOs of the hotspot, maximizing the wealth and diversity of experiences developed and fostering the emergence of a regional EbA community.

Engagement with stakeholders is fundamental throughout all stages of investment in a hotspot. CEPF and its regional partners have strong relationships with the ministries responsible for climate change and other environmental issues in each of the countries. AFD and CEPF shared the draft concept note with the Nationally Designated Authorities (NDAs) in April 2019, and presented the Programme to relevant government agencies and civil society stakeholders during visits to the Programme countries in August 2019. Stakeholder consultation workshops were held in each country to elicit feedback on the Programme design and identify initial EbA priorities in each country. These workshops demonstrated that there is widespread support within relevant government departments and among civil society stakeholders for the proposed Programme. More than 150 individual stakeholders (45% women) from 87 organizations and institutions provided input and feedback on the proposed project (Annex 7 - Stakeholder Consultation Report and Plan). The Programme proposal has been developed taking into account the comments provided during the consultations and from NDAs. As described in sections B4 and E7, the NDAs will be fully integrated into the Programme governance and monitoring/evaluation. NDAs will also play a critical role in ensuring that subprojects address national priorities since ecosystem profiles and long-term visions that define the Programme's investment priorities will need to be endorsed by them. All the NDAs have provided Non-objection Letters (See Annex 1).

Once the Programme starts, there will be a phase of intensive engagement during preparation of an Ecosystem Profile, through a series of local, national and regional consultations. A wide range of stakeholders will be involved, including national and international experts, research institutions, NGOs, government agencies, women and women's groups, community groups and private sector representatives. CEPF's experience is that threats to ecosystems are dynamic and therefore the ecosystem profiles identifying priority actions are most effective when developed just prior to CEPF's investment so that they capture current priorities. It is therefore important that ecosystem profiles are completed as part of the project (as planned in Component 1) rather than part of the planning phase for the Programme.

D.6. Efficiency and effectiveness (max. 500 words, approximately 1 page)

The financial structure of the Programme will ensure efficient use of GCF funds. Additional funding of USD 11.2 million co-financing is proposed. In addition, although not captured in the financing figures for the Programme due to GCF's policies on co-finance and parallel finance, CEPF will be investing in the rapid replication of the Programme's EbA priority setting and implementation approaches elsewhere where CEPF works (CEPF's global portfolio of grants is approximately USD 16 million per year). Furthermore, the priority-

setting component of the Programme (Component 1) will be funded entirely from co-finance, thereby ensuring more of the GCF funding is directed to implementation of EbA actions by CSOs.

Grant funding is appropriate because the Programme will secure ecosystem services that improve vulnerable people's resilience and ability to adapt to climate change. These ecosystem services are public goods. Public financing levels in the Programme countries are currently insufficient to protect and restore the natural ecosystems from which critical ecosystem services are derived. The Programme countries already have significant foreign debt and a wide range of other public funding needs (health, education etc.), which means that environmental protection competes with other priorities. Loans to undertake the Programme are therefore not a viable option. The Programme activities are not expected to generate revenues and therefore there are limited opportunities for private sector investment. The use of grant funding is therefore not going to discourage private investment.

Although the Programme could not yet be funded from the public or private sector in the Programme countries, CEPF is currently piloting approaches to develop and support partnerships between CSOs and the private and public sectors. This work is also accompanied by an increased emphasis on strengthening the role of CSOs in contributing to the development of public policy. This proposed Programme will benefit from these pilots and approaches to support partnerships will be integrated into the work in the hotspot through Component 3. Development of strong partnerships with the private and public sector is also important for contributing to the sustainability of CSOs' work beyond the life of the Programme.

The biodiversity hotspots concept was developed by scientists and adopted by conservation practitioners in recognition of the need to prioritize expenditure in a context of scarce conservation finance. By focusing attention and effort on large-scale areas where levels of biodiversity and threats are both high, the concept helps to channel expenditure into investments that will have a high long-term level of cost effectiveness. SIDS and LDCs are recognized to be disproportionately impacted by climate change and therefore focusing investments in these countries that are also within a biodiversity hotspot is an efficient way to achieve climate change adaptation goals in relation to vulnerable people and communities while also delivering food and water security, biodiversity and ecosystem service co-benefits.

Many of the approaches needed to achieve EbA are the same, or can be modified, from best practice in biodiversity conservation. The Programme will therefore benefit from the knowledge of the existing network of CSOs that CEPF works with. The emphasis on sharing best practice in Component 3 of the Programme will also help to replicate success across the hotspot and beyond.

As a nature-based method for climate change adaptation, EbA can offer cost savings compared with traditional infrastructure adaptation approaches, as well as additional benefits such as provision of wild foods, carbon sequestration and biodiversity conservation. There is a growing evidence base for the environmental, social and financial benefits of EbA and these benefits are often long term and occur across large landscape-scales. The combined ecological, socio-economic and financial benefits of EbA often outweigh traditional infrastructure adaptation approaches in cases where detailed cost benefit comparisons have been made^{39,40, 41,42} but EbA can also be combined with engineering measures to amplify benefits⁴³.

Cost Benefit Analyses (CBA) of illustrative EbA subprojects of types expected to be proposed by CSOs under the Programme are provided as Annexes 3a (Excel file) and 3b (narrative). Two subprojects are

³⁹ Naumann et al. 2011. Assessment of the potential of ecosystem-based approaches to climate change adaptation and mitigation in Europe. Final report to the European Commission, DG Environment.

⁴⁰ Munang et al. 2013. Climate change and Ecosystem-based Adaptation: a new pragmatic approach to buffering climate change impacts. Current Opinion in Environmental Sustainability 5, No. 1: 67

⁴¹ Rizvi, Ali Raza, S. Baig, and million. Verdone. 2015. Ecosystems Based Adaptation: Knowledge Gaps in Making an Economic Case for Investing in Nature Based Solutions for Climate Change. IUCN.

⁴² Narayan et al. 2017. Cost-Benefit Analysis of Mangrove Restoration for Coastal Protection and an Earthen Dike Alternative in Mozambique. Washington, DC: Climate Economic Analysis Development, Investment, and Resilience (CEADIR) Activity, Crown Agents USA and Abt Associates. Prepared for the U.S. Agency for International Development (USAID).

⁴³ E.g. Brander et al. 2018. Cost-benefit analysis of ecosystem-based adaptation flooding in central Vietnam. ResilNam Policy Brief

considered: a subproject to restore mangroves, thereby reducing flooding risk for a vulnerable community and 2) a subproject to protect and restore a forested watershed, thereby reducing flood risk and improving freshwater provision for downstream agriculture and domestic users. Although they are illustrative examples, the values for costs and benefits are based on published values (see input parameter tabs in Annex 3a for details) from real mangrove and forest restoration projects.

Both of the examples in Annex 3a/3b show that the subprojects are cost effective and benefits significantly outweigh costs. For example, for the default values of the model, the mangrove restoration subproject has an internal rate of return (IRR) of 34% over a 25-year period. The Net Present Value (with a 12% discount rate) of the mangrove restoration subproject scenario is USD 555,148 higher than the NPV of the 'without project' scenario over a 25-year time horizon. The sensitivity analysis included in the model shows that the subproject is robust to changes in costs and benefits. The IRR drops to 20% if total costs are 30% higher than assumed and benefits are 30% lower, and it rises to 57% if costs are 30% lower and benefits 30% higher than assumed in the default model parameters. For the watershed example, the IRR is 28% over a 25-year period, dropping to 20% if costs are 30% higher and benefits 30% lower, and rising to 38% if costs are 30% lower and benefits 30% higher. The NPV over a 25-year time horizon (with 12% discount rate) is USD 1,990,500 higher in the subproject scenario by comparison to the 'without subproject' scenario. The models in Annex 3a also allow for comparison of two climate change impact scenarios (a best- and worst-case scenarios). For both subproject examples, the subprojects remain cost effective and have higher NPVs than the 'without project' scenarios irrespective of the climate scenario used.

The aim of the CBAs is to demonstrate that the subprojects are cost effective and represent value for money, rather than to provide accurate valuations of all subproject benefits. As such, a conservative approach was used for assigning values for subproject benefits and only a few of the local benefits from ecosystem services were included in the models. For example, although carbon sequestration will be an important global benefit of mangrove and terrestrial forest restoration and protection, this benefit has been excluded from the models. If more of the potential ecosystem benefits of the subprojects were included in the CBAs then they would be even more cost effective than the figures presented above suggest.

CEPF's other donors and CSO grantees will be providing USD 11.2 million of co-financing for the Programme). The co-financing is primarily from funding earmarked by donors for biodiversity conservation so would not be prioritized for ecosystem-based adaptation unless the Programme goes ahead. The Programme will make 698,000 people more climate change resilient.

E. LOGICAL FRAMEWORK

This section refers to the project/programme's logical framework in accordance with the GCF's [Performance Measurement Frameworks](#) under the [Results Management Framework](#) to which the project/programme contributes as a whole, including in respect of any co-financing.

E.1. Paradigm shift objectives

Please select the appropriated expected result. For cross-cutting proposals, tick both.

- Shift to low-emission sustainable development pathways
 Increased climate resilient sustainable development

E.2. Core indicator targets

Provide specific numerical values for the GCF core indicators to be achieved by the project/programme. Methodologies for the calculations should be provided. This should be consistent with the information provided in section A.

E.2.1. Expected tonnes of carbon dioxide equivalent (t CO ₂ eq) to be reduced or avoided (mitigation and cross-cutting only)	Annual	Click here to enter text. t CO ₂ eq
	Lifetime	Click here to enter text. t CO ₂ eq
E.2.2. Estimated cost per t CO ₂ eq, defined as total investment cost / expected lifetime emission reductions (mitigation and cross-cutting only)	(a) Total project financing	49,200,000 USD
	(b) Requested GCF amount	38,000,000 USD
	(c) Expected lifetime emission reductions	___ t CO ₂ eq
	(d) Estimated cost per t CO₂eq (d = a / c)	___ Choose an item. / t CO ₂ eq
	(e) Estimated GCF cost per t CO₂eq removed (e = b / c)	___ Choose an item. / t CO ₂ eq
E.2.3. Expected volume of finance to be leveraged by the proposed project/programme as a result of the Fund's financing, disaggregated by public and private sources (mitigation and cross-cutting only)	(f) Total finance leveraged	___ USD
	(g) Public source co-financed	___ USD
	(h) Private source finance leveraged	___
	(i) Total Leverage ratio (i = f / b)	___
	(j) Public source co-financing ratio (j = g / b)	___
	(k) Private source leverage ratio (k = h / b)	___
E.2.4. Expected total number of direct and indirect beneficiaries, (disaggregated by sex)	Direct	44,000 females; 44,000 males
	Indirect	305,000 females; 305,000 males
	See Annex 17 for disaggregation by country.	
E.2.5. Number of beneficiaries relative to total population (disaggregated by sex)	Direct	0.3% of population of Programme countries (of which 50% females and 50% males)
	Indirect	2.1% of population of Programme countries (of which 50% females and 50% males)
	See Annex 17 for disaggregation by country.	

E.3. Fund-level impacts						
Expected Results	Indicator	Means of Verification (MoV)	Baseline	Target		Assumptions
				Mid-term	Final	
<i>A1.0 Increased resilience and enhanced livelihoods of the most vulnerable people, communities and regions</i>	<i>A1.2 Number of males and females benefiting from the adoption of diversified, climate resilient livelihood options (including fisheries, agriculture, tourism, etc.)</i>	Independent socio-economic survey results, disaggregated by sex.	169 females, 389 males	22,169 females, 22,389 males	44,169 females, 44,389 males	Restoration of natural ecosystems leads to increased resilience and diverse livelihood opportunities.
<i>A4.0 Improved resilience of ecosystems and ecosystem services</i>	<i>A4.1 Coverage/scale of ecosystems protected and strengthened in response to climate variability and change</i>	Official gazette notifications of protected area expansion. Management Effectiveness Tracking Tool reports.	2.91M ha	3.82M ha	4.74M ha	Governments remain committed to increasing coverage and strengthening management (e.g. ensuring appropriate regulations are in place, staff are capacitated, equipment and budget are sufficient, and a management plan is developed and implemented) of protected areas and other effective area-based conservation measures.

E.4. Fund-level outcomes						
Expected Outcomes	Indicator	Means of Verification (MoV)	Baseline	Target		Assumptions
				Mid-term)	Final	
A5.0 Strengthened institutional and regulatory systems for climate-responsive planning and development	<i>A5.1 Institutional and regulatory systems that improve incentives for climate resilience and their effective implementation</i>	Notifications of new laws, policies and regulations in	4 policies, laws or regulations that include	4	12	Governments provide space for CSOs to engage in formulation of

		official gazettes.	EbA as a priority			climate policy. Opportunities to integrate EbA into public policy arise during the Programme.
A7.0 Strengthened adaptive capacity and reduced exposure to climate risks	<i>A7.1 Use by vulnerable households, communities, businesses and public-sector services of Fund-supported tools instruments, strategies and activities to respond to climate change and variability</i>	Report of independent evaluation of use of tools, techniques and instruments developed by Programme.	0 communities, businesses and/or public sector institutions who use EbA tools, techniques and instruments	12	25	CSOs are willing to engage in EbA activities. Governments provide political space for CSOs to do so.
A7.0 Strengthened adaptive capacity and reduced exposure to climate risks	<i>A7.2 Number of males and females reached by [or total geographic coverage of] climate-related early warning systems and other risk reduction measures established/strengthened</i>	Independent socio-economic survey results, disaggregated by sex.	0 females 0 males reached by climate risk reduction measures	152,590 females 152,590 males	305,180 females 305,180 males	People in communities targeted by the Programme are receptive to EbA approaches to climate risk reduction.

E.5. Programme/programme performance indicators						
<i>The performance indicators for progress reporting during implementation should seek to measure pre-existing conditions, progress and results at the most relevant level for ease of GCF monitoring and AE reporting. Add rows as needed.</i>						
Expected Results	Indicator	Means of Verification (MoV)	Baseline	Target		Assumptions
				Mid-term	Final	
<i>Priority sites for provision of ecosystem services identified and adopted by stakeholders in the four Programme countries.</i>	Number of coastal, freshwater and terrestrial Key Biodiversity Areas (KBAs) assessed as critically important for ecosystem service provision.	Inventory and maps of KBAs critically important for ecosystem services.	0	30	30	Data sets on ecosystem services are available at sufficient resolution to allow setting of site-scale priorities.
	Number of government, private sector and civil society organizations that formally adopt KBAs critically important for ecosystem services as priorities for EbA.	Published national climate change plans, strategies and policies. Published private sector policies and commitments. CSO strategies and public commitments.	0	6	12	Government, private sector and CSO stakeholders in each country accept the KBA+ methodology as the basis for setting common priorities.
<i>Critical ecosystem services are maintained and enhanced through EbA activities at priority sites</i>	Area of intact coastal ecosystems (wetlands, mangroves, coral reefs and seagrass meadows) with strengthened management.	Management Effectiveness Tracking Tool reports.	0.57M ha	1.18M ha	1.80M ha	Political instability does not create conditions where unsustainable and destructive natural resource use becomes rampant and uncontrollable. Government funding to agencies responsible for management of natural resources does not decrease from current levels.
	Area of intact watershed forest ecosystems with strengthened management (e.g. through establishment of community fire brigades and community conservation teams, collaborative monitoring of protected area management plans, etc.).	Remote sensing data comparing deforestation rates between priority sites and benchmark sites. Management Effectiveness Tracking Tool reports.	2.34Mha	2.64M ha	2.94M ha	Political instability does not create conditions where unsustainable and destructive natural resource use becomes rampant and uncontrollable. Government funding to agencies responsible for management of natural resources does not decrease from current levels.
	Area of degraded coastal ecosystems (wetlands, mangroves, coral reefs and seagrass meadows) restored.	Aerial photos showing change in ecosystem extent over time. Reports of Coral Health Index or other	91 ha	2,091 ha (i.e. 2,000 ha more than baseline)	4,091 ha (i.e. 4,000 ha more than baseline)	Natural resource rights at priority sites are sufficiently clear to allow restoration. Socially acceptable alternatives can be found for people whose livelihood activities (e.g.

		ecosystem-appropriate measures of ecosystem condition.				charcoal production) inhibit restoration.
	Area of degraded watershed forest ecosystems restored.	Aerial photos showing change in ecosystem extent over time. Reports of surveys of tree seedling survival rates or other appropriate measures of restoration success.	16 ha	1,016 ha (i.e. 1,000 ha more than baseline)	2,016 ha (i.e. 2,000 ha more than baseline)	Land-tenure at priority sites is sufficiently clear to allow restoration. Socially acceptable alternatives can be found for people whose livelihood activities (e.g. cattle grazing) inhibit restoration.
	Area of climate-resilient agroforestry established.	Reports of surveys of canopy cover, ground cover, crop yield or other appropriate measures of climate resilience.	0 ha	1,000 ha	2,000 ha	Appropriate native species for shade plants, ground cover and nutrient fixing can be identified. Land-tenure at priority sites is sufficiently clear to introduce climate-resilient agroforestry.
	Number of hectares of small island ecosystems where alien invasive species inhabiting ecosystem restoration are removed.	Reports of pre- and post-removal surveys.	0 ha	1,000 ha	2,000 ha	Appropriate techniques can be found to control alien invasive species that inhibit restoration. Governments, communities and private landowners grant permission for alien invasive species control measures.
<i>Local livelihoods at priority sites are diversified and improved through EbA activities</i>	Number of females and males with increased income as a result of ecosystem-based livelihood activities (sustainable fisheries, nature-based tourism, harvesting natural products, etc.).	Grantee reports with independent evaluation.	27 females and 66 males	16,527 females and 16,566 males (i.e. 16,500 females and 16,500 males more than baseline)	33,027 females and 33,066 males (i.e. 33,000 females and 33,000 males more than baseline)	Cash benefits, including increased incomes due to livelihood support from the Programme lead to increased resilience
	Number of females and males receiving non-cash benefits other than structured training as a result of enhanced delivery of ecosystem services (provision of freshwater, protection from extreme weather events, etc.).	Grantee reports with independent evaluation.	7,711 females and 6,627 males	160,211 females and 159,127 males (i.e. 152,500 females and 152,500 males more than baseline)	312,711 females and 311,627 males (i.e. 305,000 females and 305,000 males more than baseline)	Strengthened management and restoration of natural ecosystems leads to increased resilience and enhanced livelihoods.

<i>Effective EbA techniques replicated through use of knowledge products developed by the Programme</i>	Number of subprojects in the CEPF global portfolio that integrate EbA techniques developed under the Programme (e.g. climate-resilience agroforestry, assisted regeneration of denuded watersheds with native species, coral reef restoration with seeding units, etc.).	Grantee reports with independent evaluation.	0	5	20	The EbA tools and techniques developed by the Programme are applicable to other social and ecological contexts in the hotspots.
<i>Financial and institutional sustainability of EbA programs strengthened, including through enhanced public and private partnerships</i>	Number of CSOs with an institutional capacity score of 80% or more on CEPF's Civil Society Tracking Tool.	Civil Society Capacity Tracking Tool reports.	3	15 (i.e. 12 more than baseline)	28 (i.e. 25 more than baseline)	Training, mentoring and grant funding will be sufficient to overcome CSOs' main constraints. The political context in the Programme countries remains conducive to CSO operations.
	Amount of funding leveraged to support EbA activities identified in the long-term vision.	Signed financing agreements for EbA activities.	0	0	USD10M	Climate change adaptation will remain a funding priority for governments and institutional donors. Private companies will make voluntary commitments to climate change adaptation.
	Amount of capital invested in long-term financing mechanisms (endowment funds, revolving funds, etc.) to support EbA activities beyond the end of the Programme.	Audited financial statements of long-term financing mechanisms.	0	0	USD5M	Governments, private companies and institutional donors able to capitalize funds of indefinite duration.
	Number of people receiving structured training as a result of the CEPF Programme.	Consolidated report of training activities conducted under the programme	142 females and 323 males	5,642 females and 5,823 males	11,142 females and 11,323 males	Structured training leads to enhanced capacity of civil society.

E.6. Activities

All project activities should be listed here with a description and sub-activities. Significant deliverables should be reflected in the implementation timetable. Add rows as needed.

Activity	Description	Sub-activities	Deliverables
Activity 1.1.1 Identification of important Ecosystem Services and priority sites for EbA	Analysis and mapping of important Ecosystem Services (ES) in each country, using the KBA+ methodology	Identification of ES; overlay with Key Biodiversity Areas (KBAs); analysis of opportunities for EbA, including gender-related;	4 KBA+ inventories and maps – one per country
Activity 1.1.2 Conduct stakeholder consultation to set priorities for CEPF investment in EbA	Stakeholder consultation to develop a consensus on priorities for EbA, including gender priorities, based on analysis of threats to ES and opportunities to engage CSOs	Stakeholder consultation meetings in each country; coordination with government and donors to identify synergies and avoid duplication of efforts	4 consultation reports – one per country

Activity 1.1.3 Develop and publish updated Ecosystem Profiles for the hotspot	Write, review and acquire government endorsements of updated Ecosystem Profiles	Collation of information; drafting of documents; consultations with NDAs on draft documents; include gender disaggregated indicators	2 updated Ecosystem Profiles – two for hotspot (initial and after 5 years)
Activity 1.2.1. Use multi-sectoral participatory processes to collect data needed for long-term vision	Stakeholder consultation to develop a consensus on priorities for long-term investment in EbA, including gender-related priorities	Stakeholder consultation meetings in each country; coordination with government and donors to agree common vision	4 consultation reports – one per country
Activity 1.2.2. Define targets for CSO capacity building for the hotspot	Stakeholder consultation to develop a consensus on priorities for CSO capacity building, including on gender	Stakeholder consultation meetings in each country	1 set of targets for CSO capacity building in the hotspot
Activity 1.2.3. Develop and publish Long-term Vision for the hotspot	Write, review and acquire government endorsements of Long-term Vision for the hotspot	Collation of information; drafting of documents; consultation with NDAs on draft document	1 Long-term Vision for the hotspot
Activity 1.3.1. Establish financial targets for identified EbA actions	Set financial targets for actions identified in the Long-term Vision	Feasibility study of EbA financing mechanisms in the hotspot; calculation of financial needs for actions; setting financial targets; consultations with donors	1 sets of financial targets for the hotspot
Activity 1.3.2. Develop financing plan for the hotspot	Write, review and acquire government and donor endorsements of financing plan	Collation of information; drafting of document; consultation with NDAs on draft document	1 financing plans for the hotspot
Activity 1.4.1. Identify opportunities for CSOs to engage in mainstreaming EbA into government policies	Identify, through broad stakeholder participation, innovative models of EbA, that can be amplified by mainstreaming them in public policy	Stakeholder consultations; identification of EbA models; identification of opportunities for mainstreaming; definition of policy targets	4 sets of policy targets – one per country
Activity 1.5.1 Identify opportunities for private sector partnerships with CSOs to deliver EbA	Identify, through broad stakeholder participation, strategies for engagement with private sector actors for mainstreaming EbA into business practices	Stakeholder consultation; identification of EbA models and opportunities for mainstreaming; development of strategies for private sector engagement	4 strategies for private sector engagement – one per country
Activity 2.1.1. Select and contract Regional Implementation Team (RIT)	Selection of RIT through an open call for proposals process, followed by contracting and training	Development of terms of reference; request for proposals; selection based on technical and financial offer; contracting; training	1 RIT grant agreement and terms of reference for the hotspot
Activity 2.1.2. Manage the grant-making process	Solicit, review and select proposals from CSOs for EbA activities, in line with CEPF operational manual	Establishment of grant selection process; call for Letters of Inquiry (LOIs); review and selection of LOIs; proposal development workshops	At least 190 approved grant proposals for EbA activities

		for shortlisted applicants; review of full proposals; contracting of grants; gender training and systems in place	
Activity 2.1.3. Administer EbA grants for CSOs	Monitor and oversee awarded grants, providing capacity building and hands-on support to CSOs as needed	New grantee orientation courses; site visits; financial management training; mentoring by RIT; exchanges among CSOs	Reports of at least 15 training courses and exchange visits for CSOs
Activity 2.1.4. Conduct supervision, monitoring and evaluation of grant portfolio	Ongoing supervision and monitoring of the RIT and the grant portfolio by CEPF	Semi-annual RIT supervision missions; CSO site visits; assessment workshops; independent evaluations	10 annual portfolio overviews/assessment reports
Activity 2.2.1 Support applied research activities to improve understanding of the role of specific ecosystems and to test the effectiveness of promising EbA techniques	Grant support for applied research that improves the efficiency and/or effectiveness of the grant portfolio in achieving EbA	Calls for proposals; project selection; award of grant agreements; oversight, monitoring and evaluation of research projects; seminars to share results with national stakeholders	At least 5 approved grant proposals for research activities on the role of ecosystems/the effectiveness of EbA techniques
Activity 2.2.2 Support research activities that provide quantification and verification of the impacts of grant portfolio on ecosystem services	Grant support for research that is specifically designed to quantify and/or verify the impacts of EbA approaches supported under the grant portfolio on ecosystem services	Calls for proposals; project selection; award of grant agreements; oversight, monitoring and evaluation of research projects; seminars to share results with national stakeholders	At least 5 approved grant proposals for research activities on the impacts of EbA approaches
Activity 3.1.1 Develop innovative knowledge products documenting models, tools and best practices developed under the Programme	Creation of knowledge products (videos, websites; apps., etc.) to disseminate effective EbA models, tools and best practices	Identification of good practice within the portfolio; requests for proposals; selection of consultants; development of knowledge products; dissemination	At least 6 knowledge products, including at least 1 on gender and 1 related to community based organizations
Activity 3.1.2 Support the replication of successful policy demonstrations models within the hotspot	Provide grants to support South-South exchanges among CSOs within the hotspot (using surface transportation or teleconferencing wherever possible) to replicate policy demonstration models	Identification of successful approaches; identification of participants for South-South exchanges; award and manage grants to support exchanges; evaluate impact in terms of replication of approaches	Evaluation reports of at least 4 South-South exchanges
Activity 3.1.3 Support the replication of EbA approaches through innovative partnerships between CSOs and the private sector	Provide grants to support CSOs to develop private sector partnerships to replicate successful EbA approaches	Identification of successful approaches; identification of participants for CSO-private sector partnerships; award and manage grants to support partnerships; evaluate impact in terms of replication of approaches	Evaluation reports of at least 2 CSO-private sector partnerships
Activity 3.2.1 Support the establishment of a long-term implementation structure to serve as a	Support long-term implementation structure from the second five-year phase of the project	Identify potential long-term implementation structure; select appropriate CSO or partnership to function as	Terms of reference for the long-term implementation structure

steward for the Long-term Vision	onward, so that it continues to support EbA actions led by CSOs beyond the end of the project, in line with the Long-term Vision	the structure; develop terms of reference for structure in cooperation with key stakeholders; leverage funding to support structure beyond the end of the Programme	
Activity 3.2.2 Build organizational and technical capacity of CSOs for EbA in the hotspot	Provide capacity building support for local (national, subnational and grassroots) CSOs, with a particular focus on Community based organizations and women's groups where these exist	Develop capacity building plan for the hotspot; provide capacity building activities as identified in the plan; monitor progress using the civil society tracking tool (see Annex 21 for details of this tool)	At least 25 local CSOs engaged in EbA with a civil society tracking tool score of 80 or more
Activity 3.2.3. Develop and implement a resource mobilization strategy to generate additional revenues for EbA activities in the hotspot	Through a participatory approach, develop and implement a resource mobilization strategy to support the program of EbA activities in the hotspot beyond the Programme period	Analysis of donor trends in the hotspot; analysis of innovative and non-traditional revenue generation opportunities; drafting of strategy; consultation with stakeholders; implementation of strategy	Resource mobilization strategy for the hotspot
Activity 3.2.4. Develop innovative models for private sector finance to support CSO EbA actions	Provide support for identifying, developing and catalyzing innovative partnership models between the private sector and CSOs to support EbA actions beyond the end of the Programme, including long-term financing mechanisms (e.g. revolving funds, payment for ecosystem services, etc.)	Identify countries with enabling legal frameworks and private sector actors with an interest in innovative partnership models; support CSOs to organize learning visits to successful models; support CSOs to engage with private sector actors to develop innovative financing models	Evaluation reports of 2 models for private sector finance

E.7. Monitoring, reporting and evaluation arrangements (max. 500 words, approximately 1 page)

The Monitoring and Evaluation Plan is provided as Annex 11. The Plan includes GCF-level Impact and Outcome indicators and Programme-level Outcome and Activity indicators, metrics for each indicator, methodology for data collection, baseline information, frequency of data collection, and indicative resources needed to complete the plan. The Programme monitoring and evaluation will be conducted in accordance with CEPF's established procedures. Key Programme partners, especially the RIT and the CSO grantees will be responsible for providing timely and comprehensive reporting including technical results and financial data as necessary and appropriate. These responsibilities will form part of the contractual agreements between CEPF and the Programme partners and detailed monitoring requirements will be established based on their roles. All monitoring data being collected at the ground level by these partners will be aggregated for Programme-level reporting by the CEPF Secretariat.

The Monitoring and Evaluation Plan describes the following elements of project evaluation:

- A Programme **inception workshop**, involving AFD and CEPF will be held at the Programme start to ensure the Programme team understand and take ownership of the Programme's objectives and results.
- The CEPF Donor Council acts as the **Programme Steering Committee** for all CEPF projects. Meetings are held semi-annually to review and approve Programme annual budget and work plans, discuss

implementation issues and identify solutions, and increase coordination and communication between key Programme partners.

- AFD, including staff from AFD's three offices in the region (in Comoros, Madagascar and Mauritius), will conduct annual **supervision visits** to selected Programme countries and to grantee field sites to assess Programme progress at first hand.
- The CEPF Secretariat will **organize semi-annual supervision missions** to the hotspot to oversee development of grant portfolios and review the performance of the Regional Implementation Team (RIT).
- The **RIT** will continuously monitor and evaluate the work of grantees. They will ensure quality of performance by grantees and verify completion of deliverables as set out in grantees' proposals. To achieve this the RIT will organize regular site visits to grantees to monitor their progress, ensure outreach, verify compliance and support capacity building. They will also provide guidance to grantees for the effective design and implementation of safeguard policies in compliance with guidelines detailed in the CEPF Operations Manual, which are consistent with GCF's safeguard policies.
- The **NDAs** (or designated relevant technical agencies – country specific arrangements to put in place) in each of the Programme countries will participate in monitoring and evaluation of Programme activities through participation at key meetings with AFD, the CEPF Secretariat and RIT, and supervision visits to grantee subproject field sites to assess Programme progress.
- CEPF will prepare an **Annual Performance Report (APR)** to monitor progress made and report to AFD. The APR will summarize the annual Programme results and progress.
- CEPF will draft a **final report** at the end of the Programme.
- The Programme will undergo an independent **Interim Evaluation** after 5 years. The Evaluation will determine progress being made toward the achievement of outcomes and outputs and will identify course correction if needed. It will include a socio-economic survey, to evaluate the Programme's impacts on human well-being, in particular the relevant results at Fund and Programme levels. Recommendations of the Interim Evaluation will be incorporated into the design of the Programme to secure maximum results and sustainability during subsequent Programme implementation.
- An independent **Final Evaluation** will take place at the end of the project, and will be undertaken in accordance with AFD guidance. The Final Evaluation will focus on the delivery of the Programme's results as initially planned (and as corrected after the Interim Evaluation, if any such correction took place). Once again, it will include a socio-economic survey to provide independent evaluation of human well-being impacts.
- **Lessons learned and knowledge generation** from the Programme will be disseminated within and beyond the Programme countries through information-sharing networks and forums developed by the Programme as described under Component 3.

In addition to the Programme specific monitoring of the indicators noted in Section E, CEPF will apply its global monitoring framework that measures impacts related to biodiversity, civil society, human well-being and creating the enabling conditions necessary for sustained ecosystem conservation. The indicators used in CEPF's monitoring framework will also allow easy reporting to the Governments of Programme countries on SDG and Aichi targets (related to the Convention on Biological Diversity). Further details on the monitoring framework are provided in Annex 11.

F. RISK ASSESSMENT AND MANAGEMENT

F.1. Risk factors and mitigations measures (max. 3 pages)

Risk factors associated with the Programme include operational, financial, political and sustainability risks. Prominent risks that may affect the Programme are:

- Lack of interest among CSOs to undertake EbA activities ;
- Poor financial management impedes ability of CSOs to implement EbA activities;
- Political instability impedes implementation in Programme countries;

- Political space for civil society to influence public policy constricted in Programme countries;
- Lack of suitable organizations to become long-term implementation structures;
- Resources for long-term EbA financing sources not available.

1. Lack of interest among CSOs to undertake EbA activities

Category	Probability	Impact
Technical and operational	Low	Medium

Description

Operational risks are low for this Programme. The main risks come from the availability, capacity and interest of CSOs to engage in the EbA activities that are identified as priorities. Since CEPF has already worked in the hotspot targeted by the Programme (by up to 20 years in the case of Madagascar), the capacity and availability of many CSOs working in the environment sector is already known (see Annex 2, which includes descriptions of the state of CSO capacity in each country). Nevertheless, EbA is a relatively new field, and EbA activities have yet to be implemented at scale in any of the target countries. Therefore, the level of interest among CSOs to undertake EbA activities and, thus, the uptake of opportunities under the Programme have yet to be tested. However, CEPF has issued seven calls for proposals over the last five years in the Madagascar and Indian Ocean Islands Hotspot. Under these calls, CSOs in all four target countries have expressed an interest in undertaking EbA activities. In a few cases, where the objectives of these activities aligned closely with the biodiversity conservation goals of the current programme, they were supported. There is clearly unmet demand for funding for EbA activities. Based on the interest expressed to date in EbA, AFD and CEPF judge that there is a “low” probability of the risk factor.

Mitigation Measure(s)

CSOs active in the environment sector in the target countries were consulted during the Programme preparation phase, and confirmed that the planned activities align with their interests and capabilities. More extensive consultations will take place during the preparation of the Ecosystem Profile, which will define the priority areas for the award of EbA grants under Component 2 of the Programme. One of the criteria for selecting priority areas will be availability of suitably experienced CSOs interested to implement EbA activities.

2. Poor financial management impedes ability of CSOs to implement EbA activities

Category	Probability	Impact
Technical and operational	Low	Medium

Description

CSOs eligible for funding from CEPF range from small community-based groups to international NGOs and differ enormously in their experience and capacity in managing grant funding. Nevertheless, financial risks are “low” for the Programme due to the operating procedures CEPF has established and refined over the last 20 years of grant making to CSOs.

Mitigation Measure(s)

CEPF has well established grant management and oversight procedures that mitigate financial risk. The organization selected to perform the role of the RIT must demonstrate significant experience in financial management and oversight of a small grant program. The RIT must follow all CEPF policies, terms and conditions and ensure that sub-grantees comply with these also. The CEPF Secretariat will provide training to the RIT to ensure that it is fully conversant with all CEPF operating procedures, as set out in the operational manual. The procedures to mitigate risk begin with thorough due diligence during the application process, to ensure that grantees have the necessary financial management policies, processes and personnel in

place skills before grants are awarded. A financial risk assessment is undertaken of all grantees, with higher risk grantees being subjected to more stringent oversight, such as review of detailed transaction reports and payment vouchers, project audits and financial site visits. CEPF and the RIT will also provide close monitoring of grantees, to ensure compliance with financial policies, and provide training and hands-on support to strengthen their financial management capacity. Detailed information on how CEPF manages financial risks in its grant making is provided in the Operations Manual, Annex 21. CEPF's systems for managing risks, including financial risks, is an important part of the annual audits and periodic institutional assessments of CEPF that are conducted by the World Bank and serve all members of the CEPF donor council, including AFD. The World Bank evaluations have highlighted how successful CEPF has been at managing financial risks despite managing an extremely complex global portfolio that gets funding to small NGOs and community-based groups in countries that can have difficult working environments⁴⁴.

3. Political instability impedes implementation in Programme countries

Category	Probability	Impact
Other	Medium	Medium

Description

Political risks are medium for the Programme. Some degree of political change in the target countries is inevitable over the duration of a 10-year Programme. It seems unlikely that there will be substantial policy changes that remove political support for EbA measures, particularly given the likelihood of more visible climate change impacts, which ought to raise adaptation up the list of government priorities. Nevertheless, the hotspot contains countries with a recent history of political instability, and political crises or coups could prevent work in a country or, at minimum, impede civil society's engagement with government partners.

Mitigation Measure(s)

CEPF has wide experience of supporting civil society in countries undergoing or emerging from political instability, and will continue to engage in such countries, provided opportunities to deliver the Programme's outcomes exist and the security situation does not present unacceptable risks to staff or partners. In practice, the focus on CSOs for the delivery of EbA activities means that implementation is less likely to be impacted by political events than is the case with projects or programs that depend on significant government agency involvement. The regional focus of the Programme provides another mitigation measure: if continued engagement in a target country became untenable, the Programme would focus activities in the other countries of the hotspot during the period of political instability.

4. Political space for civil society to influence public policy constricted in Programme countries

Category	Probability	Impact
Technical and Operational	Medium	Medium

Description

The political space available for civil society is expanding in most countries in the hotspot, enabling them to have greater influence on public policy. However, relationships between government and civil society are dynamic, and political space for civil societies can be constricted if they are perceived as moving into sensitive areas. Therefore, this is considered a medium risk for the Programme.

Mitigation Measure(s)

During the Programme preparation phase, the Nationally Designated Authorities and other government stakeholders in the target countries were consulted and confirmed that the Programme activities align with their interests and national priorities. Further and more extensive consultations with these stakeholders will take place during the development of the Ecosystem Profile and Long-term Vision under Component 1 of the Programme, to ensure that EbA grant making priorities align with priorities identified in NAPAs, NAPs, NDCs and other national climate change related strategies. Furthermore, the Programme will deliver

⁴⁴ https://www.cepf.net/sites/default/files/cepf_institutional_assessment_report_comissioned_by_the_world_bank.pdf

targeted capacity building to CSOs to develop the necessary capacity and credibility to engage constructively with government partners. This risk will be further mitigated through careful selection of civil society partners with a track record of constructive partnership with government, and by fully involving government partners in the framing of policy questions addressed by the Programme, as well as selection of demonstration sites, and the integration of the ensuing lessons into the policy process.

5. Lack of suitable organizations to become long-term implementation structures

Category	Probability	Impact
Other- Sustainability	Low	Medium

Description

CEPF has been working with the current RIT in the Madagascar and Indian Ocean Islands Hotspot since 2015. However, the host organization does not necessarily have an institutional agenda sufficiently aligned with the objectives of the Programme or the capacity mix necessary to become a long-term steward of the long-term vision for EbA in the hotspot. Therefore, it will be necessary to find other organizations that are better placed to take on the role of long-term implementation structure. Given the large number of organizations working in the environment and natural resources sectors in the target countries, it should be possible to find a single organization or consortium of suitable organizations interested to take on this role. The target countries, and Madagascar in particular, are among the highest priorities in the world for the conservation of biodiversity. Consequently, they have attracted significant investment in biodiversity conservation for decades, enabling several international CSOs, as well as a growing number of national organizations, to establish capable programs. In recent years, the mandates of some of these organizations have broadened, in response to the climate crisis, and they have incorporated climate change mitigation and adaptation actions in their programs. It is from this pool of organizations, that one or more will be identified to become the long-term implementation structure. Hence, the probability of this risk is assessed as low.

Mitigation Measure(s)

To mitigate this risk, a detailed stakeholder mapping will be conducted as part of the work to choose a long-term implementation structure. Suitably qualified organizations that express an interest in being part of the long-term implementation structure will be involved in the long-term vision exercise, so that they can take ownership of this vision and ensure that it is aligned with their missions. A model for long-term implementation structures has been developed by CEPF that accommodates differences in institutional landscapes among countries. Given the differences in development of the civil society sector among the four target countries, it may be necessary to build a consortium that brings together complementary skills from organizations across the hotspot.

6. Resources for long-term EbA finance sources not available

Category	Probability	Impact
Other- Sustainability	Medium	Medium

Description

A key pillar of sustainability of the Programme will be to develop resource mobilization strategies to generate additional revenues for EbA activities led by civil society, including from non-traditional sources, such as the private sector. The availability of funding for climate change adaptation from institutional donors and other traditional sources of environmental financing is increasing in the target countries. To date, however, relatively little of this funding has been made available for EbA. Instead, most climate change financial resources have been directed towards mitigation activity and the energy sector in particular. Nevertheless, there appears to be a growing recognition of the importance of nature-based solutions to climate change, which should mean more financial resources to support EbA are available in the future. the risk of resources for long-term EbA financing not being available, applies to funds needed after the implementation period, to sustain and amplify EbA approaches through long-term financing mechanisms. It is anticipated that these mechanisms will be established towards the end of the implementation period (10 years) and continue at least until the end of the programme lifespan (20 years). These long-term financing mechanisms may not necessarily follow the model of an endowment fund, when significant funding must be mobilized up front.

Rather, they may follow payment for ecosystem services (PES), voluntary contributions for private companies or other similar models, where funding is mobilized at a lower level on a recurring basis. For this reason, the amount of funding that needs to be mobilized during the programme lifespan, to launch these mechanisms, may be relatively modest.

Mitigation Measure(s)

This risk will be mitigated through an analysis of the availability of traditional and non-traditional sources of EbA financing in the second five-year phase of the Programme, so that the available and potential resources are known. For example, there may be opportunities for partnership with the private sector that have not been adequately considered. One potential area to explore as part of Component 3 is whether there are policy incentives that could be used (or disincentives that can be removed) so that the enabling environment changes to encourage partnerships between CSOs and the private sector for long-term EbA implementation. The risk is further mitigated through the design of the Programme, which integrates strategies for sustainability throughout. For example, the development of a Long-term Vision and the associated financial plan will be done through participatory processes involving government, private sector and major donors operating in the Programme countries. This should ensure that there is a broad consensus on needs and institutional buy-in to provide long-term financial support to the effective EbA approaches developed under the Programme.

Programme Grievance Mechanism

CEPF requires all subprojects to have in place a grievance mechanism that must make available the contact details of the RIT and CEPF Secretariat, in case people affected by the project have concerns that they do not wish to raise directly with the grantee. Any grievances raised with the grantee should be communicated to the RIT and the CEPF Grant Director within 15 days, together with a proposed response. If the claimant is still not satisfied following the response, the grievance may be submitted directly to the CEPF Executive Director via the dedicated email account (cepfexecutive@conservation.org) or by mail. If the claimant is still not satisfied, the grievance may be submitted to AFD at their local office.

G. GCF POLICIES AND STANDARDS

G.1. Environmental and social risk assessment (max. 750 words, approximately 1.5 pages)

AFD, a long-term donor to CEPF, assesses CEPF's activities as category C risk (see certification provided as Appendix A of Annex 6). Annex 6 includes an environmental and social risk screening of the Programme to check risk factors aligned to GCF's environmental and social safeguards. Based on this screening, subprojects proposed by CSOs are expected to be Category C. Although some Programme activities will occur in ecologically sensitive areas, the eligible activities will be ones to protect or restore natural ecosystems and therefore subprojects likely to have adverse impacts will not be considered. Similarly, the Programme will not support activities likely to result in adverse social impacts due to involuntary restriction of access to land or natural resources. Involuntary restrictions should be minimized because CSO subprojects are expected to have strong buy-in from stakeholders in the communities where they are located. Nevertheless, CEPF has a **Process Framework for Involuntary Restrictions** that applies to all grants provided by CEPF, including those under this Programme, and it is included in Annex 6.

The Programme will work through financial intermediation for the majority of its activities, including all on-the-ground activities. CEPF will be responsible for providing grants to Civil Society Organizations (CSOs) who will be responsible for the EbA activities. Therefore, following GCF's categorization process the Programme is considered to have a **low-level risk through intermediation, or I3**.

CEPF applies its Environmental and Social Management Framework (ESMF) to prevent, minimize, and mitigate potential adverse environmental and social effects of individual subprojects (provided as part of Annex 6). CEPF will appraise subprojects proposed by grantees not only on their technical merit, but also on their environmental and social ramifications. Therefore, procedures for addressing environmental and social issues are included in the subproject cycle management process. A driving principle of CEPF is to prevent and mitigate any harm to people and thus to incorporate environmental and social concerns as an intrinsic part of subproject cycle management.

The ESMF explains the CEPF environmental and social assessment processes. It also includes a **Pest Management Plan** covering use of pesticides, a process framework to further elaborate safeguards specific to **Indigenous Peoples** (although this is unlikely to apply in the hotspot where there very few groups considered as Indigenous Peoples), and a process framework to determine safeguard measures when a grantee subproject may result in restriction of access to natural resources.

Environmental and social safeguards will be tracked during all stages of the subproject cycle with the main objective of ensuring that supported activities comply with the policies and guidelines laid out in the Operational Manual and with the GCF's environmental and social safeguard policies. This includes confirming that measures are incorporated into subproject design to prevent, minimize, and mitigate potential adverse environmental and social effects of individual subprojects.

CEPF has also adopted a **best practice on stakeholder engagement** for grantees, which will also be used for this Programme (provided as part of Annex 21). Stakeholder engagement is a fundamental principle of good subproject design, and best practice consists of involving all stakeholders, including local communities and other project-affected people, as well as government, private sector and civil society partners, as early as possible in the preparation process and ensuring that their views and concerns are made known and taken into account. The CEPF Secretariat will ensure that all CEPF-funded subprojects comply with this best practice. In the case of large grants, this will mean working directly with applicants and grantees. In the case of small grants, this will mean providing training and oversight to the Regional Implementation Team (RIT), to ensure that they are providing appropriate guidance to applicants and grantees. A **report on the stakeholder engagement** undertaken in the preparation of the Programme has been provided as Annex 7 along with the **stakeholder engagement plan** for use during the Programme.

G.2. Gender assessment and action plan (max. 500 words, approximately 1 page)

CEPF carries out its mission through a gender equity lens and has an established **gender policy** (see Annex 8). This means that staff of the CEPF Secretariat, the Regional Implementation Team and grantees will understand and take into account the different roles of men and women in CEPF-related activities at all scales (e.g., Regional Implementation Team training, proposal design, project implementation and reporting). Gender issues and considerations are actively incorporated throughout the grant-making process and progress on gender-related outcomes are monitored.

A **Gender Assessment and Action Plan** is provided as Annex 8. Given that specific CSO subprojects have not been identified at this stage and will be the subject of further analysis and priority setting, it is not possible to identify specific vulnerabilities at this stage. The assessment therefore focused on identifying important gender related themes at the national level for each of the Programme countries, based on literature review. Further gender assessment and specific recommendations linked to identified EbA priorities will be done as part of the ecosystem profiling process in Component 1. Specific gender issues related to subprojects must be identified by applicant grantees at the subproject proposal stage.

Gender inequality remains a significant problem in some of the countries in the Programme, increasing the risks and burdens of climate change for women. By contrast, in Mauritius and Seychelles, per capita national incomes are higher than the other countries and women enjoy greater equality in many aspects of society. However, in Comoros and Madagascar, women are often unequal participants in decision-making, labor markets, legal processes and they face gender stereotypes due to socio-cultural norms. Women are also often poorer than men and therefore have less access to adaptation options when faced with risk events (e.g. poor crop yields, floods, droughts etc.). Not only are women often disadvantaged in terms of human development indicators, many are also highly dependent on natural resource for their livelihoods. Women are often responsible within their households for securing water, food and fuel for cooking. Their livelihoods are therefore those that are often first and most effected by climate change. In rural areas of all the Programme countries, the different roles and responsibilities of men and women in society, and different gender norms mean that they can be impacted by climate change in different ways. For example, in the agricultural context, women tend to care for household gardens and subsistence agriculture, while men are more likely to engage in cash generating activities. Women often therefore play an important role in sustainable resource management, which is particularly relevant for projects such as this one promoting improved environmental stewardship such as through EbA.

Ensuring that both men and women have equal opportunities to participate in, and benefit from, the GCF Programme will be achieved through progressive and efficient mainstreaming of gender dimensions throughout the grant-making processes in the biodiversity hotspots. One of the goals of the Gender Action Plan is to ensure that, for relevant grants, any gender-related adverse impact is avoided, minimized and/or mitigated. Depending on the type of intervention and scope of activities, the degree of relevance of gender dimensions may vary. Similarly, depending on the capacities and interest of the grantees, the level of gender mainstreaming opportunity may vary. The objective of the Gender Action Plan (see Annex 8) is to outline actions that will be specifically taken within the duration of the Programme.

To ensure that all Programme activities (e.g., definition of investment strategies, training of the Regional Implementation Team, subproject design, implementation and reporting, monitoring and evaluation, learning and communication) are consistent with CEPF's Gender Policy, the Plan is divided into three parts:

- 1) Preparation of the organizational structure and necessary tools.
- 2) Implementation throughout the GCF Programme.

- 3) Monitoring & Evaluation and dissemination of lessons learned (especially relevant to Component 3, which concerns replicating successful approaches to other countries in the Programme and beyond to other hotspots where CEPF is active).

CEPF recognizes that grantees have different capacities, needs and experiences in integrating gender into their subprojects and operational structures. CEPF uses a gender tracking tool (see Annex 21 section OM 4.4.4) that can be used by an organization to understand if, and to what extent, gender considerations have been integrated into its program and operations. It can then be used by CEPF to determine interest in learning about gender issues. The **Gender Action Plan** seeks to be practical in terms of feasibility given the broad geographical targets of the GCF Programme, the wide variation in capacities of the civil society organizations that are expected to be engaged and supported by the Programme, and the gender disparities among the countries involved in the Programme.

G.3. Financial management and procurement (max. 500 words, approximately 1 page)

AFD, as the AE, will be responsible for the project implementation and activities carried out by the EE. AFD will provide oversight of procurement function, prior review and approval, and financial management of CI/CEPF as detailed in the AMA. AFD will also provide oversight of the financial management of the Programme. Procurement activities and processes will follow AFD procurement policy and standards, as detailed in the AMA.

CI/CEPF's financial management and procurement policies and systems are described in detail in the CEPF Operations Manual provided as Annex 21.

Conservation International (CI) oversees internal control and financial management of CEPF in accordance with CI's financial policies and procedures. CI uses *Unit4 Business World* as its accounting and human resources software for both its headquarters and field offices. Unit4 Business World's financial management package is an industry leading integrated set of financial management and accounting applications. CI has established a coding structure within its general ledger to track CEPF funds. CI maintains CEPF funds in a segregated USD-denominated bank account.

A separate audit of CEPF records, accounts, and financial statements is undertaken annually, in accordance with generally accepted accounting principles. The purpose of this external audit is to provide assurance on the financial statements of CEPF. The audit will test CEPF's compliance with certain provisions of the CEPF Operational Manual and consideration of its related internal control. This external CEPF audit will be conducted by independent auditors in accordance with Terms of Reference approved by the CEPF Donor Council (Annex 21, section 2.1.1).

CEPF's procurement policy is provided in the **CEPF Operational Manual** (Annex 21, section 2.3). It is based on the principle that all purchases of goods and services must be made with complete impartiality based solely on the merits of supplier proposals, including criteria such as efficiency, quality, reliability, reputation, cost, delivery and payment terms. Prior to undertaking any purchases of goods or services with CEPF funds, grantees/recipients are required to have institutional procurement policies in effect that are substantially the same as those of the CEPF procurement policy. CEPF also has a written **ethics standards** policy (Annex 21, section 2.4) that applies to all persons and entities that receive, are responsible for the deposit or transfer of, or take or influence decisions regarding the use of Grant Funds received from CEPF.

As a grant-making fund, CEPF applies various tools to assess and mitigate financial and procurement risk. These include assessment of the adequacy of prospective grantees' accounting policies and procedures and grants management practices and assessment to ensure various anti-money laundering and counter-terrorist financing legislation and related donor obligations. Prior to any grant award, CI must be assured that the proposed grantee has sound financial controls and reporting systems to ensure that all subproject funds are

expended prudently and accounted for appropriately. CI must also be assured that the proposed grantee institution is able and willing to comply, and (as applicable) is able and willing to ensure compliance by any sub-grantees, with CI policies, applicable donor terms and conditions, and local laws and regulations. CI may condition funding on the implementation of certain practices or improvements. CEPF also applies a risk assessment that has been developed to assess whether a proposed recipient of a large grant is low, medium, or high risk so that appropriate monitoring and audit procedures can be applied.

G.4. Disclosure of funding proposal

No confidential information: The accredited entity confirms that the funding proposal, including its annexes, may be disclosed in full by the GCF, as no information is being provided in confidence.

With confidential information: The accredited entity declares that the funding proposal, including its annexes, may not be disclosed in full by the GCF, as certain information is being provided in confidence. Accordingly, the accredited entity is providing to the Secretariat the following two copies of the funding proposal, including all annexes:

- full copy for internal use of the GCF in which the confidential portions are marked accordingly, together with an explanatory note regarding the said portions and the corresponding reason for confidentiality under the accredited entity's disclosure policy, and
- redacted copy for disclosure on the GCF website.

The funding proposal can only be processed upon receipt of the two copies above, if containing confidential information.

H. ANNEXES

H.1. Mandatory annexes

- Annex 1 NDA no-objection letter(s) [\(template provided\)](#)
- Annex 2 Feasibility study - and a market study, if applicable
- Annexes 3a, 3b Economic and/or financial analyses in spreadsheet format (3a) with narrative (3b)
- Annex 4 Detailed budget plan [\(template provided\)](#)
- Annex 5 Implementation timetable including key project/programme milestones [\(template provided\)](#)
- Annex 6 E&S document corresponding to the E&S category (A, B or C; or I1, I2 or I3):
[\(ESS disclosure form provided\)](#)
 - Environmental and Social Impact Assessment (ESIA) or
 - Environmental and Social Management Plan (ESMP) or
 - Environmental and Social Management System (ESMS)
 - Others (please specify – e.g. Resettlement Action Plan, Resettlement Policy Framework, Indigenous People’s Plan, Land Acquisition Plan, etc.)
- Annex 7 Summary of consultations and stakeholder engagement plan
- Annex 8 Gender assessment and project/programme-level action plan [\(template provided\)](#)
- Annexes 9a, 9b, 9c Legal due diligence (regulation, taxation and insurance)
- Annex 10 Procurement plan [\(template provided\)](#)
- Annex 11 Monitoring and evaluation plan [\(template provided\)](#)
- Annex 12 AE fee request [\(template provided\)](#)
- Annex 13 Co-financing commitment letter, if applicable [\(template provided\)](#)
- Annex 14 Term sheet including a detailed disbursement schedule and, if applicable, repayment schedule

H.2. Other annexes as applicable

- Annex 15 Evidence of internal approval [\(template provided\)](#)
- Annex 16 Map(s) indicating the location of proposed interventions
- Annex 17 Multi-country project/programme information [\(template provided\)](#)
- Annex 18 Appraisal, due diligence or evaluation report for proposals based on up-scaling or replicating a pilot project
- Annex 19 Procedures for controlling procurement by third parties or executing entities undertaking projects financed by the entity (AFD procurement policies)
- Annex 20 First level AML/CFT (KYC) assessment
- Annex 21 Operations manual (Operations and maintenance)
- Annex 22 Note on distribution of Funding between Programme countries
- Annex 23 Conservation International’s Procurement Policy (referred to in Annex 21)
- Annex 24 Co-finance summary

** Please note that a funding proposal will be considered complete only upon receipt of all the applicable supporting documents.*