



**GREEN
CLIMATE
FUND**

Meeting of the Board
12 – 14 October 2016
Songdo, Incheon, Republic of Korea
Provisional agenda item 11 (f)

GCF/B.14/07/Add.18

30 September 2016

Consideration of funding proposals – Addendum XVIII

AE’s Response to Independent Technical Advisory Panel’s assessment

Summary

This addendum contains the Accredited Entity’s response to independent Technical Advisory Panel’s assessments of funding proposals (FP018-FP027) submitted for the Board’s consideration at its fourteenth meeting.

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Reply to the Independent Technical Advisory Panel assessment findings (FP 018)

Proposal name: Scaling-up of Glacial Lake Outburst Flood (GLOF) risk reduction in Northern Pakistan

Accredited entity: United Nations Development Programme (UNDP)

Impact potential

Government of Pakistan and UNDP is in agreement with the ITAP rating for the Impact Potential: Medium to High.

Paradigm shift potential

Government of Pakistan and UNDP is in agreement with the ITAP rating for Paradigm shift potential: High.

Sustainable development potential

Government of Pakistan and UNDP is in agreement with the ITAP rating for sustainable development potential: Medium.

Needs of the recipient

Government of Pakistan and UNDP is in agreement with the ITAP rating for needs of recipient: High.

Country ownership

Government of Pakistan and UNDP is in agreement with the ITAP rating for country ownership: High.

Efficiency and effectiveness

Government of Pakistan and UNDP is in agreement with the ITAP rating for Efficiency and effectiveness: Medium to High.

Overall remarks from the independent Technical Advisory Panel:

We would like to acknowledge all ITAP findings, comments and recommendation to the GCF Board to approve this project. Please find below a brief response to the 5 remarks received from ITAP.

Remark 1: Arranging insurance of the equipment so that maintenance costs beyond the project lifetime could be arranged, making EWS sustainable.

Agreed. In addition to warranties that accompany equipment that is procured, UNDP will explore possibilities to insurance the EWS equipment during project start up. These costs will be borne by the project budget.

Remark 2: Developing a clearer implementation plan for drinking water provision immediately after GLOF events.

Agreed. In the event of a GLOF, and the need for drinking water provision, there is already a plan in place. The local governments are already working with the Water and Sanitation Extension Program (WASEP) programme to deliver drinking water. During project implementation, the project management unit will ensure that linkages with existing programmes are strengthened for the provision of drinking water during periods of need.

Remark 3: Maintaining and (if necessary) expanding the Project Management Unit team from the first pilot, so as to take advantage of their knowledge and speed up the initial stages of implementation.

MoCC and UNDP engaged with the provincial governments and all key project staff who were involved in the Adaptation Fund project in order to design the proposed GCF financed project. The project staff have since disbanded as the GCF project was not processed through the approval process on time to work with those already in place—the original intent when the proposal was first submitted in June 2015. As a result it is now not possible to guarantee that the same individuals will be involved in the implementation phase of the GCF project should it be approved. UNDP and MoCC will initiate a recruitment process and it is hoped that previous staff will apply to be engaged in project execution but will need to first successfully get through a competitive recruitment process.

Remark 4: Ensuring constant contact with community-based GLOF risk management projects by deploying experienced site managers and support staff on the ground for long periods of time.

Agreed. The proposed staffing structure at the district level is designed to ensure constant contact with communities and sub-national governments that will be based in the target 12 districts. Project staff, recruited with the necessary qualifications and experiences, will be located in the target districts to support implementation.

Remark 5: Producing periodical documentation on lessons learned on multiple aspects of the implementation (social, environmental, technical, science, etc.), so that programme replication is carried out adequately.

Community-based organizations, non-governmental organizations, community members, community leaders and EPAs will be involved in identification of lessons learned from the project and also in sharing knowledge among stakeholders. This will form the basis for replicating successful experiences at the local level. Additionally, lessons learned will be shared locally through printed material (booklets and leaflets) and videos, which will be developed as part of the overall planned activities for sharing information about the successful experiences and lessons learned (social, environmental, technical) from the project and its potential for replication in other locations.

Reply to the Independent Technical Advisory Panel assessment findings (FP 019)

Proposal name: Priming financial and land use planning instruments to reduce emissions from deforestation – Ecuador

Accredited entity: United Nations Development Programme (UNDP)

Impact potential

In Para 3, the ITAP mentions that the *“emission reduction estimates are associated with the REDD+ programme, in a basic proportional equation based on the Forest Reference Emission Level (FREL), and not necessarily with the proposed GCF project”*.

This statement touches upon the question of attribution of emission reductions to specific policies and measures of the REDD+ Action Plan co-funded by the GCF. Having a national FREL and national forest monitoring systems facilitates accounting of all possible displacements within the national territory and avoids consistency issues across different scales by focusing on ensuring that REDD+ results can be measured, reported and verified at the national scale in line with UNFCCC requirements outlined in the Warsaw Framework. We believe the adopted approach best reflects the spirit of the UNFCCC guidance on REDD+, and is the simplest, most cost-effective and conceptually sound methodology.

iTAP mentions in Para 4 & 5: that *“project needs further analysis on the concrete mitigation and adaptation impacts of the project interventions”*, and that *“the project has insufficient information on baseline indicators of the different components”*.

We would like to clarify that the baseline for this mitigation project and for the entire REDD+ Action Plan is the FREL revised by the UNFCCC in 2015. Furthermore, this GCF project is a mitigation project and not an adaptation project. Therefore, as stated in the Funding Proposal (FP) template itself, there is no need to assess or detail possible adaptation baseline and impacts. Additionally, we would like to note the wealth of baseline information provided in Annex XIII of the FP. We agree that the success of the implementation of this FP (and of the all REDD+ AP) depends on the ability to monitor and evaluate its implementation and make adjustments accordingly. This is why Ecuador will develop a Management System of REDD+ measures and actions (operational component 1 of the REDD+AP), which will include robust indicators, clear baselines, targets as well as the capacity to monitor this information.

Paradigm shift potential

iTAP considers that *“the proposal tackles too many different activities that will not necessarily lead to processes that can be scaled up, and that it lacks a real sustainability scheme”*.

The FP includes many different interventions given *“the complexity of the problem, different national circumstances and the multiple drivers of deforestation and forest degradation”* as recognized by UNFCCC Decision 15 CP.19. The same Decision *Reaffirms the importance of addressing drivers of deforestation and forest degradation in the context of the development and implementation of national strategies and action plans*, which is why Ecuador proposed this package of measures. Some of these measures will be implemented at the agricultural frontier (component 2) some in forested areas (component 3), and others are meant to create enabling conditions (components 1 and 4). Any one measure individually is unlikely to be able to address the complexity of the problem.

Sustainable development potential



The iTAP review mentions that “*project does not present a real gender strategy*”. Gender is not treated as an isolated component of the budget and project, because of its centrality to any REDD+ intervention. Instead, gender is mainstreamed across all of the components. Different studies on gender have been produced during the REDD+ readiness process and their conclusions have been taken fully into account in the design of the REDD+ AP and the GCF project (See “*Forest and Gender – a diagnosis for REDD+*”, Annex XIII of the Funding Proposal).

Needs of the recipient

iTAP considers that the GCF project “*relies on international cooperation rather than on mobilizing domestic resources*”. Regarding this issue, it is important to acknowledge the efforts Ecuador has made to reduce the deforestation in the country since 2008. These efforts have been largely financed from domestic resources (US\$ 55.29m). The iTAP should also bear in mind UNFCCC decisions which state that *addressing drivers of deforestation may have economic costs and implications for domestic resources* (15/CP.19); and that recognize *the key role that the Green Climate Fund will play in channeling financial resources to developing countries* (9/CP.19 preamble and Par.5).

Finally, the current economic situation of Ecuador, correctly summarized by the iTAP, makes it impossible for Ecuador to finance the entire cost of the REDD+AP by itself. As mentioned in the FP, the country is recovering from the April 2016 earthquake, which is placing serious constraints on the Government’s ability to finance environmental programmes. This is why the Government is seeking the support of REDD+ related initiatives, such as the FIP, the REM and the GEF as well as the GCF. That said, the total budget for the implementation of the REDD+AP is US\$ 250m [2016-2025]. So far, US\$ 60.56m have been mobilized, over 91% coming from domestic sources and less than 9% from international sources.

Country ownership

The iTAP recognises that a number of consultations have been carried out since 2012 to develop the national REDD+ action plan, but mentions “*that stakeholder consultations were not carried out directly to prepare the GCF project*”, that “*there is little evidence of new consultations with target beneficiaries of the project, and especially with indigenous communities; and that therefore further consultations are recommended.*”

It is important to clarify that the REDD+ AP has been prepared as an “umbrella programme”. During national and local consultations, thousands of stakeholders, including indigenous communities and small farmers, actively discussed the best ways of addressing the drivers of deforestation, independently from the source of funds for their implementation. Nonetheless, the Funding Proposal has been discussed by the REDD+ National Platform (see minutes in Annex XIII of the Proposal). Furthermore, we would like to recall the specific provisions of the project’s Environmental and Social Management Plan:

- Project activities will be undertaken in a participatory manner, ensuring effective consultation and FPIC processes when required, and in line with indigenous peoples’ and communities’ life plans (PDOTs).
- On-the-ground activity in Indigenous Lands will be undertaken where the respective Indigenous Peoples have indicated willingness to participate in the SBP, as well as in other territories prioritized for REDD+ implementation, using incentives to implement sustainable-use, conservation and restoration activities according to their life plans.
- The Socio-Bosque Programme already includes indigenous lands and has gradually developed a strong framework for holding consultations with IPs prior to their participation.
- These consultations will be fully compliant with a human rights based approach, and the principles of accountability and rule of law, both national and international.

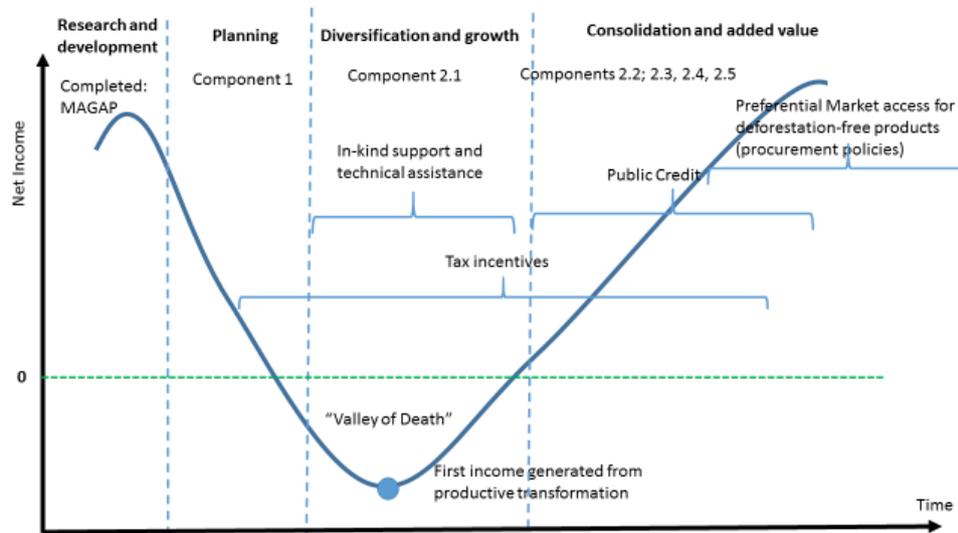
Efficiency and effectiveness

In Par. 30, 31 and 34, the ITAP mentions that “*the proposal is not clear on the management of grants to small farmers in their transition to more sustainable production options of these grants to farmers, the strategy to select families and the monitoring system to assure that they will add to a REDD scheme*”; “*project should explore options to shift from grants to credit lines or revolving funds, especially when the farms evolve to be more profitable*”.

In order to clarify all of the above-mentioned issues, we refer to the process of transformation of agricultural production in the Amazon, which includes 4 phases (see also Annex XIVb of the Funding Proposal): (1) Research and development, (2) Planning, (3) Diversification and growth, and (4) Consolidation and added value.

The four phases of production transformation require different types and levels of public investments. A financial strategy was designed specifically for ATPA implementation and the results of this assessment show that financial and economic incentives should fulfill three conditions by being: a) designed according to the needs of each phase of sustainable production transformation, b) temporary; and, c) periodically re-assessed (monitored and evaluated). The bulk of public investment needs to be focused on the R&D, planning and implementation stages which is where the producer foregoes revenue from his/her previous production activity (e.g. extensive livestock) and the conversion to an alternative (e.g. silvopastoral system, agroforestry system) production does not yet generate income (this is the so-called "Valley of Death"). Figure 1 below illustrates the Production Transformation Process and how the different GCF project sub-components will support the different phases of the transformation toward sustainability.

Figure 1: The Production Transformation Process



Source: MAGAP-ATPA

Diversification and growth corresponds to the implementation of the production transformation. Initially, the producer foregoes the income from his/her current activities (e.g. extensive livestock) and needs to make strong initial investments for conversion. This phase will be supported through GCF sub-component 2.1 in the form of “Direct payments for production transformation”. It is very important to clarify that ATPA incentive is not a monetary incentive, but in-kind support in the form of a technical kit with inputs and tools accompanied by Technical Assistance from MAGAP. Beneficiaries are responsible for implementation of all activities of the IMP (implementation of

agricultural practices and appropriate use of the inputs provided) as outlined in the co-implementation agreement. Inputs are delivered to farmers based on the achievement of milestones outlined in the schedule of activities defined in each IMP. M&E is performed by the MAGAP technical team in the field according to this schedule of activities.

This free in-kind support to farmers is necessary during this stage despite the fact that the production transformation will eventually generate revenue because of the farmers' reluctance to change, the high perceived risks of failure and the low value that farmers place on future returns (i.e. the high discount rate on future earnings applied by farmers). This is corroborated by consultations, past experience in Ecuador as well as by the global literature on this topic.

OVERALL REMARKS FROM THE INDEPENDENT TECHNICAL ADVISORY PANEL

Proposed actions in response to iTAP recommendation a): *“A revision of CO₂ emission reduction estimates, and a baseline information system to support monitoring arrangements of the REDD+ scheme”.*

a.1. Ecuador and UNDP propose not to make revisions to the CO₂ emission reduction estimates.

a.2. Ecuador and UNDP will share the architecture and the operational manual of the Management System for REDD+ actions and measures during the inception report of the GCF project.

Proposed actions in response to iTAP recommendation b): *“The development of a comprehensive sustainability strategy for all the components of the project with special emphasis on component 2, including alternative financial options to just giving grants”.*

In order to further improve the sustainability of financial mechanisms, during the 4th year of execution of the project UNDP and Ecuador commit to submit a financial sustainability strategy of the GCF financing, including the following:

- An analysis on the efficiency and effectiveness of the incentive mechanisms for direct transfers of components 2 and 3, and any results thereof (based on M&E system in A.2); and
- Evidence of the securement, and/or the achievement, of the sustainable financing sources for component 1 for the continuation of implementation of the activities under component 1.

Proposed actions in response to iTAP recommendation c): *“A grant operational manual with a detailed explanation of the farm (family) selection process for the ATPA project, selection criteria, terms and conditions of the grants, approval process and role of the Ministry of the Environment, the Ministry of Agriculture, the ATPA project and the acting unit of the GCF proposed project.”*

We accept this recommendation. Before project signature or, at the latest, before the end of the inception period, an operational manual will be provided.

Proposed actions in response to iTAP recommendation d): *“Proof of further consultations with indigenous and peasant communities to agree on the proposed interventions and their willingness to participate in the project.”*

Proof of consultations and willingness to participate in the implementation of activities will be systematized and systematically included in project reporting to the GCF in line with the project's Environmental and Social Management Plan.

Proposed actions in response to iTAP recommendation e): *“A more comprehensive knowledge-sharing strategy, with special emphasis on institutional coordination.”*

e.1. Before the signature of the project, the objective, scope and specific activities of the knowledge-sharing strategy will be sent to the GCF.

e.2 The results of the capacity building efforts will be monitored and integrated into the annual performance reports to be sent to the GCF.

Proposed actions in response to iTAP recommendation para 39: *“Six months from the beginning of the project, develop a complete revision of the project investments after undertaking an impact assessment of the results of the ATPA, the Socio Bosque Programme and the three water funds, in terms of achieving the REDD-plus targets. Further investments will be considered by the GCF only for the best alternatives to reduce deforestation.”*

f.1. Based on REDD+ results reported in the 2018 and 2020 BUR, Ecuador proposes to conduct a revision of the REDD+ AP. Following this revision, Ecuador and UNDP will then review project investments accordingly.

f.2. During the 4th year of execution, Ecuador and UNDP propose to conduct a complete revision of the project investments based on the analysis on the efficiency and effectiveness of the project components carried out with information from the Management System of the REDD+ actions and measures.

Reply to the Independent Technical Advisory Panel assessment findings (FP 020)

Proposal name: Sustainable Energy Facility (SEF) for the East Caribbean

Accredited entity: Inter-American Development Bank (IDB)

Impact potential

With respect to the two risks identified:

1. IDB team has clarified that the estimate is actually conservative as the electricity matrix today is entirely based on heavy fuel oil and diesel.
2. IDB has clarified that, together with CDB, the IDB team is taking all necessary measures to prevent this risk from a technical, economic and environmental point of view.

Paradigm shift potential

Max 100 words

Sustainable development potential

Max 100 words

Needs of the recipient

Max 100 words

Country ownership

Max 100 words

Efficiency and effectiveness

Max 100 words

Overall remarks from the independent Technical Advisory Panel:

IDB welcomes the overall positive evaluation of ITAP on the IDB Proposal.

Overall, we would encourage the ITAP to share in writing their findings during the evaluation process, in order to better understand any concern and have the possibility to address, with enough time, any additional information required to understand the proposal.

With respect to the specific recommendations, discussed verbally on September 7th and only available in writing on September 26th, IDB would like to specify the following:

- (a) The comprehensive evaluation has been done as part of the funding proposal. The monitoring and evaluation report and the operating manual of the project provide the necessary information to monitor the carbon emission reductions achieved.
- (b) IDB will report on semiannual basis the progress of the project as well as on the status of the flow of funds from the different donors. It is worth noting that the flow funds from other donors have already begun a year ago.
- (c) The monitoring and evaluation plan is part of the documents required by IDB for approval, which includes a comprehensive Programme monitoring plan. Additionally IDB will provide semiannual reports to the GCF which will include an update on technical details as well as lessons learned.
- (d) All risks areas have been mitigated, from exploration to plant development and power production.

Reply to the Independent Technical Advisory Panel assessment findings (FP 021)

Proposal name: Senegal Integrated Urban Flood Management project

Accredited entity: Agence Française de Développement (AFD)

Impact potential

Paragraph 1. The FP indicates that there is no precise evaluation of the impacts of a 100-years RP flood, and building on the knowledge of flood risk and raising a risk culture is an objective of the project. For the special purpose of the impact evaluation, a rough estimate of the impacts of a 100-years RP flood has been made. Please refer to provided economic model: *“For a RP of 100 years: for the cities with river flood risk, the floodplain is entirely flooded ; a percentage of each city located in the floodplain is estimated by comparing the urban surface and the land slopes (calculated based on the Digital Terrain Model available on the website of BaseGeo). For the cities with other flood risk (coast and urban runoff), the flooded surface is multiplied by 3 compared to a return period of 1,5y (based on ratio of the rain depth for a 100y event by a the one for a 2 year rain event - Source: ORSTOM 1963)”*

Paragraph 2. The 100-years RP has been chosen for impact evaluation as the aim of the project is to enhance resilience against flood disaster risks - beyond structural measures that are by nature limited to probable events, non-structural measures can reduce drastically vulnerability to extreme events.

Paragraph 3. The 220,000 figure concerns the people protected by the infrastructure under subcomponent 2.3 – 300,000 includes the effects of non-structural measures.

Paragraph 4. The activities under the requested GCF-funded components are categorized as low E&S impact and do not require ESIA. The ESIA concerning sewer system will be developed as a part of the engineering studies that will be financed under AFD loan.

Paradigm shift potential

Paragraph 13. Please refer to H.2 in the FP: *“Two or three years after the closing of the project, an independent evaluation is made by a consultancy firm. If the AFD Evaluation Department selects the project an impact assessment, funded by AFD, would be conducted by a consultancy firm with the support of the local agency.”*

Paragraph 16. Indeed, special emphasis was put in the FP on the drainage infrastructure as those are the main focus of the project. However, the Performance Contract that has been signed (31/12/2015) between the Government of Senegal and ONAS includes the costs necessary to the operation and maintenance of the whole urban sewer system, which is ONAS’s main assignment. Beyond this 2015-2018-period, a new contract will also have to be signed but might be subject to potential changes in institutional context that is not known for the moment.

Sustainable development potential.

Paragraph 23. As mentioned during the technical exchanges with iTAP, intra-domiciliary connection (i) is not technically in line with the objective of the project; the objective of the sewer lines that will be financed is to prevent illegal connection to the drainage infrastructure by providing easier connection to a sewer line (ii) furthermore cannot not be paid for under the project or imposed

as a condition linked to the project as it is not in line with the Government of Senegal's policy to subsidize intra-domiciliary works.

Paragraph 24. O&M of the sewer will be financed by the sanitation fee that is paid by every user of the drinking water system in urban areas and by government subsidy, committed for through the Performance Contract mentioned earlier.

Paragraph 27. The drainage infrastructure and sewer system will prevent contaminated rainwater from stagnating for weeks or months and causing waterborne diseases.

Needs of the recipient

Paragraph 33. The focus of the project is on urban flood, as indicated in the project title. The FP does purposely not elaborate on the topic of rural floods. The GCF-funded components have been designed to provide a paradigm shift to the urban flood sector where huge investment needs have been identified by the Government of Senegal.

Paragraph 39. The only barrier to mobilization of alternative sources of financing is the scarce national financial resource that has to be directed to short-term priorities.

Country ownership

No comment.

Efficiency and effectiveness

Paragraph 44. The table shown in p. 4 (section B.1) of the FP shows a breakdown of the project budget by nature of expenses: 11.35 M€ for services, 2.15 M€ for project consultants, 1.5 for supplies.

Paragraph 50. The rest of the 25 pre-identified cities will benefit from structural and non-structural measures recommendations as well as awareness-raising campaigns.

Paragraph 51. The studies that have been carried out by the Government of Senegal under GFDRR (*Rapport d'évaluation des besoins post-catastrophe – Inondations urbaines à Dakar 2009*, Government of Senegal and GFDRR, 2010) show that the intensity of the rain event that caused the 2009 floods correspond, given the historical data available from the airport's meteorological station, to a probability of a 1.5 year return period. This does not mean that the 2005, 2009 and 2012 rains constitute a trend, but it does mean that the area is so vulnerable that a common rain can cause serious floods.

Overall remarks from the independent Technical Advisory Panel:

The FP reflects the association of an infrastructure project with adaptation potential financed by AFD and GoS exclusively, with non-infrastructure measures with paradigm shift potential financed exclusively by GCF proceeds. The rationale of the association of these two aspects is their necessary integration at sector management level, yet actual activities are technically independent.

AFD shares the underlying concerns raised by the TAP and did carry out a technical appraisal that it believes addresses those concerns, to the extent possible given the reach of the project. Those concerns will be addressed in the short term by the mere implementation of the proposed project and in the medium term by future projects in the framework of the strategy of the Government of Senegal.

While AFD has no objection to the conditions demanded by the Secretariat, AFD hence suggests that all conditions proposed by iTAP be considered met, in view of the following (following the numbering of ITAP assessment par. 55) :



- (a) An estimate is available for the O&M costs of drainage infrastructure – one year of O&M has been included in the activities financed under AFD loan. For sewers system an estimate will not be available until preliminary design is complete. For the integrated flood management system, the detailed O&M costs will only be available in the course project implementation. Estimated figures have been used for the economic analysis of the project. **AFD suggests the Board to not retain this condition;**
- (b) The Government of Senegal will commit, through covenants of the financial agreements signed with AFD, to making sufficient funds available for (i) the infrastructure financed under AFD loan – in the AFD loan agreement – and (ii) the integrated flood management system – in the GCF grant agreement between AFD and the Government of Senegal. **AFD suggests the Board to not retain this condition or to integrate a covenant regarding O&M of the integrated flood management system, as proposed by AFD in the FP;**
- (c) According to the guiding principles of the Wastewater Master Plan for Greater Dakar, the whole Pikine Irrégulier Sud area will by 2025 benefit from collective sewers. However, the sewer lines financed under sub-component 2.3 will constitute only a first step to an investment program on several years. This first segment will be prioritized according to the principle of protection of the drainage infrastructure according to technical principles to be defined by the engineers in charge of the detailed design. The government of Senegal actively leads its investment strategy and AFD will continue supporting the sector in the future. **AFD suggests the Board to not retain this condition;**
- (d) As mentioned earlier, financing intra-domiciliary connections that usually relies on private investment is not coherent with the policy of the Government of Senegal in terms of subsidized connection to sewers. Moreover, information, education and communication services will aim at maximizing connection to the sewer system. As this condition has not been discussed with the Government of Senegal, **AFD suggests the Board to not retain this condition;**
- (e) This condition is out of the scope of the project. However, the O&M costs for the WWTP is estimated in average at 450k€/year on the 2018-2020 period. Those costs will be financed by the sanitation fee paid by water supply service users and industries connected to the sewer system, as well as government subsidies. As mentioned in the technical dialogue with iTAP, the biogas produced will be used for heat and power generation in the WWTP. **AFD suggests the Board to not retain this condition.**

AFD wishes to emphasize in particular the risks associated with the adoption of condition (d) that would seriously jeopardize the implementation of the GCF funded components of the project.

Reply to the Independent Technical Advisory Panel assessment findings

Proposal name: Development of Argan orchards in Degraded Environment - DARED

Accredited entity: Agency for Agricultural Development – ADA Morocco

Impact potential

Little specific research has been done on the argan tree and the argan forest. The developed project is an opportunity to promote such research for in-situ measurements (component 3). Few studies are implemented on carbon sequestration in this forest. This estimate provides information reliable enough at this stage of the project, however, the project offers an opportunity to refine this information in a specific research program implemented within research institutions. In fact, carbon sequestration calculation uses default values according to IPCC guidelines 2006.

Also, we note that total carbon sequestration by arganiculture is taken from NAMA arganiculture. This study was approved by a scientific committee National Institute for Agricultural Research, and calculated the potential sequestration for 43 000 hectares. We took our ratio of 10 000 among by 43 000.

Paradigm shift potential

ADA has a directory dedicated only to supporting and developing the market of local products and has a strategy for this purpose based on five axis : i) Development and upgrade groups of local products and development of aggregation partnerships ii) Creation of regional logistics platforms; iii) Improving access to national and international markets; iv) Support of labeling procedures, recognition and readability of labels by consumers; v) Implementation of institutional campaigns to establish the reputation of local products among the general public.

Regarding with the transition from 600 ha to 10 000 ha, this is the result of a process, which started on 2012 to raise awareness and mobilize beneficiaries. This process resulted in a producer organization, launch of field visits program, and to the inauguration of the first project and the development of this proposal. This strategy will be more refined.

Also, The argan chain occupies a prime position in the regional agricultural plans that are the regional declination of Morocco Green Plan (PMV) and represent a roadmap for each region. In fact, the total tree planted under Pillar II of the PMV during the period 2010-2015 amounts to 284,000 ha, more than 47,000 ha per year.

ADA has managed 860 million USD allocated to 616 projects under Pillar II for the period 2010-2015. On average, 40% of this budget was allocated for planting.

To promote commercialization of local products by the Directory of local products, ADA in collaboration with ONUDI oversees the project of Agri-food and local products access market (PAMPAT). This project support value chain of local products especially argan, Medicinal and Aromatic plants in the Souss Massa Region. The PAMPAT is coaching local cooperatives to comply with national and international health standards and assist them to get certified on this standards. Cooperatives continue to comply with national and international standards, including support for obtaining authorization from a health plan.

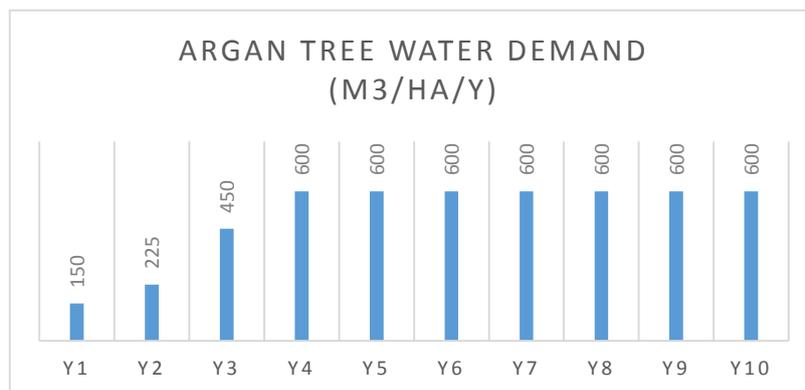
ADA continue to support local products and thanks to many studies conducted by ADA and the Regional Directorate of Agriculture, more than 160 local products have been identified and more than 20 of them have been granted a label.

In addition, agricultural aggregation that represents one of the foundations of the PMV, is an appropriate solution to overcome the lack of integration between the upstream and downstream of the agriculture value chain. For this reason and to ensure an equitable relationship between aggregators and aggregated, the law n°04-12 was promulgated especially to secure commercial transactions of the contracting parties and set the appropriate regulatory framework.

A Strategy was developed with the beneficiaries based on key elements such as an action plan approved in 2013, and an operational capacity development plan is developed (see attached files). The process and actions related to capacity development are part of the FIMARGANE action plan.

Sustainable development potential

The evolution of the water needs of the argan tree is around 150 m³/ha in the first year to 600 m³/ha for the fifth year (see chart). The use of supplemental irrigation from rain water harvesting that takes place between July and September.



Water balance in the Souss Massa region is (demand :1068 Mm³ /Supply : 901 Mm³).

By 2030, water supply will be increased by nearly 20%, (901 million m³ / year to 1171 million m³ / year). the water balance will be positive soon (2018- 2020 before the completion of the DARED project) (sources : PDAIRE and study on the management of water demand in the Souss-Massa region on behalf of the Agence Française de Développement (http://www.cmimarseille.org/sites/default/files/newsite/library/files/fr//AFD_Rapport_Principal_Final_VF.pdf))

However, the annual water need for arganiculture orchard is estimate on average of 0,6 Mm³/year and will be mobilized only from rainwater harvesting without using the groundwater resources.

The arganiculture is a sustainable model (600 m³/ha/year) to reduce pressure on groundwater compared with the citrus orchards, horticulture characterized by a high water demand (10 000 m³/ha/year). The water needs for arganiculture represent 1/15 of the ones for citrus. 10 000 hectares of argane program is approximately equivalent to 660 hectares in citrus.

Needs of the recipient

Actually, Morocco faces the challenges of the CC and its impacts. This is the main reason for developing "Arganiculture" as an economic alternative. The fact that the argan tree is a species that is characterized by its physiology to tolerate and produce in dry conditions. With "supplemental irrigation" and appropriate orchard management techniques, the targeted areas will be less sensitive and vulnerable to CC.

Attracting more private financing is a strategic objective of successful Arganiculture project. The current project implements the first sites in all provinces of the Arganeraie Biosphere Reserve. In fact the "Agreement Argan Program" planned supporting Arganiculture for its large-scale development. Also, what will be implemented as part of this project is an innovation/new technology that will generate environmental services. Adoption is often encouraged by incentives.

In terms of beneficiaries, the analysis shows an average of 167 beneficiaries per site, and 7348 as a total number of beneficiaries of for the 44, while the number of indirect beneficiaries is estimated at 26,000.

The main economic activity is farming followed by livestock and tourism. The average unemployment rate is 32%. The vulnerability rate varies between 25,8 in Essaouira to 11,9 in Agadir. The poverty rate is about 16% or more in 50% of recipients. The GDP per capita in the targeted provinces varies between 1380 and 1800 DH.

Country ownership

All institutions and stakeholders will be associated during the project implementation: Ministry of Industry, Trade, Investment and Digital Economy and also the private sectors.

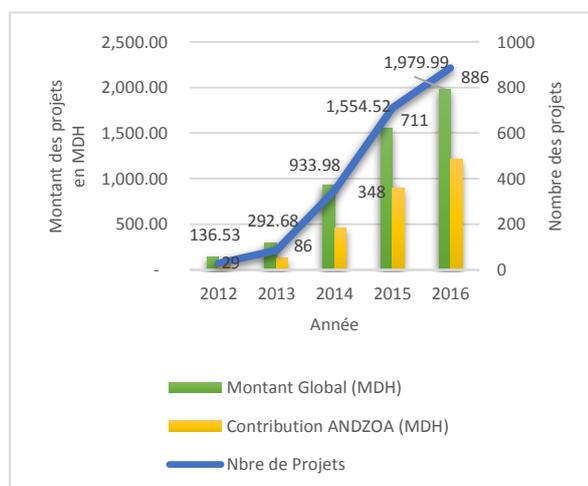
ADA's role :

The ADA staff is more than 100 engineers and managers on five business directories (Projects engineering, management aggregation and partnership, Projects Management, Commercialization of local products and Financial and Administrative directories.

ADA's teams are responsible on the projects management and they have a portfolio of 1 451 projects between 2009-2015, of which 835 projects of efficient agriculture (Pillar I PMV) for 1.5 billion USD and 616 projects of sustainable and inclusive agriculture mobilizing 860 million USD.

ADA's budget of projects funded by donors amounts to US \$ 180.5 million for the period 2011- 2018 (13% grants and 87% loans) or about \$ 30 million annually managed by the ADA budget. Other budget not included in the ADA's budget amounts to USD 164.5 million for the period 2010-2018 (81% grants and 19% in loans).

ANDZOA, is a young institution, entirely dedicated to the development of the territory the RBA. It has a highly qualified team with extensive experience. Since its establishment between 2012 and 2015, ANDZOA implemented and successfully managed more than 880 projects with a total budget of 220 million USD including a contribution of (chart). Moreover, ANDZOA implements these projects with several partners: governmental institutions, NGOs, Cooperatives, elected councils... etc. ANDZOA also managing many development Projects



of
and
over
60%
is

related to climate change: adaptation, mitigation, biodiversity, and preservation and financed by international institutions. The portfolio of major projects has a total budget of USD 40 million .

The project activities are the result of a long process of consultations with communities and all relevant stakeholders, which started since 2012. This consultation raised the acceptance by all the actors of chain value (see letter of support made by some women cooperatives, associations and by the FIMARGANE who is an elected structure and is represented in all the colleges regarding the value chain (producers, traders and private, transformers, etc)

Efficiency and effectiveness

As explained in the proposal, planting will be carried out by private companies that will deliver orchards beneficiaries of higher plants with a success rate of 90%.

Under the mechanism established for Pillar II projects contracts are signed with the beneficiaries. In these contracts the commitments relating to the maintenance and sustainability of projects are identified (see www.ada.gov.ma).

The implementation of projects under pillar II of Morocco Green Plan is based on a contractual approach between beneficiaries and executing entity. This approach is the crowning of a process of action and commitment of beneficiaries. This approach is based on local actors (cooperatives, GIE, Union), which will lead to strengthening of human capital, principal key for agricultural development.

The process has led to the development of *Contractualization* between the Ministry of Agriculture and Fisheries and professional organizations. This situation ensures the sustainability of projects and help to initiate profitable and dynamic business models. Also, the argan sector has a regulatory framework based on the new law on FIMARGANE that aims the protection of agran value chain and beneficiaries and help them access to the market.

Moreover, many citrus farmers will be able to switch to arganiculture as a sustainable model by the end of the project.

The same process is adopted for rainwater harvesting infrastructure (in Green Morocco Plan or in partnership with the Basin Agencies), a contract is signed with the beneficiaries specifying the management, operation and maintenance of these infrastructures.

ADA has a Directory is dedicated only to support and develop the market share of local products and has developed a strategy to accomplish this mission.

This directory is working to support producers of local products to participate in international Fairs, networking of producers, cooperatives and GIE, and ensures protection of local products by the controlled designation of Origin and Geographical Indications (Argane "IGP Argan" and Medicinal and Aromatic Plants are among the products followed by this direction).

As part of the implementation the Marketing strategy of the products made in Morocco, ADA have undertaken many measures launched the collective label "Terroir of Morocco " which is to include the regulation of the use of words "Produit du Terroir of Morocco," the positioning of a joint offer of local products and improving the quality of products. Also, law n°25-06 on distinctive signs of origin and quality (SDOQ) for agriculture and fisheries products

Overall remarks from the independent Technical Advisory Panel:

This project will be implemented under the partnership mechanism which is a cornerstone of the work of the ANDZOA. This network of partners is utilized at national, local and provincial level (see partnership agreement procedure of ANDZOA in www.andzoa.ma).

A contract will be signed with the beneficiaries at each site (see a type of agreement in www.ada.gov.ma). Negotiations have taken place since 2012 and were implemented in 2013 through actions as shown in the table below.

June 13	Publication of a decree on standard argan seedling.
Oct 13	approval for the marketing of standard argan seedlings and plants;
Oct 13	Ministerial Decree establishing the technical regulations for production of standard seedlings argan;
Oct 13	Partnership agreement between MAPM, HCEFLCD and ANDZOA on the development of Arganiculture.
Dec 13	Sharing the vision of MAPM the FIMARGANE and ANDZOA for development Arganiculture with researchers, Nursery investors.
Jan 14	Definition of research needs for the development of Arganiculture with researchers and professionals.
Mai 14	Development and validation of the research program for the development of Arganiculture.
Jun 14	Organization of 20 meetings and 40 technical field visits in collaboration with the provincial associations of fruit producers
Jun 14	Support for the nursery to produce certified argane seedlings
Aug 14	Development of a project to create an irrigated orchard Arganiculture an area of 600 ha (Province of Tiznit).
Sep 14	Roundtable on production plants for the Arganiculture.
Nov 14	Meeting local technical committee for the review of Rassmouka-Pillar II project
Dec 14	Steering Committee for monitoring the implementation of the program contract (chaired by the two general secretaries - MAPM / HCEFLCD)
Oct 15	Design of cards and signing of agreements for the two perimeters arganiculture (Guelmim and Essaouira)
Dec 15	Inauguration of the first perimeter arganiculture to Rassmouka
Feb 16	Steering Committee to monitor the implementation of the program contract (chaired by the Secretary General MAPM)

Based on the consultations that helped establish the process and potential sites, a detailed plan will be developed once the project and the contracts signed with the beneficiaries. We are obliged to avoid creating expectations that may not be met in case of the project is not signed.

The evolution of the water needs of the argan tree is around 150 m³/ha in the first year to 600 m³/ha for the fifth year. The use of supplemental irrigation from rain water harvesting That will take up between July and September.

The actual argan value chain is composed of usufruct that collect fruit from the forest, processors and producers of oil and traders. Most oil cooperatives consist of usufruct. It is also clear that the

boundary between these three components is not well defined. Most of actors are active at the three levels. Many intermediaries act at the fruit market but mainly in marketing the oil. This generates a lack of equity and deprives usufruct and fruit producers a share of the benefit generated (see diagrams).

This project will enable to better organize the producers and strengthen the organization of the argan fruit market, produce more fruit, and support capacities of producers. The units of collection and marketing of argan fruit that will be created will initiate other types of contracts between usufruct/producers and oil processors. Producers of oil will have access to quality argan kernels that are certified IGP. These arrangements will be promoted by the project and the FIMARGANE.

Reply to the Independent Technical Advisory Panel assessment findings (FP 023)

Proposal name: EIF Namibia (CRAVE): Climate Resilient Agriculture in three of the Vulnerable Extreme northern crop-growing regions (CRAVE)

Accredited entity: Environment Investment Fund of Namibia (EIF)

Impact potential

Impact potential of the CRAVE project is to be realized through the implementation of the training activities within the MCRACE which will train more than 3000 small scale farmers. Thus the iTAP observation for the proposed delivery mechanism to instill confidence in the MAWF for upscaling is relevant. The EIF reconfirms, as narrated in the FFP and FS that the replication value itself will be demonstrated post project through the continuity of the MCRACE. Further, as captured in the FS and the crop models provided, the impact value of the CRAVE will be nationwide for the national agricultural production value chain. This links the vulnerable SSF production activities to the existing markets infrastructures of AMTA, AgriBUSDev and others.

Paradigm shift potential

The EIF notes that the letter of commitment has been provided by MAWF and submitted. As per the commitment letter submitted by the MAWF (as EE) there will be ownership to continue with the MCRACE and all its activities beyond the project life cycle.

There is strong evidence for the main causes of the SSF vulnerabilities, provided from the GCM, observed erratic weather patterns, increased heats, etc., which are captured in the FS and included in the FP. As highlighted, there is a high degree of the interconnectedness of a number of factors, economic, social and environmental that is at play. As such the CRAVE is designed to deliver a shift in the subsistence economy to a wider agricultural economy (paradigm shift) that considers a total package change for sustainability. Paradigm shift potential is through the direct linkage of the SSF to the markets which is impossible to realize without the intervention of the CRAVE project. The targeted SSF are vulnerable thus without this support they are unable to penetrate them.

As indicated in the FFP the proposed crop insurance scheme will be based on an index, to cover risks for crop losses under careful considerations. It is to be linked to local institutions such as the NASRIA and NAMIBRE thus covering the risks of 'inability to pay' through the local state-owned direct insurer and re-insurer respectively. The pilot will assess the potential to utilize the Agronomic Board levies that accrue back to the farmers as mechanisms to pay for the premiums and other possibilities for government subsidies. The long-term rationale for including this scheme is two-fold: that is, (a) to avert risks as well as (b) to reward (incentivize) farmers with good agricultural practices that are environmentally and climate smart. The latter (reward-based) will be piloted on a small- scale for scaling up with domestic facilities as well as for wider replication at continental or regional scale in the next phases of the GCF funding to the EIF and others.

Sustainable development potential

The CRAVE project is largely an Adaptation one, thus the contribution to cross cutting elements is not significant, however there are a number of SD and mitigation co-benefits. The iTAP perception that with only a selected number of the SSF being targeted, then it is likely that the SDG potential will be limited too is not correct. In fact, Namibia is the second least densely populated country in the world, thus the proportion of selected beneficiaries cannot be equated to the SD potential. The EIF underscores that there is a graduation of the SSF from subsistence towards the national agricultural market value chain built into the project. Such graduation will enable the SSF to maintain the RET thus there is no dependency on the grant in perpetuity. Employment generation will be creating in two ways, permanent and seasonal labourers. The actual number of jobs and resources will be captured during the M&E activities. The financial benefits are indicated in the FS as part of the crop models used.

Needs of the recipient

Noted.

Country ownership

The EIF has noted the advice on the involvement of the Disaster Risk Reduction (DRR) staff to engage with the CRAVE PMU. The EIF clarifies that there is engagement between the MAWF and OPM, such that the crop and vulnerability assessments and reports are jointly carried out between the two entities.

Efficiency and effectiveness

The EIF reconfirms that stakeholders will not have direct roles in the management of GCF resources thus the perceived contributions to higher transaction costs is not real. Most of the ‘partners and stakeholders’ are indeed critical sustainability stakeholders who will utilize their existing systems and institutional structures to support the CRAVE implementation. This is crucial for a smooth transition to scaling up, replication and sustaining project results at the end. Thus the 16% on local consultant expertise in building resilience and the joint utilization of existing systems and institutional infrastructures is highly relevant to ensure continuity and sustainability beyond. Lastly, the cost elements used in the budget are aligned to the existing national labour and market conditions.

Overall remarks from the independent Technical Advisory Panel:

- a) The letter of commitment is submitted as part of the full funding proposal to the GCF.
- b) The EIF will independently commission a study to verify the findings of OKACOM and reports. OKACOM is a body responsible for the monitoring of hydrological data of the river basin.
- c) The EIF agrees to such revision.
- d) A written confirmation will be provided before the financial closure.
- e) A revised log frame will be provided along with additional indicators.



32 a), b and c) The EIF concurs with the additional recommendations to be implemented during the inception phase of the project.

Reply to the Independent Technical Advisory Panel assessment findings (FP024)

Proposal name: Empower to Adapt: Creating Climate Change Resilient Livelihoods through Community Based Natural Resource Management in Namibia

Accredited entity: Environmental Investment Fund of Namibia

Impact potential

The iTAP mentions the lack of a convincing rationale for determining figures of the project's direct and indirect beneficiaries. The EIF feels that the proposal actually *does* provide a strong rationale for these figures. All figures were derived from actual beneficiary numbers of past projects of similar scope (albeit not focusing primarily on climate change) in the context of CBNRM in Namibia. All corresponding assumptions and calculations were provided to the GCF along with the funding proposal through supporting documentation. The proposed project will benefit almost 10% of the population of Namibia's vast CBNRM network directly and about one third indirectly.

The EIF, secondly, wishes to take exception to the iTAP's insertion of mitigation as one of the 3 "fundamental blocks" besides awareness and capacity-building. The project under discussion is effectively an adaptation initiative with mitigation co-benefits.

Thirdly, EIF takes note of iTAP's finding that the "*increase in adaptive capacity has to be low*" and "*only marginally better than the originals*" and wish to inform that the project is implementing in terms of adaptation rural practices that FAO, the UN leading technical agency on agriculture, promotes in Namibia as best industry standards for conservation agriculture and other forms of climate-smart agriculture and adaptation. The EIF would like to further point out that not the entire country is semi-arid and that agriculture plays an important role particularly in the northeast.

Lastly, the EIF sees no direct causal link between the potential for learning, on one hand, and the need for external support for replication as expressed in the funding proposal on the other. While the EIF sees the need for pointing out that these were treated as two different concepts in our formulation of the funding proposal, we also feel that iTAP grossly underestimated EIF's commitment to invest some of its earnings in environmental levies into sustainability and rollout of this activity as pointed out in paragraph 77 of the full proposal.

Paradigm shift potential

It is correct that the project is built on the existing and successful CBNRM paradigm of creating resilient livelihoods and generating moderate economic development through the conservation rather than the exploitation of natural resources. The paradigm *shift* lies more

in the nature of the EDA approach itself, allowing for local bottom-up solutions to climate change adaptation rather than an externally designed top-down intervention.

Project benefits are expected to be sustainable in the target areas. However, expansion to non-target areas is indeed expected to require further financial support, since it is unrealistic to assume that knowledge and techniques proliferate quickly in the context of remote and sparsely populated rural areas. Again, EIF's commitment to support potential expansion and sustainability through environmental levies appears not to have been considered. Project sustainability in terms of maintenance of equipment and/or technical infrastructure will be ensured through sustainability plans in line with the grant proposal process.

EIF takes note of iTAP's reference to "*external personnel and agencies*" in relation to provision of training to beneficiary CBO's. It needs to be clarified that these trainers and providers of capacity-building services will be drawn from the existing pool of NACSO members with demonstrated long-standing commitment to CBNRM. Therefore, there is no question about them leaving lasting learning impact.

Since Namibian independence, policies have been and are very supportive of the CBNRM concept. Possibilities for improvements exist, such as amendments that simplify the integration of Communal Conservancies and Community Forests. Efforts to address these are already underway. While policy formation is not an explicit element of the proposed project, it is expected that the project will yield valuable lessons that will contribute to further refinement of the solid existing policies.

Sustainable development potential

EIF wishes to reiterate that the envisaged project is an adaptation initiative with mitigation co-benefits. Again, the iTAP refers to a perceived uncertainty regarding beneficiary numbers and limited scaling up possibilities. The proposal clearly provides expected beneficiary numbers and the EIF does not consider these to be uncertain. Furthermore, as stated in the proposal, there is at least a threefold scaling up potential in Namibia and a large replication potential in countries with similar CBNRM structures and institutions.

Needs of the recipient

It is correct that good local governance is not only a basic condition for the success of joint responses to climate change, but of virtually any organized initiative, especially building capacities, accountability measures, and systems for climate actions at local level. It is to our considered opinion that sustainability of any initiative is based on strong institutional foundation. As the focus of the proposed project is on empowerment for local climate change adaptation action, the EIF saw it as appropriate to include strengthening of the corresponding governance foundation in the project activities.

Country ownership

It is indeed anticipated that not all CBOs have the capacity to plan and execute grant finance based sub-projects for climate change adaptation. This is exactly why the proposed project includes a strong capacity-building component, empowering CBNRM communities to develop

exactly this capacity in line with climate finance EDA. The project is designed in a way, which minimizes operational risks while maximizing local ownership.

Regarding the “*delivery fee*” of 25%, the EIF would like to provide more clarity in the funding proposal. Not the overhead, but the total incurred for non-activity related costs to be limited to a maximum of 25% of the individual grant budget. Types of non-activity costs envisaged may be financial management and reporting support, technical support, M&E support, etc. Note that no grant application will be valid without written confirmation by the legally authorized management of the participating CBOs, ensuring that the CBOs are in full agreement with the proposed budget provisions.

Efficiency and effectiveness

Namibia is the second least densely populated country in the world and service delivery to remote rural communities (which represent the majority of CBNRM communities) is indeed costly. Yet, the overall economic rate of return for the CBNRM program, benefiting not only the respective communities but also the national and international public through the conservation of biodiversity, unique habitats and carbon sinks, is clearly positive and benchmarked similar past initiatives.

Please note that each grant that will be awarded to CBOs will require co-financing, which could be in kind or in cash. The benchmark for co-financing of similar past and ongoing initiatives are around 10%.

Overall remarks from the independent Technical Advisory Panel:

The EIF would like to thank the iTAP for their thorough assessment and feedback. While acknowledging that some criticism expressed by the iTAP might be justified in the context of a mainstream GCF funding proposal, the EIF would like to point out that the EDA proposal development process was aligned as closely as possible to any information on EDA which was at hand at the time.

The EIF developed the present proposal exactly in the spirit of the EDA Terms of Reference, GCF/B.10/04 (Annex 1) by creating maximum ownership of the EDA process not only by the NDA and the national stakeholders, but the project beneficiaries themselves.

The EIF acknowledges that the iTAP remarks were not at the time of assessment not EDA specific criteria decided by the Board. Yet, it is worrisome that a proposal, which closely follows the guidelines laid out in an official GCF decision, receives strong criticism. (e.g. “uncertainty of outcomes), while the initial EDA ToR only request for a “scope of activities” and devolve corresponding decision-making to the country level. For these reasons, the EIF finds the opinions and sentiments expressed in paragraphs 2 (impact potential) and paragraph 33 (efficiency and effectiveness) redundant and of no application to this exercise.

Concluding, the present EDA TOR approved by the Board decision GCF/B.10/04 was developed in full adherence to the EDA decision available at the time, with the aim of delivering empowerment to vulnerable communities in Namibia by devolving decision-making on climate change responses to the local level through direct access to climate finance. It is the understanding of the EIF that the proposed concept therefore captures the essence of EDA. If the Board is of the opinion that



the conditions suggested by the iTAP further strengthen the EDA proposal, then the EIF will be glad to meet these conditions where possible taking into account the explanation provided above.

Reply to the Independent Technical Advisory Panel assessment findings (FP 025)

Proposal name: Scaling up private sector climate finance through local financial institutions (GCF-EBRD SEFF co-financing Programme)

Accredited entity: EBRD

Impact potential

Thank you for the positive assessment. No further comment.

Paradigm shift potential

Thank you for the positive assessment. We believe that the assessment is somewhat understating the potential. In our experience, working with local financial institutions in the comprehensive way described in the proposal has strong paradigm shift potential, because it develops and/or scales up a completely new way of doing business for them. This is particularly the case in the context of the high needs of the recipients.

Sustainable development potential

Thank you for the positive assessment. No further comment.

Needs of the recipient

Thank you for the positive assessment. No further comment.

Country ownership

Thank you for the positive assessment. We agree that the potential for SEFFs or similar instruments to contribute to countries' ambitions in the area of climate change is not well understood in some countries. We hope that working with the GCF the programme can help promote this approach.

Efficiency and effectiveness

Thank you for the positive assessment. No further comment.



Overall remarks from the independent Technical Advisory Panel:

Thank you for the positive assessment and the unconditional recommendation. We will certainly work closely with the Secretariat, to ensure full information flow and that lessons learned are being communicated.

Reply to the Independent Technical Advisory Panel assessment findings (FP 026)

Proposal name: Sustainable Landscapes in Eastern Madagascar

Accredited entity: Conservation International and EIB

Impact potential

Max 100 words

Paradigm shift potential

The paradigm shift proposed concerns GCF's key priority; unlocking untapped sources of climate finance. This is achieved through the innovative financial structuring of the project. The project proposes to establish a replicable model that links the international bond market with investments in climate action on the ground in a Least Developed Country. Conservative estimates show that potentially \$3.6B could be unlocked on an annual basis in addition to investments labeled as green bonds. The project will also leave a legacy by recycling investments into a national Climate Change Trust Fund. This model could be replicated widely outside of Madagascar.

Sustainable development potential

Max 100 words

Needs of the recipient

Max 100 words

Country ownership

Max 100 words

Efficiency and effectiveness

Max 100 words

Overall remarks from the independent Technical Advisory Panel:

- a) One of the reasons for the AE to select this project site was the availability of climate data. Published studies on climate impacts include down-scaled models and a 600 household survey on climate change impacts. Long-term climatic data do not exist in these landscapes therefore despite the overwhelming data on perceived impacts, attribution of perceived changes to climate change cannot be determined with certainty. The project activities include a participatory action planning process at the household level to identify a detailed set of measures.
- b) The project interventions are designed based on a review of 480 projects in Madagascar and a survey of 600 project beneficiaries (<http://www.p4ges.org/>) that identified key success factors. All proposed project activities aim at satisfying these factors that include integration of climate change into local government planning, investment in long-term technical assistance and capacity building, and the introduction of sustainable agricultural techniques that have been tested in Madagascar to be technically and financially feasible. The Climate Change Trust Fund is specifically designed to provide the long-term support needed to ensure that behavioral change is achieved.
- c) Though the project will retire its tradable emissions reductions, it is applying an existing, best-in-class Verified Carbon Standard Methodology and baseline for quantifying its emissions reductions, and will apply the baseline from the national REDD+ program when this becomes available.

Regarding the impact of natural disturbances, a peer reviewed study of cyclone damage to forests in Madagascar shows that that cyclone damage occurs in the direct path of the center of the cyclone and that therefore major damage only occurs to a relatively small part of the total forest area within a landscape. Carbon stock loss that does occur due to natural disturbances will be monitored and accounted for by the project.

Reply to the Independent Technical Advisory Panel assessment findings (FP027)

Proposal name: Universal Green Energy Access Programme (UGEAP)

Accredited entity: Deutsche Bank AG

Impact potential

Methodologies used to calculate the expected CO₂e savings use industry standards and published UNFCCC standards. The expansion into additional countries will depend on countries having in place routines in place and are capacitated to process non-objection statements, which is not yet the case for all countries UGEAP targeted initially.

Of importance to the impact to be reached is the long term orientation of the programme, hence heavily relying on the catalytic support by the GCF investment.

Paradigm shift potential

We would like to add that we see potential to shift the paradigm also with private sector investors into the UGEAP. The UGEAP shall attract funding from institutional investors that otherwise would not invest into a debt fund targeting (a) the region and (b) the region.

Sustainable development potential

No comments on the ITAP assessment.

Needs of the recipient

We would like to stress the need for participation in the underlying projects being conditional to work with local financial institutions to crowd them in, hence not create competition to local FIs but act along them.

Country ownership

UGEAP is a private sector initiative and investment concept. Hence UGEAP will act in the existing regulatory environment targeting international best practice application to be added. We'd like to note that UGEAP will generally be happy to share experience on all types of renewable energy generation technology, not only PV.

Efficiency and effectiveness

We would like to note that the leverage of UGEAP has to be seen in the context of UGEAP being (a) large in scale and (b) a debt fund product. Comparing programmes like-for-like on leverage should always take these points into account.

Overall remarks from the independent Technical Advisory Panel:

On point 19 we agree that capacity of local FIs is crucial and key to scale the product up. We would, however, note that in our experience FIs have an interest and often also the relevant know-how to serve the sector, but are crowded out by larger financial institutions that can serve the capital intensive renewable energy sector.

On point 20 a)

UGEAP will perform a full analysis of each project along the local FI. We believe that working on the case is delivering highly efficient knowledge transfer and capacity. Key to success in capacity building are successful projects which UGEAP targets to deliver directly. In case the GCF is willing to contribute additional funding to support capacity building in form of "technical assistance", we are happy to introduce a respective TA facility into the UGEAP in accordance with our accreditation status. We note that the AE has the relevant experience from past and existing mandates. We estimate that 2% of total funding from GCF in form of a grant would be sufficient.

On point 20 b)

We understand the need to monitor existing Social and Environmental Management Systems and ensure their appropriate functioning for the purpose of the joint investment activities. UGEAP will review each transaction in according with its S&E policy. This ensures adherence to international best practice. Assuming the GCF would be willing to contribute 2% of funding into "technical assistance facility" of the UGEAP, the TA should nevertheless be available to ensure S&E oversight and further development.