

Concept Note

Inclusive Green Financing Initiative (IGREENFIN) : Greening Agricultural Banks & financial sector to Foster Climate Resilient and Low Emission Smallholder in 5 West African Countries of the Green Great Wall Initiative (GGWI)

Burkina Faso, Côte d'Ivoire, Ghana, Mali, Senegal | IFAD

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**GREEN
CLIMATE
FUND**

Concept Note

Project/Programme Title: **Inclusive Green Financing Initiative (IGREENFIN) :**
Greening Agricultural Banks & financial sector to Foster Climate Resilient and Low Emission Smallholder in 5 West African Countries of the Green Great Wall Initiative (GGWI)

Country(ies): Burkina Faso, Côte d'Ivoire Ghana, Mali, Senegal

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Notes

- The maximum number of pages should **not exceed 12 pages**, excluding annexes. Proposals exceeding the prescribed length will not be assessed within the indicative service standard time of 30 days.
- As per the Information Disclosure Policy, the concept note, and additional documents provided to the Secretariat can be disclosed unless marked by the Accredited Entity(ies) (or NDAs) as confidential.
- The relevant National Designated Authority (ies) will be informed by the Secretariat of the concept note upon receipt.
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A. Project/Programme Summary (max. 1 page)			
A.1. Project or programme	<input type="checkbox"/> Project <input checked="" type="checkbox"/> Programme	A.2. Public or private sector	<input checked="" type="checkbox"/> Public sector <input type="checkbox"/> Private sector
A.3. Is the CN submitted in response to an RFP?	Yes <input type="checkbox"/> No <input type="checkbox"/> If yes, specify the RFP: _____	A.4. Confidentiality¹	<input type="checkbox"/> Confidential <input type="checkbox"/> Not confidential
A.5. Indicate the result areas for the project/programme	<p><u>Mitigation:</u> Reduced emissions from:</p> <input checked="" type="checkbox"/> Energy access and power generation <input type="checkbox"/> Low emission transport <input type="checkbox"/> Buildings, cities and industries and appliances <input checked="" type="checkbox"/> Forestry and land use <p><u>Adaptation:</u> Increased resilience of:</p> <input checked="" type="checkbox"/> Most vulnerable people and communities <input checked="" type="checkbox"/> Health and well-being, and food and water security <input type="checkbox"/> Infrastructure and built environment <input checked="" type="checkbox"/> Ecosystem and ecosystem services		
A.6. Estimated mitigation impact (tCO₂eq over lifespan)	10 million tCO ₂ e	A.7. Estimated adaptation impact (number of direct beneficiaries and % of population)	1,402,000 direct and 6,783,000 indirect beneficiaries
A.8. Indicative total project cost (GCF + co-finance)	Amount: USD 190,000,000	A.9. Indicative GCF funding requested	Amount: USD 155,000,000 (Loan: 125,000,000 USD) (Grant: 30,000,000 USD)
A.10. Mark the type of financial instrument requested for the GCF funding	<input checked="" type="checkbox"/> Grant <input type="checkbox"/> Reimbursable grant <input type="checkbox"/> Guarantees <input type="checkbox"/> Equity <input type="checkbox"/> Subordinated loan <input checked="" type="checkbox"/> Senior Loan <input type="checkbox"/> Other: specify _____		
A.11. Estimated duration of project/ programme:	6 years	A.12. Estimated project/ Programme lifespan	20 years
A.13. Is funding from the Project Preparation Facility requested?²	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Other support received <input type="checkbox"/> If so, by who: _____	A.14. ESS category³	<input type="checkbox"/> A or I-1 <input checked="" type="checkbox"/> B or I-2 <input type="checkbox"/> C or I-3
A.15. Is the CN aligned with your	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	A.16. Has the CN been shared with the NDA?	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>

¹ Concept notes (or sections of) not marked as confidential may be published in accordance with the Information Disclosure Policy ([Decision B.12/35](#)) and the Review of the Initial Proposal Approval Process ([Decision B.17/18](#)).

² See [here](#) for access to project preparation support request template and guidelines

³ Refer to the Fund's environmental and social safeguards ([Decision B.07/02](#))

<p>accreditation standard?</p>			
<p>A.17. AMA signed (if submitted by AE)</p>	<p>Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> If no, specify the status of AMA negotiations and expected date of signing:</p>	<p>A.18. Is the CN included in the Entity Work Programme?</p>	<p>Yes <input checked="" type="checkbox"/> No <input type="checkbox"/></p>
<p>A.19. Project/Programme rationale, objectives and approach of programme/project (max 100 words)</p>	<p>Brief summary of the problem statement and climate rationale, objective and selected implementation approach, including the executing entity (ies) and other implementing partners.</p> <p>Access to credit has a significant role to play in increasing farm productivity and food security in the predicted changing climate, but remains a key constraint for smallholder farmers, farmers' organizations (FO), cooperatives and micro, small and medium-sized enterprises (MSMEs) in West African countries. This challenge is further aggravated by the predicted economic recession caused by the COVID-19 outbreak that will result in a downturn of investment in food system sustainability from local sources. Mobilising necessary international resources to kick-start local investments to strengthen the resilience of food systems to future climate shocks is, therefore, timely and essential to ensure enhanced resilience to negative climate impacts in the context of predicted economic recession.</p> <p>The Inclusive Green Financing initiative (IGREENFIN) for climate resilient and low emission smallholder agriculture is an “IFAD-green finance brand” and the first Green Climate Fund (GCF) lending regional programme to be implemented at scale in five West African countries across Green Great Wall (GGW)⁴ and beyond. This programme will scale up and replicate the Simplified Accelerated Process (SAP) project in Niger (SAP012) titled Inclusive Green Financing for Low emission and Climate Resilient Agriculture project approved by the GCF in November 2019.</p> <p>Building on the International Fund for Agricultural Development's (IFAD) lessons learnt, this programme 's main objective is to support the building and scaling up of the resilience and adaptive capacity of rural communities and farmers' organizations in five West African countries (Burkina Faso, Cote d'Ivoire, Senegal, Ghana, Mali). These organizations include youth and women's organizations, cooperatives and MSMEs that are extremely effective vehicle through which governments and other partners can provide support to rural farmers in a post COVID-19 context. The focus will be on building the resilience of their agricultural, land and water resource management practices to current and future climate risks in the most critical agro-ecological zones in the target area. It will further contribute to reducing greenhouse gas emissions from energy use within agricultural value chains, related to water management, commodities processing, packaging etc. and the promotion of renewable energy technologies (RETs). The project will achieve these objectives by removing key barriers to accessing financial and non-financial services that support farmers in adopting and implementing climate change adaptation and mitigation best practices and solutions.</p> <p>IGREEFIN will also address climate risks and impacts on the financial system through the greening and capacity building of public development banks mainly Agricultural Banks and their central banks. Through this program, IFAD supports countries and the region “gearing the entire banking system towards Nationally Determined Contribution (NDC) allowing beneficiaries to access credit lines which are all green credit lines. This GCF programme will build upon synergies with the active IFAD portfolio in the targeted countries to reinforce its goal of reducing the impact of climate change on food security of smallholder farmers and pastoralists through an inclusive green financing approach that will reduce interest rates for the adoption of climate resilient agricultural value chains with a focus on women and youth).</p>		

	<p>The programme will directly target 1,402,000 smallholder farmers and approximately 6,783,000 indirect beneficiaries already targeted by the new IFAD investments in the targeted countries. This program will contribute to the implementation of Great Green Wall initiative (GGWI) objectives, for its direct contribution to support land restoration, sustainable agricultural practices, carbon sequestration and the creation of rural jobs.</p>
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B. Project/Programme Information (max. 8 pages)

B.1. Context and baseline (max. 2 pages)

1. West African countries (Burkina, Cote d'Ivoire, Mali Senegal, and Ghana) of the Great Green Wall Initiative (GGWI) are **among the World least resilient countries to climate change and least ready** to leverage investments and convert them to adaptation actions by considering economic, governance and social readiness (ND-GAIN vulnerability index ranking). High levels of vulnerability and low adaptive capacity to climate change have been linked to factors such as a high reliance on natural resources, limited ability to adapt financially and institutionally, low per capita GDP, high poverty rates and lack of safety nets. Furthermore, these countries experience high demographic growth, job unemployment and significant demands on food products exacerbated during the COVID 19 pandemic, which will increase their exposure to climate risks. Targeted countries are part of the GGWI, a major African-led initiative with the bold ambition to restore the productivity and vitality of the Sahel region, whilst 'growing solutions' to the Continent's most urgent development challenges such as climate change, drought, famine, conflict and migration.

Table 1. Vulnerability and adaptation scores for each country (from ND-GAIN index ranking)

Countries	Adaptive Capacity Scoring	Vulnerability Scoring	Ranking	ND-Gain Index 11 (181 countries)
Burkina	0,687	0,572		161 19th most vulnerable. 34 th least ready
Cote d'Ivoire	0,667	0,514		145 47 th Most Vulnerable 32 nd Least Ready
Mali	0,731	0,609		166 9 th most vulnerable. 38rd least ready
Ghana	0532	0,468		74 8 TH Most vulnerable 81 st Least Ready
Senegal	0, 595	0,535		131 42 nd Most Vulnerable 65 TH least ready

2. **Countries' climate vulnerability are to be worsened by the impacts of the COVID 19** because of various factors. These are :
 - i) disruption in global supply chains and food chain (quality climate resilient seeds, fertilizers, post-harvest packaging materials and crop-nurturing and protection inputs to maintain agricultural production);
 - ii) limited availability of farmers & workforce (young seasonal and permanent workers) because of border restrictions, curfews, lockdowns and logistical constraints which put rural elders and women (70% of the rural workforce) at risk;
 - iii) risks of locust invasion due to climatic conditions in time of pandemic could negatively affect farm yields;
 - iv) Food waste due to logistics bottlenecks arising from lockdowns and restricted movement, and limited adapted storages facilities for fresh agricultural products, which lead to post harvest losses
3. In addition, disrupted food chains, economic disruptions and vulnerability mean most jobs do not ensure sufficient levels of income for workers to afford adequate food for themselves and their families. These factors also lead to fluctuations in the agricultural market for both inputs and outputs when disaster and climate management policies and technical capacity in support of agriculture are limited under a changing climate. Combined, these risks result in lower yields, loss of productive assets, loss of income, loss of productivity, increased costs, and changes in taxes and market access (IFAD, 2018). Furthermore, as documented in the CBD/WHO 2015 Report, the spread of pathogens is exacerbated by climate change, ecosystem destruction, land use change, deforestation, biodiversity loss, and the removal of essential protective barriers. The 'efficiencies' of global trade have paved the way for increasingly uniform farming systems and removed the firebreaks of biodiversity.

4. In a post COVID-19 context, **climate change will amplify existing stress** on water availability and will interact with non-climate drivers and stressors (gender inequality, youth unemployment, illiteracy, conflict, and political instability) to exacerbate the vulnerability of agricultural systems which most of rural communities depend on in West Africa. In 2020, conflict/insecurity, weather extremes, desert locusts, economic shocks and COVID-19 are expected to be the key drivers of acute food insecurity in the region. According to ECOWAS, there could be an increase of the number of people at risk of a food insecurity and malnutrition from 17 to 50 million people in the region between June and August 2020 because of the impacts of COVID-19. UNECA projects 27 million Africans will be pushed into extreme poverty, resulting from the slowing of African economic growth to 1.8 per cent in the best-case scenario or a contraction of 2.6 per cent in the worst case because of COVID-19. The high sensitivity of the agricultural sector to increasing climate change and climate variability combined with high poverty rates are the main sources of West African countries' vulnerability to food insecurity and malnutrition. These can affect a farmer's ability to repay financial obligations and lead to a loan default. The degraded environmental conditions have fostered the growing pattern of north south and rural urban migration taking place in the regions, especially within Burkina Faso and Mali to other neighbouring countries (Senegal, Cote D'Ivoire and Ghana). Combatting the negative impacts of climate change through this programme contributes to building the overall resilience of farming systems. Increasing value chain stability and ensuring job availability in the future will lead to greater financial security and less dependence on negative coping mechanisms under negative changing climatic conditions (shocks) or future pandemics. This programme will therefore build the adaptive capacity and resilience of agricultural systems to climate change in the targeted areas.
5. **Climate related risks in agriculture will have significant impact on the financial system** particularly in the post COVID context. Projected climate risks are considered as potential sources of financial risks and SDGs risks when not addressed adequately. Climate risks are estimated in terms of costs but also opportunities particularly in the agricultural sector. Given the exposure of the agricultural sector to climate change, public development banks (agricultural banks), microfinance institutions, regulators, central banks readiness is needed to build the resilience of the entire West African financial system and vulnerability to climate risks. So far, the financial system faces institutional and regulatory challenges including; climate risk management practices at project level (standards), absent or limited green lending products, lack of instruments and tools such as ESG benchmarks, environmental data and awareness for decision making on investments and policies in agriculture.
6. **Agriculture remains the most important sector** in West African economies (accounting for 43.4 percent of gross domestic product in 2018) but is **extremely vulnerable to climate shocks** (floods, droughts, diseases, intense rain, wildfires and locust outbreaks, among others). It employs more than 70 percent of the labour force in Mali, Burkina, Senegal, Cote d'Ivoire, Ghana and the main source of livelihood for rural communities and job creation particularly for youth and women (World Bank, 2018). Landlocked countries (Burkina Faso, Mali) are major cereal producers (cowpeas, millet, maize, cotton) and export to neighbouring countries while Senegal, Cote D'Ivoire and Ghana are major exporters of groundnuts, cashew, cotton, cocoa and coffee in international markets. The resilience of small holders to climate change is reduced by the impact of COVID-19. For instance Senegal, Cote d'Ivoire's cashew prices have recorded a 47% drop in prices as demand for cashews in the domestic market, while demand for cocoa beans from Cote d'Ivoire and Ghana (two cocoa largest world producers) has reduced across Europe. It is expected there will be increased in unemployment and falls in household monetary incomes, with the closure of several micro enterprises along agricultural value chains and a drop in the income of households affecting savings or access to credit. The unanticipated shock of COVID-19 underscores the need for a shift from "business as usual" practices to a more forward looking package that invests in the productivity, sustainability, and the resilience of food systems.
7. **Agricultural production and productivity** in the region are already low by global standards and anticipated to fall even further due to the impact of climate change and COVID 19, not only because of the biophysical changes, but also because of the limited economic, financial and institutional capacity to cope with key risks (climate, biological, price, labour/ health, policy and political). Agriculture in the West Sahel is almost entirely rain-fed and limited to three to four months of variable summer rainfall (June–September; annual precipitation between 200 mm to 1200 mm); making it highly vulnerable to increasing climate variability and putting at risk the large percentage of the region's people that rely on agriculture as their primary source of livelihood. FAO estimates 20-80% of the inter-annual variability of crop yields is associated with weather phenomena and 5-10% of national agricultural production losses are associated with climate variability (FAO, 2019). In addition, agriculture suffers 26% of the damage and loss during climate-related disasters.

In the Sahel region, dry spells and droughts lead to increased evaporation, which can reduce water resources and diminish soil moisture and fertility, with negative implications for agricultural yields. In tropical and coastal zones, where famine is already widespread, heavy rainfall events, flooding, and reduced overall annual rainfall are among the main climate threats to agricultural production (USAID, 2018). The generally nutrient limited soils in the regions, which are being degraded by overgrazing, continuous cropping, and deforestation, will be further threatened by desertification and sand intrusion brought about by reduced precipitation and higher temperatures. This will lead to increased food prices and food insecurity. Within the agriculture and food security sectors there are also several transboundary issues that may be intensified by climate change such as the spread of animal diseases, land degradation and pollution, food contamination, and natural resource management

8. **The climate trend during the last 50 years shows drier and hotter temperature** in Senegal, Mali, Burkina Faso and the Northern part of Cote d'Ivoire. Temperature has risen with an average temperature increase between 0.6-0.8°C, slightly higher than the global average increase (Agrhymet, 2018). A reduction in cumulative rainfall with less rainfall in the western Sahel (Burkina Faso, Mali, and Mauritania) has been observed. Between 1970s and 1980s, the region experienced one of the most severe multiyear droughts of the last hundred years with a 30% decrease in rainfall. Since the 1980s rainfall has not returned to pre-1960s levels and recurrent drought have been observed over the last year. The lengthening of the dry season with rainfall less frequent and intense, over shorter wet seasons, has resulted in a greater frequency of extreme rainfall events causing extensive flooding events. According to UNFCCC, observations of erratic rainfall, the shift of isohyets to the south, increased occurrences of dry spells have resulted in severe multi-year droughts, such as the droughts in 1972-1990 and the more recent droughts over the last 10 years.
9. These frequent natural disasters, including droughts, floods, and increase in water stress, soil erosion diseases, intense rain, wildfires and locust outbreaks, among others associated with have reduced agricultural yield production. For instance, four major drought-related emergencies have been reported in less than ten years in Burkina and Mali. These have resulted in average harvest decreases of 25% and staple crop price decreases of up to 50%. The agricultural sector is extensive, still poorly mechanized in the five-targeted countries. Consequently, many pastoral communities have been forced to become semi-agricultural because of prolonged droughts, thus losing their way of life (AGRHYMETH, 2016). According to USAID, 2017, if the expansion of farmland slows, stagnant yields and population growth could lead to increased food insecurity.

Table 2: Drought frequency and response by country (source, 2020)

Country	Period	Number of severe droughts	Frequency of droughts (1 in x years)	Cost of response (average) USD million
Burkina Faso	2000-2017	4.0	4.0	20.0
Cote d'Ivoire	1972-2016	4.0*	3.0	10.0**
Ghana	1983-2015***	3.0***	3.0***	10.0****
Mali	1983-2017	14.0	4.0	20.0
Senegal	1983-2017	12.0	5.0	56.0

* Based on the statement that the effects of drought have weakened the Ivorian economy, especially droughts of 1983, 1998, 2010. Source: ARC. National Contingency Plan in Côte d'Ivoire. 2018. Available at https://www.africanriskcapacity.org/wp-content/uploads/2020/01/C%C3%B4te-dIvoire-Operations-Plan_201901_EN_modifs.pdf

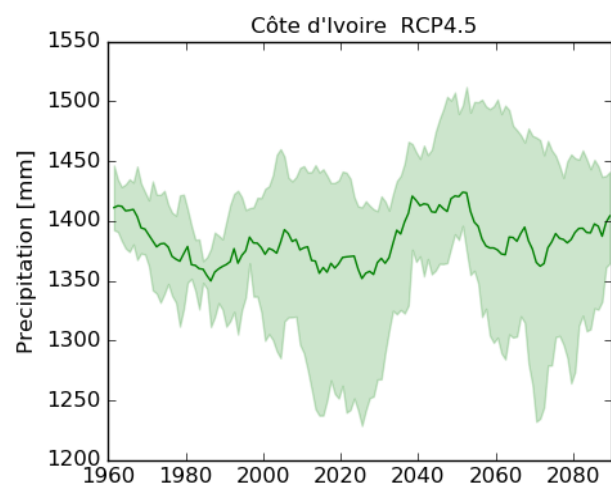
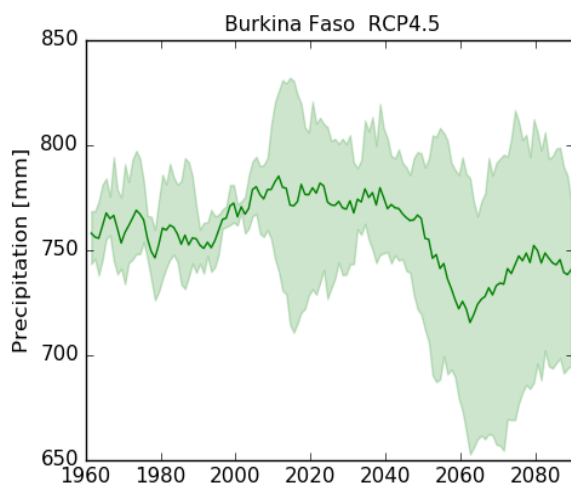
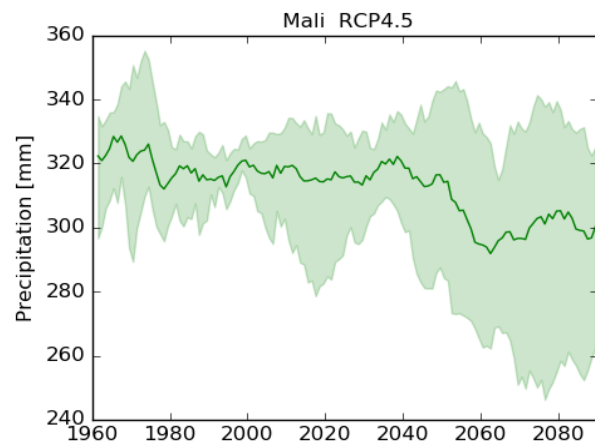
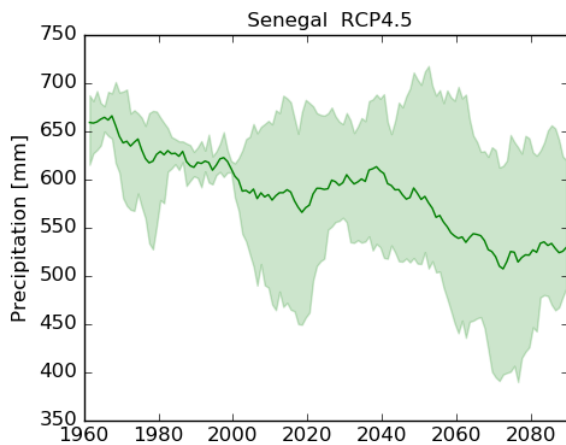
** A tradition of systematic evaluation of the impact of catastrophic events does not yet exist in Côte d'Ivoire. However, a rough estimate in the 2018 contingency planning for drought estimated that a payment of ten (10) million US dollars would provide food assistance to 90 000 people (6 million) and a distribution of rice seed and agricultural inputs to 20 000 vulnerable small farmers (4 million) in the regions of Poro, Kabadougou, Tokpi, Bounkani, Worodougou, Gontougou and Bafing (Total population of these regions is 6.5 million people). Source: SODEXAM. Drought conditions and strategies for their management : Case of Côte d'Ivoire. 2016. Available at <https://www.droughtmanagement.info/wp-content/uploads/2016/10/WS6-Cote-dIvoire-Presentation.pdf>

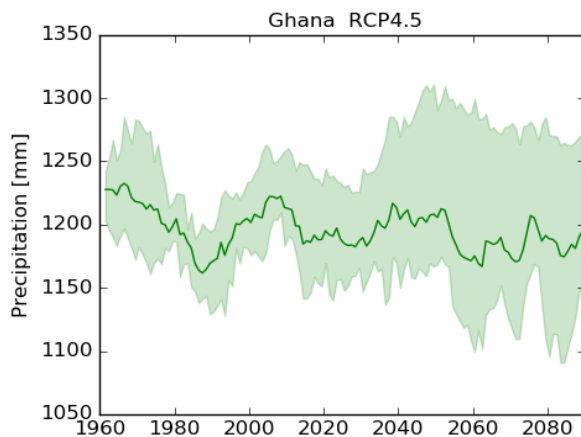
***Source: https://knowledge.unccd.int/sites/default/files/country_profile_documents/1%2520FINAL_NDP_Ghana.pdf

**** Development of Drought Early Warning Stsetm implemented by the Climate Technology Centre and Network (CTCN) with support from the Green Climate Fund (GCF): Source: https://knowledge.unccd.int/sites/default/files/country_profile_documents/1%2520FINAL_NDP_Ghana.pdf

10. **Climate projections** suggest that the West Sahel and northern parts of Cote d'Ivoire and Ghana will be hotter and drier with more frequent extreme events. In most scenarios, temperature rise will accelerate so that the continent on average could be between 2 and 6°C warmer by end of this century (ACMAD,2020). The average temperature increases are set to be high with an extremely marked North-South gradient, directly affecting soils and ecosystems due to a higher level of evapotranspiration. The CORDEX RCM's projections of a regional decrease in the length of the rainy season increase in the dry-spell length, and an increase in heatwave frequency intensity and duration highlights the need to determine the right type and

timing of major agricultural activities, specifically to drought prone crops. Temperature projections over the Sahel for the end of the 21st century from both the CMIP3 GCMs (SRES A2 and A1B emission scenarios) and CMIP5 GCMs (RCP4.5 scenarios) approximates 3°C above the late 20th century baseline (Meehl et al., 2007; Fontaine et al., 2011; Diallo et al., 2012; Monerie et al., 2012). Temperature increases higher than 2°C are projected to decrease millet and sorghum yields by 15–25 percent by 2080. The projections are suggesting a decrease in rainfall, particularly in the Sahelian zone, with some areas in the southern Sahel receiving moderately higher although erratic rainfall. Climate models predicts crop yields may fall by 10 to 20 percent by the year 2050 because of warming and drying, but there are places where yield losses may be much more severe (Jones and Thornton, 2003). Studies cited by UNEP also suggest that because of changing rainfall patterns and degraded land, Burkina Faso could potentially lose their entire rain fed agriculture by 2100, while in Mali and Senegal cereal harvests might decline by 30 percent. Furthermore, the intensity of extreme weather phenomena (floods, sand storms and drought) is likely to increase, while over the past 30 years, over 75 percent of the West African population has been affected at least once every two years by this type of hazard. Precipitation will continue to decrease, as temperatures are expected to increase by between 1 and 1.72°C for 2031-2050 compared to the reference period 1986-2005 (source climate analytics, 2020). Under such various climate scenarios, agricultural production is expected to drop by at least 20 percent which will reduce food availability and economic returns from agricultural products.





Regional climate model projections for precipitation in 5 West African Countries (Senegal, Burkina, Ghana, Cote d'Ivoire, Mali) displayed as 20 year running mean. The line represents the ensemble mean while the shaded area represents the model spread. The projections are based on the emission scenario RCP4.5. (source climate analytics, 2020)

11. Climate change will significantly affect water resources, crucial for agricultural production and irrigation systems to better adapt to shorter rainy season. Climate models project major declines in flows on certain transboundary rivers in West African countries of which 40% of surface water resources countries originate outside the borders of these countries. Studies suggest that the 5 countries hold significant groundwater reserves in dry areas, but these are far from urban centres. Declines in rainfall, increases in temperature, and more frequent droughts contribute to a decline in surface and groundwater availability and accessibility. However, total renewable water resources per capita range from 745,600 m³ /year in Burkina Faso to 6,818,000 m³ /year in Mali. Thus the problem is thought to be one not of absolute water scarcity, but rather a lack of infrastructure to provide access to supplies for use in dry seasons and dry years and to expand agricultural production beyond the rainy season. Nevertheless, areas including Burkina Faso that have low, but sufficient, water resources per capita are expected to experience physical water scarcity (defined as when the water supply falls below the 1,000 m³ per person per year) by 2025. Increasing demand from a growing population and planned irrigation schemes along the Niger and Senegal Rivers have led to 25–60 percent reductions in flows over the last 30 years, causing increasingly severe low water levels with frequent pauses in water flows, depleted reservoirs, and reduced water supplies for cities. Often seasonal, making groundwater a primary source of water for many people in the region. As a result, disputes over access to water, fish catches, and ownership of land exposed by receding waters have increased dramatically in the area. Climate variability and change - in addition to stressors such as population and economic growth, poor water management and infrastructure, inefficient water provision, inadequate joint management of basin resources, declines in groundwater, and land use/land cover changes - are expected to further reduce river basin water supply in the future.
12. **Climate finance and concessional agricultural lending is low in the target countries.** Against the climate context displayed above, capacity to access to highly concessional climate finance to acquire and deploy agriculture technology to expand production beyond the rainy season (June-September) and to improve the actual yields including major agricultural exports⁵ is very limited in the target countries (ND-GAIN vulnerability index). Access to credit has a significant role to play, but remains a key constraint for smallholder farmers, farmers' organizations, cooperatives and micro, small and medium-sized enterprises (MSMEs) in the targeted countries particularly in a post COVID -19 era. Inherent risks affecting smallholder farming discourage the private sector, particularly the banking sector, from investing in the sector. Financial institutions in the target area still face numerous internal obstacles including: 1) perception of small-scale agriculture as being too risky, fostering reluctance to lend farmers money and increased interest rates, 2) lack of awareness on the potential benefits of investing in climate adaptation and mitigation, causing a lack of willingness to reduce interest rates, 3) overestimation of risks due to a lack of technical knowledge, maintaining high interest rates and 4) a lack of access to appropriate capital for on-lending. For too long, financial institutions – especially agricultural banks – have been putting off changing their methods, as they carry on with “business as usual”. When credit is available, interest rates remain high. While the Agricultural Bank of Senegal, Mali, and Burkina, Cote d'Ivoire has set interest rates at 10percent commercial banks and microfinance institutions, including Ghanaian banks charge around 20 percent which is much higher than international standards. Such high interest rates prevent smallholder farmers – especially youth and women

⁵ Major agricultural exports, cashew, onions and live animals, cotton, peanuts, cassava, legumes and high-quality rice.

as ‘agripreneurs’ – from investing in low emission, climate resilient agriculture and raising their productivity to respond to the high demand in the face of changing climate conditions.

13. In a post COVID 19 context, **contributing to removing these technical and financial barriers** would allow these institutions to finance transformational change towards climate compatible investments at a time, where local financial institutions, farmers’ organizations, cooperatives and micro, small and medium-sized enterprises (MSMEs) and governments are significantly suffering by the impacts of the pandemic. The existing financial services intended for rural communities rarely benefit rural women and youth. Women’s access to these services is constrained by sociocultural, economic/legal and in some cases educational barriers as well as understanding of the rural and agricultural sector, the gender dynamics in rural areas, high transaction costs when dealing with frequent small loans, and unclear and unfavourable land tenure and property rights. To achieve these development objectives, the following key barriers must be addressed:

Barriers and opportunities with the GCF:

14. One of the key barriers to financing small-scale climate-resilient agriculture and promoting the use of solar energy systems for agriculture in West African Countries (Senegal, Cote d’Ivoire, Ghana, Mali and Burkina) of the GGWI is the credit risks stemming from the nascent market conditions particularly under the COVID-19 pandemic as well as the post COVID-19 pandemic. Another barrier is the limited availability of long-term financing (over 12 months) from financial institutions (FIs) or companies to provide consumers with funding for solar energy products, particularly those required by the agricultural sector. The key barriers are summarized in the table below:

Key barriers and opportunities summary

Key barriers	Business As Usual (BAU)	General alternative solutions for mitigation & adaptation compared to BAU in each of the selected countries (Senegal, Burkina, Mali, Cote d’Ivoire, Ghana)
<p>Limited knowledge of climate change impacts on smallholder agricultural value chains and landscapes and effective adaptation interventions, especially in hotspot and natural disasters prone areas (droughts, floods, locust, wildfire..), resulting in</p>	<ul style="list-style-type: none"> - Slash and burn agriculture and mono-cropping - Clearing forests for agriculture and charcoal - Planting at times of the year when rain is no longer certain to fall - Inadequate post-harvest storage techniques - Lack of scientific data and knowledge and even basic information on the impacts of climate change 	<ul style="list-style-type: none"> - A databank containing information on innovative projects, organized as an integrated platform offering easy access to information on best adaptation and mitigation practices to farmers, FOs, cooperatives and MSMEs helps reduce slash and burn agriculture, land clearing and inappropriately timed planting and post-harvest techniques currently employed - Capacity building for smallholder farmers/FOs and MSMEs on adaptation and mitigation and improve financial literacy and opportunities for green jobs, capacity building on safe farming, processing, handling and logistics to address COVID-19. This will help overcome knowledge barriers related to climate change and adaptation and health risks linked to COVID-19. - Support leadership programme for women and youth to increase their access to resources - Change in land management practices, particularly in the southern part where floods are observed, along key rivers and water basin - Expand irrigation techniques such as the System of Rice Intensification (SRI), which also reduces GHG emissions and mitigates the impacts of climate change by making rice fields more resilient

<p>Limited or non-existent special lines of credit to promote low emission and climate resilient agriculture, ecosystem-based adaptation (EBA) and sustainable energy for agriculture.</p>	<ul style="list-style-type: none"> - Limited commercial financing of climate resilient agriculture, EBA and renewable energy sources for agriculture restrict the growth and performance of the agricultural sector. - Perception of smallholder farming as a risky business and thus, few actors are willing to take the risk of providing concessional loans for climate resilient agriculture - Not enough liquidity in the market, maintenance issues and the regulatory and legal framework underpinning the energy sector is still at a nascent stage 	<ul style="list-style-type: none"> - Establish concessional financing schemes that combine grants with credit to promote agricultural and rural finance - Increase investment in climate resilient practices and renewable practices - Scale up green lending to overcome the belief that it is a risky strategy. - Establish a regulatory framework on green lending to overcome issues appearing in the nascent regulatory frameworks.
<p>Limited productive investments in low emission and climate resilient agriculture, forest management and energy for agriculture</p>	<ul style="list-style-type: none"> - High interest rates from financial institutions (average of 10% for all UEMOA agricultural Banks and 20% for APEX bank) and customers need to provide collateral - Limited financial resources for investing in adaptation measures, EBA and sustainable energy for agriculture to cope with climate change - Inability to develop viable businesses - Limited investments (1% in agriculture and insignificant amounts in low emission and climate resilient agriculture) 	<ul style="list-style-type: none"> - Pilot highly concessional loans to reduce high interest rates - Build capacity to develop viable business plans that promote low emission, climate-resilient agriculture to overcome current limitations - Unlock more investments in the sector to enhance improvements in climate resilient practices across the agricultural sector
<p>Policy, regulatory and capacity constraints to adopting renewable energy in the agricultural sector</p>	<ul style="list-style-type: none"> - High fossil fuel subsidies deter Renewable Energy Technology (RET) companies from entering rural markets where transaction costs are high - Lack of fiscal incentives for existing RET suppliers - Limited purchasing capacity of farmers and high costs of RETs 	<ul style="list-style-type: none"> - Improve countries' institutional and regulatory frameworks to align public financing towards adaptation and mitigation activities; - Provide capacity building to empower smallholders to demand policy changes in favour of low-cost RETs (e.g. waiver of import duties on RETs). More market demand for RETs companies in rural areas. - Build knowledge and capacity of local policy and decision makers at national and sub-national levels

	<ul style="list-style-type: none"> - The payback period is often too long for an individual farmer - Limited presence of microfinance institutions (MFIs) to provide loans for RETs - Traditional practices of using firewood and charcoal perceived as free or inexpensive - Limited knowledge on RET and their contribution to reducing energy expenditures for charcoal, diesel and kerosene - Increased rural youth migration (due to lack of employment opportunities beyond farming) - Limited technical training programs in RET sector - Limited skilled expertise for installation and operation and maintenance of RETs 	<ul style="list-style-type: none"> - Build private sector confidence in investing in RETs in rural areas, which will lead to significant cost reductions of RETs through the pursuit of economies of scale - Institute a people-centred approach to implement RETs in communities where trust has been established. - Engage women who are usually responsible for daily activities such as collecting firewood and hauling water to reduce current levels of natural resource exploitation - Promote the employment of youth in RET deployment and after-sales services and as the next generation of users to reduce youth migration from rural areas. - Provide incentives for design improvements leading to the development of socially and culturally acceptable RETs - Build capacity of actors in collaboration with universities/research institutes that provide RET courses to increase levels of skilled RET experts in rural areas
<p>Limited capacity and coordination mechanisms in the government and local communities on implementing EbA and climate-resilient and low emission agriculture. Key sector ministries in charge of agriculture, energy and forestry have limited technical and institutional capacity to implement EbA and energy for adaptation and climate resilient agriculture</p>	<ul style="list-style-type: none"> - Silo approach and lack of coordination of actions to promote climate resilient and low emission agriculture - Limited policy and regulatory interventions from the governments to accelerate key reforms and frameworks for green financing - Weak capacity and lack of training of government staff - Limited capacity of central and local government to accompany the financing sector in developing the right governance system for green financing - Limited resources available to local government authorities for investment in low emission and climate resilient smallholder agriculture 	<ul style="list-style-type: none"> - Strengthen technical and institutional capacity of the government (central and local) to promote green financing, EbA and climate-resilient agriculture and enhance awareness of the FOs, cooperatives, MSMEs and MFIs - Support cross-sector coordination mechanisms with all stakeholders (public, private, local communities and organization) on adaptation and mitigation - Develop tools, instruments and strategies to enable communities, businesses and the public sector to respond to climate change and variability - Support high level policy dialogue to close the financing gap both on adaptation and mitigation
<p>Nacent agenda on green finance within the financial</p>	<ul style="list-style-type: none"> - Weak regulatory and institutional framework 	<ul style="list-style-type: none"> - institutional and regulatory frameworks

<p>system (Central Banks, regulators, public development banks)</p>	<p>at central bank and agricultural banks levels,</p> <ul style="list-style-type: none"> - Limited green lending products - Lack of information and awareness - Tradition of investing in non sustainable agricultural practices and non renewable energy solutions; - Absence of tools to monitor the impact of public and private investments on the environment, on climate change, and on the agricultural productive capacity at local level. 	<ul style="list-style-type: none"> - Climate risk management practices at project level (standards), - Develop green lending products, instruments and tools such as ESG benchmarks - Conduct Environmental data and awareness for decision making on investments and policies in agriculture. - Platform for aligning financial system and actors towards NDC targets; - Creation of tools to monitor the impact of private and public investments on climate change, on adaptive capacity and resilience of local population, and on agricultural production and productivity. - SSTC and knowledge management
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Addressing climate change in a post COVID-19 context

15. To address climate change impacts, the programme approach will build a model with a reduced carbon footprint in order to achieve the Sustainable Development Goals. The selected West African Countries have ratified the UN Convention on Biological Diversity (CBD), the Convention to Combat Desertification (CCD), the Framework Convention on Climate Change (UNFCCC) and the Kyoto Agreement. They have also signed and ratified the Paris agreement on climate change to keep the increase in the global average temperature to well below 2°C above pre-industrial levels and pursue efforts to limit the temperature increase to 1.5°C above pre-industrial levels. In addition to the reports and commitments submitted to the UNFCCC, All countries have prepared national climate change-related strategies, policies and actions. Under the Paris Agreement, all countries have developed and published their nationally determined contributions (NDCs) to reduce greenhouse gas (GHG) emissions and the vulnerabilities to the effects of climate change. Countries are part of the Green Great Wall Initiative and the 3 S initiative and are committed to integrated solutions for resilience to climate change in Africa.

16. Tackling climate change and building more rural resilient economies and societies will strongly affect how these countries leverage highly concessional investments to close the adaptation gap, make financial flows consistent with a pathway towards climate resilient and low emission agriculture and contribute to countries (NDCs) and global climate action. According to the countries National Adaptation Plans and climate strategies, without appropriate climate finance, affordable credit and proper investment, climate change will lead to increased vulnerability and livelihood impacts particularly in a post COVID-19 context. These impacts include reduced agricultural production, increased food insecurity, reduced fishery resources, water shortage and groundwater depletion, increased disease and or health problems, loss of forest areas, production, biodiversity and land, as well as land degradation and acceleration of the desertification process. There is enough evidence to prove the correlation between climate risks and the lack of investment from the financial sector. Greater access to green financing is essential for creating opportunities to pursue adaptation and mitigation goals and unlocking investments opportunities in low emission and climate resilient smallholder agriculture. Greening financial institutions will incentivize the agriculture sector, lead more stakeholders, and any stimulus package post COVID-19 to adopt climate-resilient practices and mitigation measures. Local financial institutions particularly agricultural and investment banks have a key role to play to help rural smallholders organised through SMEs, FOs, Cooperatives, Youth and Women Associations build their resilience to climate change. Financial institutions can help minimise impacts of COVID-19 on livelihoods, resilience and food and nutrition security of IFAD’s target group, and maintain progress towards countries development objectives and the SDGs.

17. IFAD has many years of experience working in rural finance in post pandemic contexts in West Africa (Liberia, Sierra Leone and DRC) during the Ebola crisis. IFAD has set up a rural stimulus fund of 40 million USD with a pillar on access to credit to respond to the impact of COVID. In addition, IFAD recently approved

its private sector facility to work directly with SMEs, FOs, Cooperatives, Youth and Women Associations. With its first GCF approved project on inclusive green finance for low emission and climate resilient agriculture in Niger, IFAD plans to scale up the Niger Business model in the region.

18. **Inclusive green finance (IGREENFIN)** initiative - greening agricultural banks to foster climate resilient and low emission smallholder is potentially a future “**IFAD-green finance brand**”. It is an innovative integrated approach to environmental finance through a combination of financial and technical support. It provides a range of tools and services for this, which are intended to meet the demand of all actors particularly across the GGW band. These are financial incentives (zero interest rate, longer tenors, investment grants), support to structure green investments, assistance in the implementation of an environmental and social management system and a gender policy, and valorisation of the results achieved (e.g. energy savings, ha of agro-forestry, CO2 emissions avoided, etc.). Since the approval of the NIGER SAP project, several countries (Burkina Faso, Cote d’Ivoire, Ghana, Mali and Senegal) and their agricultural and national investments banks have already request IFAD’s support to pursue similar projects with the GCF. This has led to the formation of a coalition of local state-owned banks (agricultural and investment banks) that are ready to embrace green financing for climate resilient and low emission smallholder agriculture
19. Building on the Niger experience, IFAD wishes to take IGREENFIN initiative further by increasing and diversifying its scope in the West Africa Region and the GGW band. More specifically, the aim of the Programme is to redirect financial flows towards MSMEs, Cooperatives, FOs sub projects to better serve the low emission and climate resilient agriculture. In light of the above, the proposed adaptation and mitigation solutions for the GCF project are to improve access to financing and further promote the adoption of climate resilient and low emission agriculture practices (irrigation) and solar energy systems throughout the value chains to reduce greenhouse gas emissions. It will further support IFAD baseline investments hit by the COVID-19 inter alia by: (i) increasing and diversifying agro-sylvo-pastoral and fisheries production, (ii) ensuring regular supply of rural and urban markets in agricultural and agro-food products and (iii) improving the resilience of the population to food crises, natural disasters and climatic shocks.
20. The regional programme will provide differentiated and country specific responses according to every local need at the design stage. The strategic context of each country in which the Programme will be deployed is to be described country forms. Each country form presents: A brief description of the programme application and targeted results areas - The stakeholder consultation process - The project description in the country, including the strategic context and market potential, experience in climate finance, project’s objectives and description, the expected paradigm shift, and the potential and sustainable development potential - The timeline and financial elements of the project. Baseline investments are presented below will served as entry points and will be refined during the design:

Country	IFAD baseline Investment- (see feasibility annex)	Intervention areas Regions all located in the Green Great wall band	Direct beneficiaries	Indirect Beneficiaries
Burkina	PADFA	Boucle du Nouhoum, Haut basin, Cascades	70,000	420,000
Cote d’Ivoire	PADFA	Bagoue, Poro, Tchologo, Hambol et Gbêkê	180,000	243, 000
	PADER	Tonpki, Kabadougou, Folon, Bafing, du Worodougou et Béré	210,000	1,050,000
Mali	INCLUSIVE	Kayes, Segou, Koulikoro, Sikasso	42,000	420,000
Ghana	PROSPER AFFORD	Northern, Savannah and North-east Regions, Bono, Bono East and Ahafo Regions	300,000 450 000	1,500,000 2,250,000
Senegal	Agri-Jeunes- PADAER II	Louga, Thiès, Diourbel, Fatick, Kaolack, Kaffrine, Sédhiou et Ziguinchor	150,000	900,000
Total			1,402,000	6,783,000

21. While countries have similarities and same agricultural development challenges on terms of financing climate resilient and low emission agriculture, the programme will provide differentiated responses according to every local need. The strategic context of each country and responses envisaged is described in the prefeasibility study. The programme will provide a brief description of the programme application and targeted results areas, the stakeholder consultation process, the project description in the country, including the strategic context and market potential, experience in climate finance, the project's objectives and description, the expected paradigm shift, the potential sustainable development, the timeline and the financial elements of the project.

B.2. Project/Programme description (max. 3 pages)

Describe the expected set of components/outputs and subcomponents/activities to address the above barriers identified that will lead to the expected outcomes.

22. This program is a scaling up of the Niger SAP inclusive green finance in West Africa and includes five Green Great Wall countries out of the total 11. The main objective of this flagship program is to build the resilience of target countries agricultural and water resource management practices to current and future climate risks, through supporting the banking sector to create green credit lines and align financial flows towards countries NDCs. It will further contribute to reducing greenhouse gas emissions from energy use within agricultural value chains through carbon sensitive water mobilization, processing and packaging as well as the promotion of renewable energy technologies (RETs). The project will achieve these objectives by removing key barriers to accessing financial and non-financial services that support farmers, organised around to MSMEs, Cooperatives and Farmers Organizations, in adopting and implementing climate change adaptation and mitigation best practices and solutions.

23. The program will provide main partners national agricultural banks in the five countries⁶ with an enhanced ability to support highly concessional loans to MSMEs, Cooperatives and Farmers Organizations, investing in climate resilient and low emission smallholder agriculture. More specifically, the program will : i) help alleviate the current prevalence of high financing costs and short-term loan periods; ii) Incentivize MSMEs, Cooperatives and, Farmers Organizations adopt enduring low-emission business models for adaptation and mitigation; iii) build resilience of agricultural and water resource management practices to present and future climate risks in the targeted areas; iv) Given the high vulnerability of women and youth, 40% of the financial support will target women led-MSMEs, 40% to youth-led MSMEs and 20% Male adults MSMEs

24. The IGREENFIN program will pioneer highly concessional loans at 0 % interest rate with a maturity of 40 years in the five selected countries, better access to a highly concessional market while contributing to Nationally Determined Contributions (NDCs), the Paris Climate Agreement, the SDGs and Sustainable Debt Framework for Sustainable Development. To maintain the 0% interest rate to pass on to end users, the operating costs will be partially supported through the GCF grant proceed and recipient banks contributions. The Programme will work with five agricultural banks⁷ to improve their governance & lending products, green credit indicator system for management in alignment with the COVID-19 responses, long term periods and unlocking barriers to innovative climate finance

25. The programme will directly benefit 1,402,000 households and indirectly over and 6,783,000 beneficiaries of which 40% women, 40% youth and 20% adult males with increased climate resilience with affordable loans with long-term periods. 500 MFIs and 40 Commercial banks will be indirectly impacted; 1500 MSMEs and 2500 FOs impacted; and 200 technologies and innovative solutions transferred or licensed to support low-emission development. The National Designated Authorities (NDA) of all these five target countries have given their approval following a climate finance workshop IFAD organized in February 2020 in Dakar and will issue no-objection letters and include the programme in their respective GCF Country Work Programmes. The overall programme is expected to reduce or avoid the emission of approximately 10 million tCO₂e during its lifetime and contribute to countries' Nationally Determined Contributions (NDCs). A full EXACT analysis will be annexed to the Full Proposal.

26. The programme is divided into three mutually reinforcing and interlinked components that focus on strategic areas for the improvement of the climate resilience of smallholder farmers.

⁶ Burkina (Banque Agricole du Burkina); Mali (Banque Agricole du Mali); Ghana (Apex Bank); Cote d'Ivoire Banque National d'Investissement); Senegal (Banque Agricole du Senegal)

27. **Component 1: Innovative Financing Facility to provide highly concessional loans to foster best adaptation practices and use of renewable energy along agricultural value chains (GCF loan resources will be managed by Project Management Units (PMU) located in Banks).** The aim of this facility is to support FOs, women and youth organizations, cooperatives and MSMEs (including agribusiness dealers) and photovoltaic (PV) operators in accessing credit at highly concessional rates and in adopting and implementing best climate adaptation practices. These include irrigation techniques for both rainy and dry seasons, ecosystem-based adaptation (EbA) and mitigation measures that use solar energy for agriculture. Of the GCF USD 155 million, USD125 million will be provided as a loan at under GCF highly concessional rates (zero percent) to the financing facilities set within the five banks. The remaining USD 30 million GCF resources will be allocated as grant resources to technical assistance, including support of the operating costs to keep the loan proceed concessionality to zero percent. This component is broken down into two mutually reinforcing sub-components 1) focused on climate resilient value chains and EbA (financed in window 1) and, 2) investment in green energy access and generation (financed in Window 2). These windows will be converted into revolving funds to sustain the mechanisms
28. IFAD teams in coordination with national Banks and MFIs will define the list of eligibility criteria during the appraisal process. It will build on the IFAD-GCF Niger project criteria and implementation manual and will ensure that investments have maximum climate and development impacts in line with the local public policies and NDCs. Similarly, financial incentives may include longer tenure, grace periods, lower interest rates, or investment premiums depending on the local needs. For instance, IGREENFIN concessional/grant portion is essential to maintain the attractiveness of the climate eligible investments and to ensure the fulfilment of high requirements in terms of impacts and outputs for such projects.
29. **Output 1.1: Established Financing Facility (revolving fund window 1) within the selected Banks with a line of credit** to support concessional loans to FO, women and youth organizations, MSMEs and cooperatives, commercial banks to adopt the best adaptation practices along agricultural value chains particularly for irrigation to raise agricultural yields, even when facing increases in the frequency of droughts. Financing Window 1 created, which is dedicated to loans for adaptation measures (funded with GCF loan \$15 million for each bank). Targeted beneficiaries are the same as IFAD baseline investments.
30. **Output 1.2: Financing Facility (revolving fund window 2) within selected Banks and a line of credit** to support concessional loans is offered to FOs, women and youth organizations, MSMEs, cooperatives, commercial banks and solar operators to adopt the use of RETs to power the agricultural value chain Financing Window 2 created and dedicated to loans for solar energy for agriculture/irrigation (funded with GCF loan \$ 10 million, and each bank contribution \$ 1,000,000).
31. The long-term goal of the financing facilities is to mainstream adaptation and mitigation in smallholder agriculture into through loan terms and credit-scoring systems of financial institutions without concessional backing from international sources. It will improve Banks' agricultural lending portfolio by enhancing climate change resilient loans and creating strong incentives for farmers to adopt climate smart practices such as using the climate-smart lending tools developed in Component 2. It is expected that after a 20-year capitalisation period, in which all adaptation activities co-financed by the project reach maturity and PV solar panels for irrigation are operational and increase the resilience of smallholders through better water management techniques, investments will produce a joint co-benefit of 10,000,000-tCO₂eq.
32. **Component 2: Capacity-building and technical assistance for Banks, FOs, cooperatives and MSMEs (GCF Grant - administrated by recipients' countries).** This component seeks to improve technical and business development skills, which are key to removing barriers to financing adaptation and mitigation. It will enable Banks and other MFIs to provide climate-smart loans to smallholders including women and youth and ultimately will reduce the climate risk of their loan portfolios. Under this component, the selected countries (Burkina Faso, Cote d'Ivoire, Ghana, Mali and Senegal) through the Ministry of Finance will support their Banks in implementing all related capacity-building activities through its IFAD-funded baseline projects. Although the overall decision lies with the government of the recipient country, No objection requests will be sent to IFAD for approval prior to implementing each activity.
33. Capacity building activities will be focused on the readiness and ability of FOs, cooperatives and MSMEs to understand climate threats and to identify and develop business plans that are eligible for financing under each line of credit. A particular emphasis will be placed on building women and youth organizations'

capacities on business plan identification and development. Technical assistance will be provided to FOs, women and youth organizations, cooperatives and MSMEs to develop a catalogue of the best adaptation and mitigation solutions available in country and the region. It will provide support for monitoring the results and understanding of the operationalization of the programme. To do so, inception workshops will be organized with all FOs, women and youth organizations, cooperatives and MSMEs operating in the targeted areas to discuss execution and implementation mechanisms.

34. A start-up workshop will address the definition of indicators, M&E systems, safeguards, youth and gender action plans, annual work plans (AWPs) and the Project Implementation Manuals. Institutional and regulatory frameworks and planning on renewable energy will support knowledge sharing, capitalization and dissemination of lessons learned. Project's impact and replicability will be enhanced through the involvement of national renewable energy planning, strategies, and sector ministries (ministries of energy, environment and agriculture, economy and finance). This will also contribute to the improvement of institutional and regulatory frameworks at national level so that the price of renewable energy can be lowered over time. In addition to the start-up workshop, training on specific thematic areas will be organized to build the capacity of FOs, women and youth organizations, cooperatives and MSMEs. These areas include: (i) financial literacy and education; (ii) management and business development; (iii) how credit unions (CUs) and MFIs' can increase smallholder producers' savings capacity and (iv) how to enhance their skills to make good use of these products through financial education. FOs, cooperatives and MSMEs with male dominance or with few youth representatives will also be encouraged to increase the active participation of women and youth within their membership and in their decision-making instances, policy/advocacy, technical and economic services and lending services. Outputs to achieve these results are:
35. **Output 2.1: Improve capacities of FOs, women and youth organizations and/or cooperatives and MSMEs' including solar operators (disaggregated by gender and youth)** to design business plans and access green line products from banks (including commercial banks as indirect beneficiaries) and other MFIs. The output will strengthen the implementation of diversified, climate resilient livelihood options through capacity building. Through increased capacities the output strives to restore 200,000 ha of degraded areas, increase the yields of the following crops: millet, sorghum, cow pea, cassava, sweet potato, rice, maize, wheat, fonio (finger millet), groundnut and cotton, cashew, cocoa, coffee), while intercropping cereals with legumes or cereals and cereals, shea butter, nere and baobab. The GCF ESMF provides actions and interventions to enforce the safeguards particularly on risks related to irrigation and water mobilization for irrigation from groundwater and surface water. Additionally, there is a plan and a budget for the close monitoring of activities, with special focus on the use of water against the water balance in the irrigation sector. The ESMF will be implemented by the PMU to ensure sustainable water management use.
36. **Output 2.2: Improved readiness and capacities of banks, MFIs and MFI partners** to seize market opportunities for lending to FOs, women and youth organizations, cooperatives and MSMEs that invest in low emission and climate resilient agriculture. Technical assistance on green lending and climate risk management, financing sustainable water management and related energy technologies to mobilize water for sustaining production and improved readiness of the agricultural banks will enable the bank to start its accreditation to the GCF through the greening process.
37. The technologies and equipment required along the agricultural value chains are for vegetable production (solar water heaters, solar cookers, solar dryers, solar distillers, flat sensors), livestock production and watering (solar pumps, solar refrigerators for vaccine conservation, etc.). Additionally, the programme will support installing solar power systems for multi-services processing, storage, packaging and marketing opportunities. Solar system for hybridized multifunctional platform for workshops will gradually reduce fossil fuel use in the target countries. Solar pumps and efficient irrigations systems are needed to address scarcity and variability of rainfall, particularly during periods of drought, and solar processing technologies will reduce the use of firewood. This will be carried- out through the implementation of technical assistance conducted by consultants and specialists on governance, management and policy. Specialists will also aid in the creation of a package of tools and instruments to better identify investment risk and increase awareness and training in climate smart agriculture practices. The program will support banks, MFIs and MFI partners in developing and updating their environmental and climate strategies and related plans.
38. **Output 2.3: Improved policy dialogue, government technical and institutional capacity, advocacy, training, knowledge management, information dissemination and stakeholder management** through the organization of round tables and events with special emphasis on the specific issues that women and

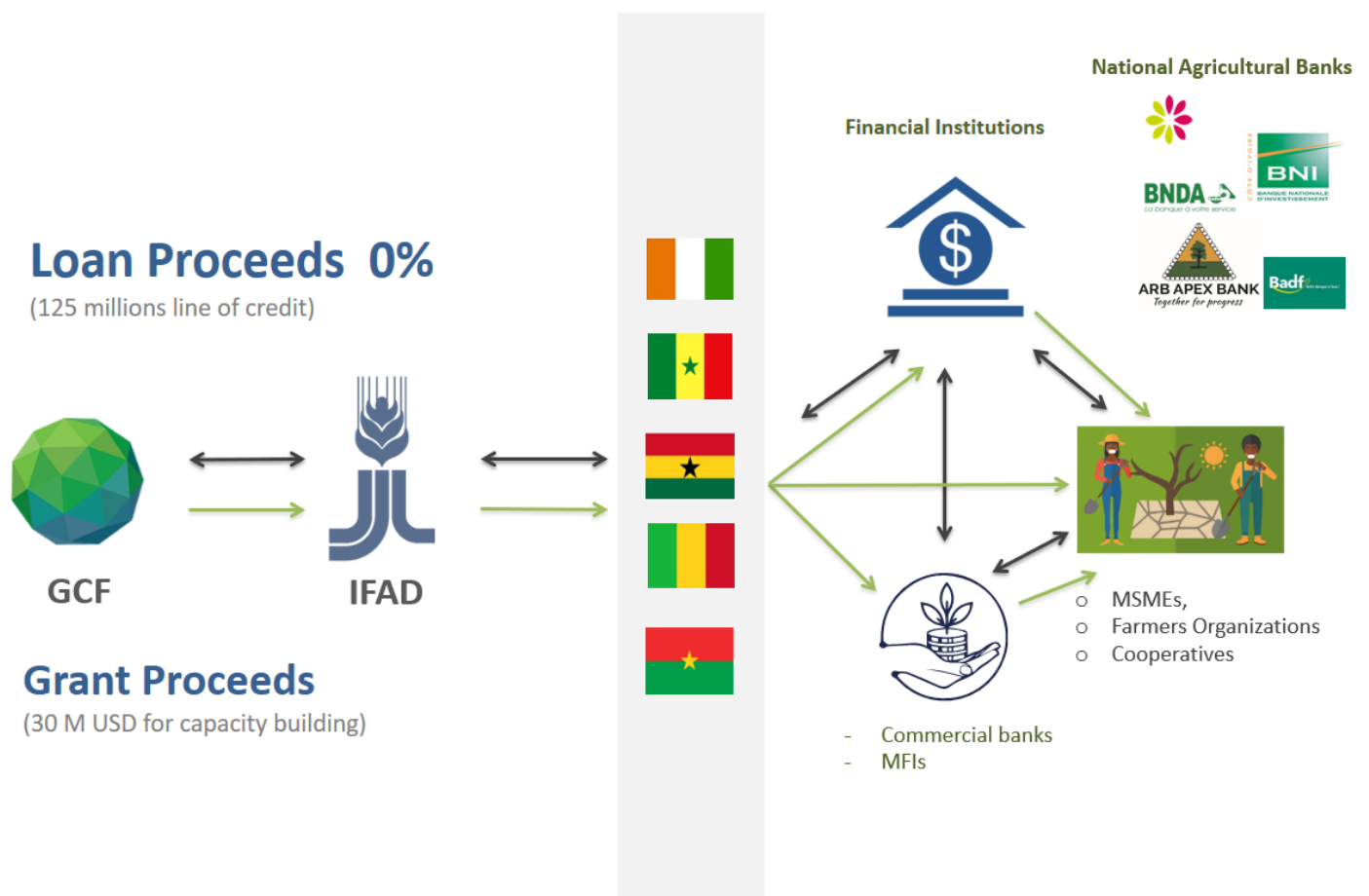
youth face. Other activities include: the production of ten policy briefs and five publications and catalogues for decision makers; the organization of South-South and triangular cooperation tours to share experiences with projects similar to the AFD-GCF project on financing systems or its Productive Investment Initiative for Adaptation to Climate Change (CAMBio II) in Latin America and the Niger Inclusive Green Financing. The dissemination of lessons learned through the creation of a databank containing information on innovative projects will be promoted. This output will promote a transformative approach and a feedback loop for scaling up these investments in the future through engagement with the government and capacity building, advocacy and training of national institutions on the economic development objectives associated with the financing windows.

39. Furthermore, the project will promote knowledge management, information dissemination and stakeholder engagement through the creation of solution-oriented platforms, including a databank that contains information on innovative projects for high-level policy dialogue between, FOs, banks, MFIs and government authorities (national and local). Additionally, this output will promote strengthened government technical and institutional capacity to promote green financing EbA, and climate-resilient agriculture and enhance the awareness of the FOs, cooperatives, MSMEs and MFIs. The project will also organize high-level and technical events and develop a platform for exchange between value chain actors and financial institutions.
40. To support stakeholder engagement and capacity building on green lending, a stakeholder engagement plan will be developed and implemented. A regulatory framework will be designed to ensure the promotion, regulation of and support for the system beyond the project's life cycle.
41. **Output 2.4: Increased number of women and youth entrepreneurs engaged in EbA, renewable energy use and climate resilient agriculture**, including at various decision-making levels along the agricultural value chain. The activities to be conducted include training on financial literacy, natural resources management, decision-making, labour saving and cost-competitive technologies for developing vegetable gardens, agroforestry and gender-related studies to orient decision-making. Women will also be represented in the decision-making processes. Clients' business plans will be reviewed to ensure that measures are adopted to close the gender gap in agriculture and leadership programmes will be organized to ensure that women are provided better access to productive assets and credit (for a detailed description of activities, see ToC in Annex 2a).
42. **Component 3: Incentive scheme to encourage MFIs, FOs, cooperatives and MSMEs to adopt adaptation and mitigation measures. (GCF and IFAD grants, administrated by Government baseline project PMUs)**
43. **Output 3.1: The Regional Sahel Award programme is operational in each country.** This award consists of i) an Annual Sahel Award incentive in the form of a debt cancellation to promote sustainability in smallholder agriculture and ii) an institutionalized annual award ceremony. The Award will cancel a maximum of \$ 8,500 of debt on top of the loan principal granted under both windows in Component 1 and will be awarded to the five best projects submitted during the year under each window in each country. The administration of the prize will be carried out as follows: \$ 4,000 will be cancelled at the time of selection; \$ 3,000 at the time for the mid-term review; and \$ 1,500 once adaptation/mitigation measures have been successfully implemented and monitored. As administrator of the award, the recipient government will hold the right to revoke the debt forgiveness to recipients that do not comply with original terms at a mid-term review. The Sahel Award trophies will be given to the selected beneficiaries and the distinction will be considered as collateral when applying for additional loans from banks. The recipient country, through the Ministry of Finance, will administrate these resources. IFAD and selected banks will review applications and make recommendations to the government based on their expert opinion. The award selection committee will be further detailed in the manual of implementation, but decisions will remain with the government (Measures will be taken to ensure that among the winners of the award, 45 percent are MFIs, FOs, cooperatives and MSMEs led by women and 55 percent are led by youth (see table below). The Annual Sahel Award Ceremony will be organised to honour changes in attitudes and the best adaptation and mitigation projects and initiatives developed at the national level by MFIs, FOs, cooperatives, women and youth organizations and MSMEs. A Sahel Award Trophy will also be designed.
44. **Output 3.2: Women and youth incentivized to implement climate adaptation and mitigation measures and RET in agricultural value chains.** The project will specifically target women and youth, as they are

the more vulnerable societal groups to climate change. Targeting will be carried out according to the definition of women led MSMEs, FOs and Cooperatives in each country.

45. An operational manual will be built at the programme level to further detail, (i) the context of the Programme, (ii) the role of the main stakeholders, (iii) the eligibility of investments and (iv) the operational monitoring schemes, etc. grant/loan operational manual will be built in particular considering the GCF specific objectives, the logical framework and impact indicators, and the indicative list of climate technologies eligible for investment and in line with COVID-19

Proposed flow of Funds



Component 4: Programme management and coordination

46. This component is dedicated to efficient management, monitoring and evaluation of the programme and dissemination of implementation results. It includes the supervision of activities, the monitoring and evaluation, as well as the annual audits. The programme design embraces the “subsidiarity principle,” whereby most interventions will be implemented at the national level. Implementation/institutional arrangements will be detailed in the funding proposal.

Output 4.1: Programme management and staffing

47. **At the regional level: a regional coordination unit** will be established and located in Dakar West Africa IFAD Regional Office. A Regional Steering Committee of the Program (RSC), which will provide general guidance for the implementation of the Program, will be established. The regional coordination unit will be staffed by a lead regional coordinator with green finance background (P4 Level); a Financial Management and Accounting specialist (P2) and KM and M&E (P2) level. The RCU will be IFAD staff and will be in charge of the day-to-day overall program management and coordination with country teams and participating agencies. The regional coordination will supervise all activities related to SSTC, KM and reporting to IFAD.
48. **At the national level:** A Project Management Unit (PMU) will be established within each bank. The PMU will ensure: (i) efficient coordination, monitoring and evaluation of project activities linked to the loan; and (ii) stakeholder awareness and participation through timely and transparent communication of results and consistent citizen engagement (iii) production of financial reporting in line with GCF and IFAD standards. The PMU will be headed by a Project Manager (with demonstrated capabilities as a climate adaptation specialist on how to implement low emission and climate resilient agriculture, EbA approaches and energy for agriculture). The following key programme staff will support them: finance manager, environmental specialist, targeting gender and youth specialist and M&E specialist that will provide administrative support to the PMU and other partners. The overall work of the PMU will be subject to the decision-making and approval authority of recipient government through the Ministry of Finance. The key staff of the PMUs will be recruited on a competitive basis, in line with IFAD standards and procedures.
49. The financial management of and procurement for the programme will be carried out in accordance with IFAD applicable rules and practices, as well as the IFAD's Program Implementation Manual (PIM), the programme specific PIM and loan administration arrangements established through the Letter to the Borrower and the Financing Agreement between IFAD and each National Borrower/Recipient. Each PMU at national level will adopt the same accounting standards and install the same accounting software in order to facilitate the consolidation of financial statements at the level of the Regional Coordination Unit.

Role and responsibilities for the management of GCF loan and grant proceeds between IFAD

	Regional level	Country level	
	Regional Coordination Unit (IFAD project staff paid by the GCF grant proceed)	PMUs within each Bank	PMUs of the IFAD baseline investment
All 5 countries of the GGWI	Program oversight, coordination and supervision of all activities related to SSTC, KM and reporting to IFAD and the GCF	Implementation of the loan proceed with the bank, report to the IFAD PMUs,	Implementation of the Grant proceed and report the country project performance to the RCU and the Ministry of Finance (recipient country)

50. In preparation of each IFAD supervision missions, the Regional coordination unit will prepare semi-annual and annual project reports. Reports (progress reports, financial reports lessons learnt, expenditures and project risk) will be provided by the PMU located within the respective banks to IFAD. IFAD will support the recipient government in monitoring progress on implementation.
51. The project PMU (within the selected banks): The project PMUs will produce quarterly financial reports to be submitted to IFAD within 45 days from the end of each quarter. Quarterly progress reports will also be prepared by the project's implementing partners (borrowers such as FOs, MSMEs, cooperatives, MFIs and solar operators) to IFAD and to the Regional Coordination Unit to ensure continuous monitoring of programme activities and identify challenges to adopt necessary corrective measures in due time. Technical reports (inception, best practices, terminal evaluation report, midterm review, supervision) will also be completed. All technical and financial reporting requirements required to the project implementing partners will be detailed in the MoUs that will be signed between the national PMUs and its Partners. The regional coordination unit will be charged of the oversight on quality, completeness and soundness of each of these agreements.

52. **Financial and technical reporting:** The finance officer within each PMU will provide to the RCU with quarterly interim financial and technical reports in accordance with international accounting standards, as well as annual audit reports in accordance with IFAD's handbook for Financial Reporting and Auditing of IFAD-financed projects. PMU at country level will prepare the financial statements / consolidation packages and contract the external auditors. The RCU will prepare the consolidated financial reports and contract the external auditors.
53. **External evaluations:** The programme and each country project will undergo an independent external midterm evaluation of progress on targets at the midpoint of the implementation period. A final evaluation will be conducted three months before project closure.
54. **Field visits:** Government authorities, members of Project National Steering Committee (see governance below) and IFAD staff will conduct regular field visits to project sites based on the schedule established in the project's Inception Report/Annual Work Plan to assess project progress first-hand.
55. **Procurement:** Procurement plans will be conducted in accordance with IFAD's procurement handbook and guidelines. Procurement plans will be prepared annually and validated by the national steering committee. Before initiating activities, project PMUs will request a No Objection from IFAD, like every other IFAD investment project.
56. **Loans:** The recipient governments are entitled to request disbursements of funds from IFAD, for amounts spent or planned to be spent for the purposes set out in the financing agreement between the two parties, subject to fulfilment of the conditions outlined in the financing agreement and loan administration arrangements. Except with IFAD's consent, no disbursements shall be made (a) on account of expenditures procured in violation of the IFAD's Procurement Rules; or (b) to finance expenditures incurred prior the date of the financing agreement other than those that are expressly permitted, (c) for expenditures that are not included in the Project's Annual Work Plan and Budget (e) for expenditures that do not meet eligibility criteria as detailed in IFAD General Conditions. Requests for disbursement shall be made promptly and in conformity with the IFAD's disbursement rules and procedures. TA grants: Payment modalities to be established in the Letter to the Borrower.
57. **Governance:** In each country a National Steering committee will oversee the implementation of the allocated funds (loans/grants) as agreed with the GCF. The regional coordination unit is responsible for the overall coordination of country resource allocation and implementation and reporting. Full details of structure and positions will be provided at Funding proposal stage.
58. **External Audit:** will be conducted annually and in accordance with IFAD's handbook for Financial Reporting and Auditing of IFAD financed projects. More details regarding audit arrangements, including auditing standards, financial statements requirements, audit of project expenses incurred by the Executing Entity s and the Accredited Entity's role in recruiting auditors can be found in the IFAD' handbook available online.
59. At the fiduciary level, the volume of work in the project's financial function is sufficiently high to require the recruitment of an internal auditor and the strengthening of the team at the National Bank based PMUs. Partner communities or NGOs will execute a large part of the baseline project activities. The policies and procedures of country project will clearly define measures to protect the organization from this type of situation.
60. **Output 4. 2: Dissemination of good adaptation practices and climate information.** This output involves the dissemination of regional/national public awareness materials on green finance and greening financial systems particularly public development banks and central banks in West Africa. It includes outreach activities to support key actors of the financial system involved in the agricultural sector (banks, regulators, insurances, investors, agricultural and development banks, microfinances institutions), policymakers and senior government officials, private actors. Activities include providing support to the Central Bank of West African Monetary Union (WAMU) which covers Senegal, Mali, Burkina and Cote d'Ivoire and the Ghanaian Central Bank on their transition towards green finance. Central banks related activities are : institutional and regularly framework support ; develop climate risk management practices at project level (standards), develop and harmonize green lending products, instruments and tools such as ESG benchmarks; strategic studies and knowledge on green finance within the financial system and climate allocation by both

private sector and government in the agricultural sector, sharing best practices. IGREENFIN will support the establishment of a platform of green development banks/ central banks-regulators, in the region to advance the policy dialogue and coordination with governments and partners on green finance for the SDGs; the NDCs and the Paris Climate Agreements. In order to enhance uptake of technologies and enhance future adaptation at scale, the programme will promote South South and Triangular cooperation with similar program in Latin America and Asia of which are financed by the GCF. The programme will support the dissemination and continued use of green finance worldwide and connect the selected banks with other similar initiatives around the world.

B.3. Expected project results aligned with the GCF investment criteria (max. 3 pages)

61. IFAD is committed to supporting its member states to ensure that mainstreaming climate and environment 100 percent into Country Opportunity Strategic Programmes (COSOPs) and focusing 25 percent of the Programme of Loans and Grants (PoLG) are Paris Agreement compatible activity. In other terms turn IFAD investments and supplementary funds of low-carbon and climate-resilient development trajectories and maximize the impact of IFAD's programmes and policies on rural transformation, climate resilience and sustainable development. The West and Central Africa Environment and Climate Business Plan draws on IFAD's new Strategy and Action Plan on Environment and Climate Change (2019-2025) and aligned another IFAD strategies and action plans (Youth, Gender, co-financing, private sector) has set an ambitious target of 500 million USD to help countries close their adaptation gap and co-financing gap in the region. These resources will enable IFAD to provide much needed support for WCA countries' efforts to accelerate progress towards achieving the commitments of their Nationally Determined Contributions (NDCs) and meeting the Paris Climate Agreement's target of keeping global temperature rise well below 2°C by the end of the century. IFAD is using the MDB methodology to ensure that its baseline investments are climate focus with a target of at least 25 % under IFAD 11. IFAD has set up a PSF and ASAP + facility to continue supporting countries to meet their global commitment on climate.
62. The five-selected countries have consulted IFAD to support in mobilising additional concessional resources to respond to country needs in a post COVID context. IFAD organised a climate event where all NDAs and CEOs of the agricultural banks have expressed their desire to mobilize these resource and support the paradigm shift toward low carbon and climate resilient agriculture.
63. In accordance with the local context and climate policy of the countries being targeted by the Programme, the funds will aim at financing various climate resilient technologies and sectors, including: water capture, Borehole irrigation, In situ reintroduction of more stress-resistant breeds and crop varieties, sand stabilization and other land management and agronomic techniques. Other focus areas will be Ecosystem-based adaptation (EbA), capacity building and awareness raising on adaptation and mitigation in agriculture, renewable energy technologies (RETs), energy for water mobilization and value addition along value chains (processing, packaging, maintenance), safe farming under post COVID-19. Consequently, the main mitigation and adaptation indicators used to monitor the Programme's impacts will be as follows:
64. As part of IFAD's co-financing strategy and action plan, the plan seeks to mobilize USD 500 million finance for environment and climate from global environment and climate facilities (GCF, GEF and AF) in order to close the adaptation and mitigation gap in smallholder agriculture. It also aims at triggering private and public green investments, including green bonds, in all 24 countries where IFAD operates. These resources will enable IFAD to provide much needed support for WCA countries' efforts to accelerate progress towards achieving the commitments of their Nationally Determined Contributions (NDCs) and meeting the Paris Climate Agreement's target of keeping global temperature rise well below 2°C by the end of the century. Specialists estimate that this will require the world to reach net-zero greenhouse gas (GHG) emissions by 2050. The plan will also contribute to advances on the African Union's Agenda 2063 in the region. By mobilizing additional funding for IFAD's ambitious pipeline of projects to tackle environmental and climate change challenges for each of the 24 countries and for the region.
65. This programme will serve as an investment pillar of the future GCF- Green Great Wall initiative program supported by UNCCD and the three S initiative. For this major African-led initiative with the bold ambition to restore the productivity and vitality of the Sahel region, whilst 'growing solutions' to the Continent's most urgent development challenges, this programme will channel resources to beneficiaries. Spanning the entire width of Africa – 7 775km from Senegal to Djibouti – the "wall" consists of a mosaic of projects implemented by countries in the region with the support of development partners, including UNCCD. Financing of this

programme will help accelerate the implementation of the initiative which has started in 2007 as a pan-African sustainable landscape programme to address land degradation and desertification, boost food, environmental and economic security, and support communities to adapt to climate change. Its vision is about far more than just growing trees but : i) grow climate resilience for local communities in a region set to be hit by a 3-5 degree temperature rise by 2050 ii) grow food security for the 20 million people in the Sahel that go hungry every year. Additionally it supports green jobs to provide stable incomes for African women and youth iv) grow a global response to the migration crisis, with 60 million people set to migrate to Europe from degraded parts of Africa by 2020 v) grow peace and security in the Sahel, where conflict has displaced 2.8 million people this year alone.

66. By promoting a scaling up of the Niger GCF SAP business model, IFAD is driving the transition to a climate resilient financial system in the WCA and beyond (<https://unepinquiry.org/publication/inquiry-global-report-the-financial-system-we-need/>). With this project, IFAD joins a handful of international organizations and financial institutions at the global level who are striving to align the financial sector on the goals of the Paris Climate Agreement and the SDGs and encourage it to engage in green financing on its own. (<https://www.greenclimate.fund/sites/default/files/document/gcf-driving-transformation-climate-resilient-financial-system-1.pdf>).

67. The climate impacts will be monitored at project level through a set of mitigation/adaptation indicators, defined in cooperation with the banks, IFAD baseline investments and in accordance with the projects and targeted sectors through the credit line, in line with the GCF's Performance Measurement Frameworks. The final impacts are not known ex ante, as they will depend on the portfolio of eligible projects that the banks will approve in line with the set of eligibility criteria proposed. The TA will be in charge of measuring and controlling these impacts.

B.4. Engagement among the NDA, AE, and/or other relevant stakeholders in the country (max ½ page)

Please describe how engagement among the NDA, AE and/or other relevant stakeholders in the country has taken place and what further engagement will be undertaken as the concept is developed into a funding proposal.

68. The Agricultural Bank of Niger (BAGRI) is the first financial institution in the region to take courageous new steps towards a greener approach to financing climate-resilient smallholder agriculture. With support from the Government of Niger and IFAD, it is generating a paradigm shift within the country's financial system – and it has begun sparking interest in other parts of the region. During the various phases of the GCF SAP Niger, IFAD has received several requests from NDAs and CEOs of agricultural to scale up this business model in their countries. In February 2020, IFAD organised a regional climate event in Dakar where NDAs of several countries (Burkina Faso, Cote d'Ivoire, Ghana, Mali and Senegal) of the GGWI and their agricultural and national investments banks requested IFAD's support to pursue similar projects with the GCF. This has led to the formation of a coalition of local state-owned banks (agricultural and investment banks) that are ready to embrace green financing for climate resilient and low emission smallholder agriculture. All NDAs informally endorsed this program and are planning to share the NOLs. Country working groups have been formed to proceed to the full design. At the submission of the CN, 2 NOLs were received and other informally endorsed but not received

C. Indicative Financing/Cost Information (max. 3 pages)

C.1. Financing by components (max ½ page)

Please provide an estimate of the total cost per component/output and disaggregate by source of financing.

Component/Output	Indicative cost (USD)	GCF financing		Co-financing		
		Amount (USD)	Financial Instrument	Amount (USD)	Financial Instrument	Name of Institutions
Component 1	130,000,000	125,000,000	Senior loan			
Component 2	20,000,000	20,000,000	grant			
Component 3	5,000,000	5,000,000	grant			

Component 4: Programme coordination	5,000,000	5,000,000	grant			
Indicative total cost (USD)	160,000,000					
Parallel co-financing IFAD						
Component 1	20,000,000	IFAD baseline Investment PMUs	5 selected Banks 5,000,000 (1 million per bank)			
Component 2	5,000,000	IFAD baseline Investment PMUs				
Component 3	1,000,000	IFAD baseline Investment PMUs				
Component 4	4,000,000	IFAD baseline Investment PMUs				
Total GCF+ co- financing	160,000,000 + 30,000,000= 190,000,000					

C.2. Justification of GCF funding request (max. 1 page)

69. Sub-Saharan African countries that are partners of the GGWI are amongst the least developed countries in Africa, the most vulnerable to climate change and hold some of the lowest capacity to mobilize financing to address climate impacts and shocks. With the impacts of the COVID-19, these economies are predicted to be in recession and all development gains are under threats if concessional financing is not mobilised for the most vulnerable communities. While country fiscal space is much narrowed and financial resources are being directed into the health crisis, more funding is needed to prevent food crisis in a changing climate.

70. The GCF has a crucial role to play in mobilizing investments in climate mitigation and adaptation in developing countries. The GCF's involvement in supporting the proposed Programme will directly allow IFAD to catalyse highly concessional funding, diversify and increase sectors of intervention and areas, strengthening the involvement of private sector (MSMEs, FOS, Cooperatives and riskier projects under a post COVID context). This will have a particularly positive impact in climate resilience. This is not the norm in the region as investment in the sector is traditionally perceived by the private sector as expensive and complex because the environmental advantage of more resilient investments and practices is not well recognized. The technical assistance and reduced interest triggered by zero percent GCF concessional resources will provide an incentive to MSMEs, FOs, youth and women led cooperatives and final beneficiaries the comfort to try innovative practices. The incentives and technical assistance will further nurture the best technical approaches and remove non-financial barriers in sighting the adoption of best mitigation and adaptation practices. With this programme, IFAD is nurturing a potential brand on green finance, which will contribute to greening sub Saharan agricultural development banks and the financial sectors.

71. Without the GCF's contribution, the post COVID-19 context would result in a considerably longer timeframe for existing market barriers to be removed through national investment, particularly when clients are smallholder farmers and actors along agricultural value chains in West Africa. Furthermore, cooperation with civil society-particularly community-based organizations, farmers' groups, and cooperatives – has proven to be an effective buffer against crisis impacts, underlining its importance in taking on climate change and other looming challenges. In the meantime, access to finance for climate investments would remain limited to a certain number of borrowers and remain too costly for many others. GCF's contribution will unlock the considerable potential for climate mitigation and adaptation in the region. It will support the greening of financial system (central banks, public development banks) and transition towards green economies. More specifically, the added value of the GCF funding will help to operationalize the commitments made by the countries in the Paris Agreement and countries commitment through their NDCs and involvement of private actors.

72. This programme will also benefit by falling under the wider GCF GGWUP to be coordinated by IFAD. This will result in close in strong collaboration and coordination of projects across the GGWI partners, leading to selection of complimentary and synergistic projects and programmes across the target countries. These synergies will result in positive feedback loops that will enhance the impact of the programme beyond the context of the current baseline. The GGWUP will also provide a unique platform for strengthened and targeted knowledge management to share valuable lessons learned across the region and foster strengthened implementation and management outcomes, further enhancing the impact of GCF funding.

C.3. Sustainability and replicability of the project (exit strategy) (max. 1 page)

Please explain how the project/programme sustainability will be ensured in the long term and how this will be monitored, after the project/programme is implemented with support from the GCF and other sources.

For non-grant instruments, explain how the capital invested will be repaid and over what duration of time.

73. Reduced interest rates on sub-loans, improved risk analysis and increased capacity of FOs including women and youth organizations, MFIs and MSMEs in the selected countries' financial system will ensure the long-term sustainability of the programme. Ultimately, the project will boost the growth of green economies. Sustainability of the programme is assured by multiple impacts.
74. GCF funds will allow sub-loans to be extended (at an interest rate of 0 per cent) to MSME's, FOs and cooperatives through Financing Facilities operated by the participating banks. Cumulative recoveries of sub-loan repayments to Banks that exceed the necessary service limits on the original GCF loan are predicted to lower interest rates of non-concessional loans after the project's life cycle. Complimentarily, GCF loans will contribute to the development of climate-smart credit scoring tools that ensure that loan applications are appropriately screened to reduce risks to the lender, thereby also contributing to the reduction in interest rates.
75. It is expected that these interventions will reduce banks interest rates from an average 10 per cent (pre project) to five per cent in the long term. Subsequently, banks loans will gradually become more attractive once the project has ended, as interest will have been reduced, thus stimulating more loan applications and investment in resilient agriculture and RETs particularly under a post COVID context. By creating a self-sustaining loan portfolio, that ensures institutionalisation of green lines within the banks in the long term, MFIs are expected to adopt similar approaches and influence the market rates. Beneficiaries of the GCF components could also use their loan approval as collateral for additional rural financing from the IFAD cost-sharing mechanism under IFAD baseline investments and other concessional loans within banks.
76. Training and capacity building for secondary FIs (including ones from the private sector) through Component 2 will stimulate the creation of similar facilities. Decision makers will acquire a better understanding of risk/return profiles related to individual RETs and climate resilient agricultural techniques and be enabled to implement appropriate governance, lending procedures and credit risk tools that reduce FIs' lending risks. In the long term, capital returns on loan repayments from non-government organizations will increase lending power and reduce interest rates from private sector sources to enhance greater investment in RETs and agricultural resilience in the five countries. The socio-economic and environmental benefits of RETs and resilient agricultural techniques (e.g. EbA) will be shared through knowledge management interventions to aid the upscaling and replication of these approaches and will be accessible in the long term. Due to this increased number of FIs expected to invest in the sector and the diversity of investments across agricultural value chains, the project interventions are not expected to distort the market. These lessons learned and increased technical capacity will also further enable Banks to raise additional funds from global and regional markets to continue providing concessional loans to clients. The programme will also strengthen governments (central and local) technical and institutional capacity to promote green financing, EbA and climate-resilient agriculture and raising the awareness of the FOs, cooperatives, MSMEs and MFIs through better cross-sector coordination, advocacy and policy reforms.
77. The programme is also designed to green MFIs, other banks by promoting a strategic partnership with the selected banks. The setup of the green financing windows through this project will scale up this approach in the country's financial sector in each country. The recipient countries will provide incentives, a regulatory framework addressing interest rates and extension services in relation to the extent and significance of

climate risks, and support better access to concessional finance. The banking systems sustainability element will ensure that farmers and produce penetrate local, regional and national markets financed at affordable credit levels. Building on the impact of reduced interest rates and increased lending, the institutionalisation and exposure of the Sahel Award, will further increase the profile of RETs and resilient agricultural techniques in the region. It is expected that the award's outreach will encourage MSME, FOs, cooperatives and smallholder farmers to apply more for financing to install RETs or implement resilient agricultural techniques based on EbAs.

78. In addition to the mechanisms described above, policy dialogue between the public and private sector, including producers, will contribute to the development of a regulatory framework to sustain project interventions beyond project duration. Further, throughout the programme, IFAD will support Banks readiness to their accreditation to any green funds (Adaptation Fund, Global Environment Fund), aiding countries to become champions on climate finance in the region and to make the transition towards a green economy.

79. Capacity building and training for FOs, women and youth organizations, MSME, MFIs and solar company loan recipients on business plan development will ensure that appropriate measures for maintenance and the long-term operation of installed hybridized solar micro and mini-grids, off-grid solutions and stand-alone systems for agricultural are ensured beyond project completion.

D. Supporting documents submitted (OPTIONAL)

- Map indicating the location of the project/programme
- Diagram of the theory of change
- Economic and financial model with key assumptions and potential stressed scenarios
- Pre-feasibility study
- Evaluation report of previous project
- Results of environmental and social risk screening

Self-awareness check boxes

Are you aware that the full Funding Proposal and Annexes will require these documents? Yes No

- Feasibility Study
- Environmental and social impact assessment or environmental and social management framework
- Stakeholder consultations at national and project level implementation including with indigenous people if relevant
- Gender assessment and action plan
- Operations and maintenance plan if relevant
- Loan or grant operation manual as appropriate
- Co-financing commitment letters

Are you aware that a funding proposal from an accredited entity without a signed AMA will be reviewed but not sent to the Board for consideration? Yes No

