

STAP guidelines for screening GEF projects

Part I: Project Information	Response	
GEF ID	10497	
Project Title	AGRI3 A Forest Conservation and Sustainable Agriculture Fund for Developing Countries	
Date of Screening	21 May 2020	
STAP member screener	Mark Stafford Smith	
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STAP Overall Assessment and Rating	<p>Minor issues to be considered during project design:</p> <p>STAP welcomes Conservation International’s project “AGRI3 A Forest Conservation and Sustainable Agriculture Fund for Developing Countries”. This exciting proposal enabling \$13.5m of GEF funds to de-risk >\$1bn private sector loan funding for global environmental benefit from across the world.</p> <p>STAP urges proponents to put more explicit work into theory of change as project design proceeds (STAP’s theory of change primer may be helpful here). There is much thinking in the proposal that is fragmented and could be organised more systematically in this way. STAP feels there are three levels of theory of change needed for the project (see section 3 below). Although the core of AGRI3 is level (ii), STAP suggests each might benefit from an explicit theory of change as (ii) will not work without (i), and (iii) is stated as an explicit aspiration to inspire replication at real global scale.</p> <p>Through this, STAP also suggests more attention could be given to the durability of global environmental benefits and avoiding ‘leakage’ through loan design criteria which might link to national commitments such as LDN, even though AGRI3 cannot be indefinitely responsible for this.</p> <p>Climate change risk and avoiding maladaptation in the loan portfolio is not really addressed but could be quite easily done.</p>	

	Below, STAP provides further guidance on improving the project design.	
Part I: Project Information B. Indicative Project Description Summary	What STAP looks for	Response
Project Objective	Is the objective clearly defined, and consistently related to the problem diagnosis?	Yes
Project components	A brief description of the planned activities. Do these support the project's objectives?	Yes, noting comments that follow
Outcomes	A description of the expected short-term and medium-term effects of an intervention. Do the planned outcomes encompass important adaptation benefits?	
	Are the global environmental benefits/adaptation benefits likely to be generated?	Plausible; the key issue here, as noted later, is encouraging their durability.
Outputs	A description of the products and services which are expected to result from the project. Is the sum of the outputs likely to contribute to the outcomes?	Plausibly: see comments on Theory of Change (ToC) below. Notably Output 6 might be adjusted to include the need for the 48 companies to not only implement a variety of improved practices which deliver global environmental benefits, but also (through diverse possible pathways) make sufficient additional cashflow to repay the loans.
Part II: Project justification	A simple narrative explaining the project's logic, i.e. a theory of change.	
1. Project description. Briefly describe: 1) the global environmental and/or adaptation problems, root causes and barriers that need to be addressed (systems description)	Is the problem statement well-defined?	Yes: the core problem is that private sector investments in sustainable management that could deliver global environmental benefits from significant transformations in agriculture and forestry are often perceived as too risky and long-term by current private capital providers' assessment processes, even though there is good cause to believe that many such practices provide both environmental and economic returns (ie 'bankable benefits').
	Are the barriers and threats well described, and substantiated by data and references?	Although plausible, this description is very light, and focuses only on financing barriers, as above. It would be helpful for the next stage of project development to work through and document a

		more comprehensive theory of change, which would raise some other barriers [which actually often seem to have been considered but are not addressed systematically – for example an obvious barrier is aggregating investment to sufficient scale that financial institutions will take notice – this is in fact handled by the appropriate focus on larger companies of supply chain aggregators (e.g. sugar mills) that can link to multiple managers, but key barriers like this or producer hesitation to transform, etc, need acknowledging so as to ensure a systemic rationale for the form of the intervention]. See ToC comments below.
	For multiple focal area projects: does the problem statement and analysis identify the drivers of environmental degradation which need to be addressed through multiple focal areas; and is the objective well-defined, and can it only be supported by integrating two, or more focal areas objectives or programs?	Diverse problems and opportunities are identified.
2) the baseline scenario or any associated baseline projects	Is the baseline identified clearly?	The baseline is also very light – important prior projects and potential collaborations are noted, but there is no analysis of what may happen in the absence of this particular intervention, hence no basis to quantifiably assess any incremental reasoning of benefits. E.g. are other actors creating this sort of investment anyway?
	Does it provide a feasible basis for quantifying the project's benefits?	Although the benefits are plausible, the baseline is poorly defined, as above.
	Is the baseline sufficiently robust to support the incremental (additional cost) reasoning for the project?	As above
	For multiple focal area projects:	
	are the multiple baseline analyses presented (supported by data and references), and the multiple benefits specified, including the proposed indicators;	No
	are the lessons learned from similar or related past GEF and non-GEF interventions described; and	Useful related projects are identified, but there is little on explicit lessons from past interventions.
	how did these lessons inform the design of this project?	

<p>3) the proposed alternative scenario with a brief description of expected outcomes and components of the project</p>	<p>What is the theory of change?</p>	<p>A theory of change diagram is presented (p.22) but this is more a log frame than a ToC – it does not show the logic of addressing any barriers nor the assumptions that are made to justify the links from outputs to outcomes to impacts. The text then launches into what will be done without addressing these issues thoughtfully. STAP strongly urges a more systematic ToC process before more design is enacted.</p> <p>STAP's reading is that there are really three levels of assumptions in this potentially exciting project, each of which should be acknowledged in the ToC (or perhaps more easily in more than one ToC); each has element of scaling, barriers to which should be addressed explicitly. It is clear that these have all been considered, but there is not a simple systematic articulation of them in a ToC:</p> <ul style="list-style-type: none"> (i) that on-ground loans will create durable global environmental benefits at the same time as improving economic returns to pay back a loan; p.19 identifies 3 key pathways here – on ag land, degraded lands and degraded forest. It might be useful to have a simple explicit ToC for each of these indicating what assumptions there are about how loans in each case will both produce benefits (these are noted on p.19) and cash flow to cover a loan. Each case has different models for aggregating demand into a loan (some case studies of which are usefully provided at the end of the PIF, again showing thought has been given to these issues but not apparently systematized). This would help provide the right measures and assurance for the project core (ii); and also open up a wider discussion about ensuring durability of the benefits, touched on below. (ii) that individual loans can be scaled to a portfolio with sufficient success that overall
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		<p>risks are managed to the portfolio target; this is the core (and very credible) part of the project, where the GEF investment needs to trigger sufficient confidence and exemplars that other finance joins in to scale AGRI3 to its \$1bn target. Again, there are implicit assumptions touched on elsewhere in the document about what will provide other investors with confidence, but making this more explicit would help identify (e.g.) what sort of initial loans might be most persuasive, and what monitoring would help bring other investors on board.</p> <p>(iii) that the model can be credibly promoted to other financial institutions to take a similar approach. This is noted as an aspiration and may not be a core priority; but if it is an intent, it would be useful again to analyse the logic behind this aspect of scaling, which might affect how and where the results of AGRI3 are reported, etc.</p> <p>Although the core of AGRI3 is (ii), STAP suggests each of these steps might benefit from an explicit theory of change, with (ii) and (iii) paying attention to the issues of scaling.</p> <p>STAP's theory of change primer, which can be of use, can be found at: https://www.stapgef.org/theory-change-primer</p>
	What is the sequence of events (required or expected) that will lead to the desired outcomes?	As above
	What is the set of linked activities, outputs, and outcomes to address the project's objectives?	As above
	Are the mechanisms of change plausible, and is there a well-informed identification of the underlying assumptions?	Scattered through the proposal there are various detailed design aspects that show a great deal of work has gone into the design of AGRI3. However, again, a more systematic ToC would enable the key assumptions to be articulated and

		monitored, and thus provide a better, more formal basis for adaptive implementation. On p.57, it is asserted that evaluation of implementation has already begun, but this must surely require a clear ToC with explicit assumptions to frame the data collection and evaluation?
	Is there a recognition of what adaptations may be required during project implementation to respond to changing conditions in pursuit of the targeted outcomes?	
5) incremental/additional cost reasoning and expected contributions from the baseline, the GEF trust fund, LDCF, SCCF, and co-financing	GEF trust fund: will the proposed incremental activities lead to the delivery of global environmental benefits?	<p>Yes, plausible. However, section 5 only addresses the financial model, not the incremental level of GEB delivery.</p> <p>In addition, there is a risk of ‘leakage’ which should be addressed as the project design continues – could actions in the target areas result in pressures (e.g. on forest clearing) simply moving elsewhere? (e.g. p.31 Outcome 1.1). This is recognized in the proposal, and p.42 reasonably asserts that the “Fund cannot be expected to be responsible post-exit” – however, as suggested on p.27, projects could be prioritized in countries most likely to have controls on offsetting damage; similarly, though not suggested, there could be a focus on countries with an LDN commitment and projects could be required to register as contributing to the country’s LDN commitment (where appropriate), so at least there is monitoring of whether (i) the land types suffer leakage elsewhere and (ii) whether the loan recipient subsequently allows new degradation. A simple ToC on each class of activities to be funded (p.19) would help uncover options such as these.</p>
	LDCF/SCCF: will the proposed incremental activities lead to adaptation which reduces vulnerability, builds adaptive capacity, and increases resilience to climate change?	
6) global environmental benefits (GEF trust fund) and/or adaptation benefits (LDCF/SCCF)	Are the benefits truly global environmental benefits/adaptation benefits, and are they measurable?	Yes, potentially

	Is the scale of projected benefits both plausible and compelling in relation to the proposed investment?	Yes (subject to durability of benefits in relation to leakage, as above)
	Are the global environmental benefits/adaptation benefits explicitly defined?	Yes
	Are indicators, or methodologies, provided to demonstrate how the global environmental benefits/adaptation benefits will be measured and monitored during project implementation?	<p>OK.</p> <p>It is worth noting that the interests of GEF in monitoring are not exactly congruent with the interests of the fund – it may be worth quarantining some monitoring funds separate to the fund operations in order that there are not perverse incentives or pressures on loan projects, such as over-burdensome monitoring on a fundamentally financial transaction. Conversely, GEF may be mainly interested in GEBs but the fund should be tracking the ability of loan recipients to develop extra cash flow as well as GEBs from their changed management, to make the loan repayments viable.</p> <p>Having said this, it is surprising that Fig.6 p.37-8 does not include some indicators of financial performance at both loan project level (e.g. improved ability to repay as a result of the loaned investment) and overall fund level, since GEF would want to know these proximate indicators that the Fund and its recipients are viable. Presumably these indicators would be collected by the Fund anyway.</p>
	What activities will be implemented to increase the project's resilience to climate change?	The project should take a TCFD approach to monitoring its own exposure to climate risks. This would probably result in a requirement that all loan recipients carry out an appropriate climate risk assessment to ensure the loan is not being provided for activities that result in maladaptation.
7) innovative, sustainability and potential for scaling-up	Is the project innovative, for example, in its design, method of financing, technology, business model, policy, monitoring and evaluation, or learning?	Yes

	Is there a clearly-articulated vision of how the innovation will be scaled-up, for example, over time, across geographies, among institutional actors?	<p>p.41 (and p.57) notes the intent for AGRI3 to act as a model for others, ie scaling (iii) discussed above. This intent to scale is good, but might be approached more clearly if a small ToC exercise is run to ask how a successful AGRI3 would act to best deliver this influence on others.</p> <p>As noted above, STAP is concerned about durability of benefits and felt further work on ToC could help identify more pathways by which leakage could be minimized without making it the responsibility of AGRI3. which may be helpful.)</p>
	Will incremental adaptation be required, or more fundamental transformational change to achieve long term sustainability?	This project has the potential to drive transformative level of investment.
1b. Project Map and Coordinates. Please provide geo-referenced information and map where the project interventions will take place.		Ok
2. Stakeholders. Select the stakeholders that have participated in consultations during the project identification phase: Indigenous people and local communities; Civil society organizations; Private sector entities. If none of the above, please explain why. In addition, provide indicative information on how stakeholders, including civil society and indigenous peoples, will be engaged in the project preparation, and their respective roles and means of engagement.	Have all the key relevant stakeholders been identified to cover the complexity of the problem, and project implementation barriers?	This seems logical at this stage, but we encourage continuous review of this question as ToCs evolve.

	What are the stakeholders' roles, and how will their combined roles contribute to robust project design, to achieving global environmental outcomes, and to lessons learned and knowledge?	Core partners well-explained.
3. Gender Equality and Women's Empowerment. Please briefly include below any gender dimensions relevant to the project, and any plans to address gender in project design (e.g. gender analysis). Does the project expect to include any gender-responsive measures to address gender gaps or promote gender equality and women empowerment? Yes/no/tbd. If possible, indicate in which results area(s) the project is expected to contribute to gender equality: access to and control over resources; participation and decision-making; and/or economic benefits or services. Will the project's results framework or logical framework include gender-sensitive indicators? yes/no/tbd	Have gender differentiated risks and opportunities been identified, and were preliminary response measures described that would address these differences?	Ok (attention in the safeguard noted).
	Do gender considerations hinder full participation of an important stakeholder group (or groups)? If so, how will these obstacles be addressed?	-
5. Risks. Indicate risks, including climate change, potential social and	Are the identified risks valid and comprehensive? Are the risks specifically for things outside the project's control?	Key risks are identified, but are limited to institutional risk.

environmental risks that might prevent the project objectives from being achieved, and, if possible, propose measures that address these risks to be further developed during the project design	<p>Are there social and environmental risks which could affect the project?</p> <p>For climate risk, and climate resilience measures:</p> <ul style="list-style-type: none"> • How will the project's objectives or outputs be affected by climate risks over the period 2020 to 2050, and have the impact of these risks been addressed adequately? • Has the sensitivity to climate change, and its impacts, been assessed? • Have resilience practices and measures to address projected climate risks and impacts been considered? How will these be dealt with? • What technical and institutional capacity, and information, will be needed to address climate risks and resilience enhancement measures? 	It would be good to add the issue of leakage of benefits to these. And also to consider whether attention to climate change risks should be passed through the structure to make it a requirement of loans.
6. Coordination. Outline the coordination with other relevant GEF-financed and other related initiatives	Are the project proponents tapping into relevant knowledge and learning generated by other projects, including GEF projects?	Seems ok based on the partners' experiences, though activities such as the Sustainable Finance Initiative and the TCFD process are not noted.
	Is there adequate recognition of previous projects and the learning derived from them?	
	Have specific lessons learned from previous projects been cited?	
	How have these lessons informed the project's formulation?	
	Is there an adequate mechanism to feed the lessons learned from earlier projects into this project, and to share lessons learned from it into future projects?	
8. Knowledge management. Outline the "Knowledge Management Approach" for the project, and how it will contribute to the project's overall impact, including plans to learn from relevant projects, initiatives and evaluations.	What overall approach will be taken, and what knowledge management indicators and metrics will be used?	Acknowledging that the project has many possible levels and purposes of monitoring and knowledge management, STAP feels the different aspects of this could be better articulated, linked to relevant ToCs, and differentiated as core Fund activities, activities required on individual loans, activities required to demonstrate GEBs to GEF (which might warrant quarantined monitoring and data management funding), or activities aimed at adaptive management of the whole AGRI3 project. (See also p.32)

	What plans are proposed for sharing, disseminating and scaling-up results, lessons and experience?	As noted above, the laudable intent to encourage other such funds to be established would benefit from a more structured ToC for this aspect of influence and scaling.
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Notes

STAP advisory response	Brief explanation of advisory response and action proposed
1. Concur	STAP acknowledges that on scientific or technical grounds the concept has merit. The proponent is invited to approach STAP for advice at any time during the development of the project brief prior to submission for CEO endorsement.
	* In cases where the STAP acknowledges the project has merit on scientific and technical grounds, the STAP will recognize this in the screen by stating that <i>“STAP is satisfied with the scientific and technical quality of the proposal and encourages the proponent to develop it with same rigor. At any time during the development of the project, the proponent is invited to approach STAP to consult on the design.”</i>
2. Minor issues to be considered during project design	STAP has identified specific scientific /technical suggestions or opportunities that should be discussed with the project proponent as early as possible during development of the project brief. The proponent may wish to:
	(i) Open a dialogue with STAP regarding the technical and/or scientific issues raised;
	(ii) Set a review point at an early stage during project development, and possibly agreeing to terms of reference for an independent expert to be appointed to conduct this review.
	The proponent should provide a report of the action agreed and taken, at the time of submission of the full project brief for CEO endorsement.

3. Major issues to be considered during project design	<p>STAP proposes significant improvements or has concerns on the grounds of specified major scientific/technical methodological issues, barriers, or omissions in the project concept. If STAP provides this advisory response, a full explanation would also be provided. The proponent is strongly encouraged to:</p>
	<p>(i) Open a dialogue with STAP regarding the technical and/or scientific issues raised; (ii) Set a review point at an early stage during project development including an independent expert as required. The proponent should provide a report of the action agreed and taken, at the time of submission of the full project brief for CEO endorsement.</p>