
President's report on a Global Environment Facility grant to the private sector

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Action: The Executive Board is invited to approve the recommendation contained in paragraph 16.

Technical questions:

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I. Background and compliance with the IFAD Regular Grants Policy

1. The Global Environment Facility (GEF) runs a Challenge Program for Adaptation Innovation that provides seed funding for innovative initiatives designed to help vulnerable countries cope with the worsening climate crisis. Concept notes from three private sector entities (BNP Paribas, Grameen Crédit Agricole Foundation and Cropin Technologies) were submitted to the GEF Challenge Program in September 2021. In November 2021, the GEF invited these organizations to further elaborate their project concepts through the completion of the GEF project identification forms (PIFs).¹ The GEF Challenge Program mandates that one of the 18 GEF implementation agencies lead the selected projects. Due to its innovative nature and robust connection to smallholders' climate resilience, IFAD was recommended by the GEF as implementing agency for these projects. IFAD's technical specialists and country teams collaborated with the three private sector entities to create the PIFs, which were submitted to the GEF in January 2022. The GEF approved the PIFs in June 2022, and the requests for endorsement by the GEF Chief Executive Officer (CEO) were approved in May 2023.
2. As per the IFAD Private Sector Engagement Strategy (PSS) 2019–2024, the IFAD Regular Grants Policy, the IFAD supplementary fund guidelines, and the Delegation of Authority Framework, all funds granted to private sector entities must be approved by the Executive Board.
3. The grant for Cropin Technologies is ready for approval. The GEF resources will be used by IFAD to implement the SMARTFARM Project, a farming and farm management solution for climate resilience in Ethiopia and Rwanda which uses data and digital technology. Grants to the other two entities – BNP Paribas and Grameen Crédit Agricole Foundation – will be submitted for Executive Board consideration at a later date.
4. **The GEF Challenge Program for Adaptation Innovation** underscores the critical role of private sector engagement and investment in addressing climate resilience issues, particularly in developing countries and least developed countries (LDCs). The Challenge Program aims to stimulate innovative ideas for creating climate-resilient societies, supply chains, food systems and economies. It fosters new partnerships, supporting the environmental aspirations of developing countries and LDCs, and harnesses the expertise of leading companies, financial institutions and technology developers. Each initiative is developed and implemented in partnership with one of the GEF's 18 implementing agencies. The private sector project sponsors responded to the second round of the call for proposals and, in collaboration with IFAD, were awarded with three projects. The GEF grant has a value of US\$2 million and will be executed by the three private sector entities: (i) BNP Paribas; (ii) Grameen Crédit Agricole Foundation; and (iii) Cropin Technologies. The recipients were identified through a competitive process via the GEF call for proposals under the GEF Challenge Program.
5. In accordance with IFAD's review process for the GEF proposals, comprehensive quality assurance was carried out. During the design phase, the PIF and project development proposal were assessed against the GEF requirements and funding criteria by the Environment, Climate, Gender and Social Inclusion Division (ECG),

¹ A total of 418 submissions were received in the GEF's latest call for proposals, spanning a range of fields and sectors. Ten proposals were selected, including three with IFAD as the GEF implementing agency. Pre-selection criteria included: (a) project/programme quality; (b) equitable distribution among eligible countries and regions; (c) degree of innovation; (d) potential to catalyse private sector support for climate change adaptation at scale; and (e) support for priority sectors and themes.

the Operational Policy and Results Division (OPR), the Office of the General Counsel, the Financial Controller's Division and the Financial Management Services Division. It was cleared by the directors of ECG and the Sustainable Production, Markets and Institutions Division (PMI) and approved by the Associate Vice-President, Strategy and Knowledge Department, and Associate Vice-President, Programme Management Department prior to submission to the GEF. The fiduciary due diligence process, which involved assessing the financial management capacity of the executing entity and reviewing its legal status, was completed. Financial crime due diligence of the entity was performed to identify/prevent any financial misdeeds such as fraud, money laundering and corruption. The availability of funds was confirmed through the approval letters from the CEO of the GEF.

6. The project is aligned with the PSS, in terms of: (i) relevance of innovations for developing and scaling an inclusive rural finance value chain in IFAD programmes; (ii) additionality through innovations providing notable public goods and market demonstration effects, potentially catalysing otherwise unavailable smallholder climate adaptation finance; (iii) development impact at scale, leveraging the know-how and resources of IFAD's smallholder support programmes, and the private sector; (iv) risk: the project will demonstrate the modest risk associated with smallholder adaptation finance and the need for such finance, and will raise IFAD's leadership profile and the profiles of the private sector entities. The GEF guidelines are consistent with IFAD's Social, Environmental and Climate Assessment Procedures (SECAP).
7. The project has notable value addition for IFAD, including:
 - **Fostering stronger engagement with the private sector**, catalysing private sector investment and innovative solutions to address the needs of small-scale producers.
 - **Strengthening private sector capacity** to integrate climate adaptation into its investment strategies.
 - **Increased sustainable agricultural productivity** supported by financial and digital extension services will build more resilient supply chains benefiting both smallholders and relevant supply chain actors.
8. The project is also aligned with the IFAD Information and Communication Technology for Development (ICT4D) Strategy and will contribute towards the implementation of the ICT4D strategic action areas, which seek to: (i) promote scalable uptake of ICT4D solutions; (ii) strengthen ICT4D partnerships; and (iii) enhance ICT4D knowledge management and sharing. The project will also ensure alignment with the IFAD Data Governance Policy and its guiding principles in ensuring integrity, quality, transparency, accountability and proportionality.

II. The proposed project

SMARTFARM - A data and digital technology-driven farming and farm management solution for climate resilience in Ethiopia and Rwanda. It will be executed by Cropin Technologies.

9. The project objective is to enable smallholder farmers in Ethiopia and Rwanda to adapt to climate change and improve their crop productivity and food and nutrition security through the delivery of real-time weather and climate data, and through farm advisory services. The project features three core components aimed at bolstering climate adaptation and resilience among smallholder farmers (SHFs). Component 1 is focused on the deployment and adoption of SMARTFARM, a digital platform targeting a total of 130,000 SHFs (including youth and women) in both countries over two years. SMARTFARM will promote the use of real-time weather and climate data, along with data-driven farm advisory services available to SHFs. Together, these will increase the adoption of climate-resilient agriculture practices

and enhance rural communities' resilience to climate change. Digitalization of farm location data will be used to provide context-specific responses based on prediction data using advance analytical techniques to generate advisories.

10. **Unique value propositions.** Leveraging a digital platform to increase smallholder climate change adaptation and resilience, SMARTFARM combines digital technologies and services, big data analysis, and a beneficiary-focused approach to help SHFs. The solution is scalable, cost-effective and real-time, ensuring that farmers can quickly adapt to changing climate conditions. The platform promotes financial and market linkages, which will lead to long-term sustainability for agriculture value chain actors, including women and youth.
11. The **overall goal of the project** is to contribute to improved climate resilience of smallholder farmers in **Ethiopia and Rwanda**. The **objectives are** to enable smallholder farmers in these countries to adapt to climate change and improve their crop productivity and food and nutrition security through delivery of real-time weather and climate data and farm advisory services. The target group is made up of 130,000 SHFs, including women SHFs, (100,000 in Ethiopia and 30,000 in Rwanda), cumulative over a two-year period, with the help of 2,000 village/agroentrepreneurs. The project will be **implemented over two years** and will have the following components:
 - **Component 1.** Deployment, adoption and scale up of SMARTFARM to increase the climate adaptation and resilience of 130,000 SHFs over a 2-year period, including women SHFs, with the help of 2,000 village/agroentrepreneurs.
 - **Component 2.** Capacity-building of selected farmers', producers' and rural organizations and institutions, 2,000 village/agroentrepreneurs (of whom at least 25 per cent will be women) and implementation partners for knowledge and asset transfer.
 - **Component 3.** Creation of partnerships, knowledge and tools to promote engagement among off-takers, buyers and institutions for credit access and market linkages, and scaling and replicating the model with other Member States.

III. Expected outcomes/outputs

12. The project is expected to have the following outcomes and outputs:
 - **Outcome 1.** Increased number of farmers adapt to climate change through improved and sustainable agricultural practices.
 - (i) **Output 1.1.** Farmers receive e-extension and climate information services.
 - (ii) **Output 1.2.** Farmers adopt improved production and soil management practices and post-harvest management through last mile delivery of services encompassing: (a) weather and climate services, and (b) data-driven agriculture services.
 - **Outcome 2.** Improved crop and livestock productivity through access to climate-smart adaptation advisory services and a reduction in pre-harvest and post-harvest losses.
 - (i) **Output 2.1.** Farmers receive capacity-building from lead farmers on improved agronomic advisory and climate-smart adaptation practices.
 - (ii) **Output 2.2.** Farmers receive last mile support from input suppliers and other service providers.
 - **Outcome 3.** Improved access to markets for produce.

- (i) **Output 3.1.** Smallholder farmers are linked to agribusinesses and market players through the Cropin platform.

IV. Implementation arrangements

13. As grant recipient, Cropin will be responsible for the overall implementation of the project. As a GEF implementation agency, IFAD will ensure project supervision through the project management units (PMUs) in the selected countries and Cropin, as per IFAD's project implementation support and supervision processes. The project is integrated into these IFAD projects: the Participatory Small-scale Irrigation Development Programme – Phase II (PASIDP II), Participatory Agriculture and Climate Transformation (PACT) in Ethiopia and the Kayonza Irrigation and Integrated Watershed Management Project – Phase II (KIIWP II) in Rwanda. The PMUs, under the Ministry of Agriculture (MoA) in coordination with Cropin, will support ongoing project monitoring. The MoA will act as an anchor agency for implementing the SMARTFARM technology in the case of Ethiopia, while the MoA and Animal Resources and the Rwanda Agriculture and Animal Resources Board are the key project implementation anchors through KIIWP phases I and II for Rwanda. SMARTFARM will be jointly supervised by the Ministries of Agriculture in each country under the PMUs and a single project implementation unit (SPIU), IFAD and the GEF. They will assess achievements and lessons learned and, when required, will support the project in ensuring effective project implementation and exchange of knowledge, and increase the likelihood of achieving project goals.
14. There are no deviations from the standard procedures for financial reporting and audits.

V. Indicative project costs and financing

15. The resources mobilized for SMARTFARM were identified in consultation with partners during the preparation of the PIFs and development of the CEO endorsement requests in 2022. To complement the GEF grant, US\$3.8 million was mobilized, broken down as follows: US\$2,400,000 financing from IFAD through the ongoing KIIWP II (2022–2027) in Rwanda, and PASIDP II (2016–2024) and the Participatory Agriculture and Climate Transformation Programme (2022–2028) in Ethiopia; US\$1,250,000 in grant cofinancing from Cropin for investments in technology and project management costs.

Table 1
Costs by component and financier
 (United States dollars)

<i>Components</i>	<i>GEF</i>	<i>IFAD (Cofinancier)</i>	<i>Cropin (Cofinancier)</i>	<i>MOA Ethiopia (Cofinancier)</i>	<i>Total</i>
1. Component 1	600 000	990 000	1 125 000	49 630	2 764 630
2. Component 2	100 000	400 000	50 000	35 370	585 370
3. Component 3	69 536	787 350	-	-	856 886
4. Project management costs	50 000	222 650	75 000	20 000	367 650
Total	819 536	2 400 000	1 250 000	105 000	4 574 536

Table 2
Costs by expenditure category and financier
 (United States dollars)

<i>Expenditure category</i>	<i>GEF</i>	<i>IFAD</i>	<i>Cropin in-kind contributions</i>	<i>MOA Ethiopia in-kind contributions</i>	<i>Total</i>
1. Personnel	60 000	212 700	110 000	37 000	419 700
2. Travel	25 000	10 000	15 000	-	50 000
3. Goods, services and inputs	734 536	2 177 300	1 125 000	68 000	4 104 836
Total	819 536	2 400 000	1 250 000	105 000	4 574 536

VI. Recommendation

16. I recommend that the Executive Board approves the proposed GEF-funded grant to Cropin, for which IFAD will act as implementing agency, in terms of the following resolution:

RESOLVED: that the Fund, in order to finance, in part, SMARTFARM, a data and digital technology-driven farm and farm management solution for climate resilience, shall provide a grant of eight hundred and nineteen thousand five hundred and thirty-six United States dollars (US\$819,536) using Global Environment Facility resources to Cropin Technologies upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented to the Executive Board herein.

Alvaro Lario
 President

Results-based logical framework

The following logical framework is the one provided in the GEF approved proposal.

SMARTFARM - A data and digital technology driven farm and farm management solution for climate resilience

Results Hierarchy	Indicators								End of Project Cumulative/ End-line Survey results	Means of Verification		
	Name of Indicator	Units	Baseline	End Target	Year 1- October 2023	October 2024	Year 2- October 2024 October 2025			Source	Freq.	Resp.
					Target	Actual	Target	Actual				
Goal: Improve the incomes and climate resilience of smallholder farmers in Ethiopia and Rwanda Project Development Objective: Increased productivity, food security and resilience to climate shocks for smallholder farmers in Ethiopia and Rwanda	Proportion of farmers reporting improved incomes (%)	(%) of farmers	0	100%	50%	0	75%		Project reports	Quarterly	PASIDP II & PACT in Ethiopia & KIIWP II in Rwanda	
	Area of land under climate resilience increase by at least 50%	Land area	0		TBA		TBA		Project reports	Annually	PASIDP II & PACT in Ethiopia & KIIWP II in Rwanda	
	Proportion of farmers reporting improved crop and livestock productivity	(%) of farmers	0	100%	50%	0	75%		Project reports	Quarterly	PASIDP II & PACT in Ethiopia & KIIWP II in Rwanda	
	Proportion of households below poverty rate	(%) of farmers	97%		80%		80%		Baseline, End-Line, And Farmer Cooperatives Data	Project Start & Project End	PASIDP II & PACT in Ethiopia & KIIWP II in Rwanda	
	Percentage of farmers adopting CSA activities (%)	(%) of farmers	0	75%	50%	0	75%		Project reports	Quarterly	PASIDP II & PACT in Ethiopia & KIIWP II in Rwanda	
Outcome 1: Increased number of farmers adopting improved and sustainable agricultural practices	Number of farmers adapting to climate change through improved and sustainable agricultural practices	Number of farmers	0	130,000	70,000		130,000		Project reports	Quarterly	PASIDP II & PACT in Ethiopia & KIIWP II in Rwanda	

Results Hierarchy	Indicators								End of Project Cumulative/ End-line Survey results	Means of Verification		
	Name of Indicator	Units	Baseline	End Target	Year 1- October 2023	October 2024	Year 2- October 2024 October 2025			Source	Freq.	Resp.
					Target	Actual	Target	Actual				
	Proportion of farmers registered on the SMARTFARM maintaining a crop health scorecard (%)	(%) of farmers	0	10%	10%		10%		Project reports	Quarterly	PASIDP II & PACT in Ethiopia & KIIWP II in Rwanda	
Outputs: 1.1 Farmers receiving e-extension services	Farmers receiving e-extension and climate information services	(%) of farmers	0	100%	50%		100%		Project reports	Quarterly	PASIDP II & PACT in Ethiopia & KIIWP II in Rwanda	
Outputs: 1.2 Farmers adopt improved soil management practices and post-harvest management	Farmers adopt improved production, soil management practices and post-harvest management through last mile delivery of services encompassing (a) weather and climate services (WACS), (b) data driven agriculture services (DDAS)	(%) of farmers		100%	50%		100%		Project reports	Quarterly	PASIDP II & PACT in Ethiopia & KIIWP II in Rwanda	
Outcome 2: Farmers improve crop and livestock productivity through reduction in pre-harvest and post-harvest losses	Proportion of farmers reporting improved crop & Livestock productivity through reduction in pre-harvest and post-harvest losses	(%) of farmers	0	100%	50%		100%		Project reports	Quarterly	PASIDP II & PACT in Ethiopia & KIIWP II in Rwanda	
Output 2.1: Farmers receive capacity building from lead farmers on improved agronomic practices	Number of farmers who receive capacity building from lead farmers on improved agronomic practices	Number of farmers	0	130,000	100,000		130,000		Project reports	Quarterly	PASIDP II & PACT in Ethiopia & KIIWP II in Rwanda	
Output 2.2: Farmers receive last mile support from inputs suppliers and other service providers (subject to successful	Proportion of farmers receiving and accessing inputs and others services from inputs suppliers and other service providers	(%) of farmers		100%	50%		100%		Project reports	Quarterly	PASIDP II & PACT in Ethiopia & KIIWP II in Rwanda	

Results Hierarchy	Indicators								End of Project Cumulative/ End-line Survey results	Means of Verification		
	Name of Indicator	Units	Baseline	End Target	Year 1- October 2023	October 2024	Year 2- October 2024 October 2025			Source	Freq.	Resp.
					Target	Actual	Target	Actual				
fundraising for this component)												
Outcome 3: Improved access to markets subject to successful fundraising for this component)	Proportion of farmer reporting improved access to markets	(%) of groups	0	100%	50%		100%		Project reports	Quarterly	PASIDP II & PACT in Ethiopia & KIIWP II in Rwanda	
Output 3.1: Smallholder farmers are linked to agribusinesses and market players through the platform (subject to successful fundraising for this component)	Proportion of Smallholder farmers linked to agribusinesses and market players through the platform	(%) of farmers		100%	50%		100%		Project reports	Quarterly	PASIDP II & PACT in Ethiopia & KIIWP II in Rwanda	