

# GUIDE TO ACCESS GREEN AND CLIMATE FUNDING FOR THE COFFEE SECTOR

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**The Global Environment Facility (GEF)**

ICC-122-9

V.1.2



**INTERNATIONAL  
COFFEE  
ORGANIZATION**

*In cooperation with*



**SUSTAINABLE  
COFFEE  
CHALLENGE**

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## LIST OF ACRONYMS

<b>ADB</b>	Asian Development Bank	<b>LD</b>	Land Degradation
<b>AFCA</b>	African Fine Coffees Association	<b>LDNF</b>	Land Degradation Neutrality Fund
<b>AfDB</b>	African Development Bank	<b>MSP</b>	Medium-Sized Project
<b>BD</b>	Biodiversity	<b>NGOs</b>	Non-Governmental Organizations
<b>BOAD</b>	West African Development Bank	<b>OFF</b>	GEF Operational Focal Point
<b>BSDA</b>	Development Bank of Southern Africa	<b>PFD</b>	Programme Framework Document
<b>CAF</b>	Development Bank of Latin America	<b>PEA</b>	Project Executing Agency
<b>CC</b>	Climate Change	<b>PIF</b>	Project Identification Form
<b>C-GAP</b>	Coffee Global Adaptation Plan	<b>PPG</b>	Project Preparation Grant
<b>CI</b>	Conservation International	<b>PPPs</b>	Public-Private Partnerships
<b>CSOs</b>	Civil Society Organizations	<b>SGP</b>	Small Grants Programme
<b>CSP-TF</b>	Coffee Sustainability Projects Trust Fund	<b>SSC</b>	Sustainable Coffee Challenge
<b>CW</b>	Chemical and Waste	<b>STAR</b>	System for Transparent Allocation of Resources
<b>EA</b>	Enabling Activity	<b>UNCBD</b>	United Nations Convention on Biological Diversity
<b>EBRD</b>	European Bank for Reconstruction and Development	<b>UNCCD</b>	United Nations Convention to Combat Desertification
<b>FAO</b>	Food and Agriculture Organization of the United Nations	<b>UNDP</b>	United Nations Development Programme
<b>FECO</b>	Foreign Economic Cooperation Office, Ministry of Environmental Protection of China	<b>UNEP</b>	UN Environment
<b>FSP</b>	Full-Sized Project	<b>UNIDO</b>	United Nations Industrial Development Organization
<b>FUNBIO</b>	Brazilian Biodiversity Fund	<b>UNFCCC</b>	United Nations Framework Convention on Climate Change
<b>GCF</b>	Green Climate Fund	<b>WBG</b>	World Bank Group
<b>GCP</b>	Global Coffee Platform	<b>WWF-US</b>	World Wildlife Fund
<b>GEF</b>	Global Environment Facility		
<b>GEF-7</b>	Global Environment Facility seventh replenishment period		
<b>GEFSEC</b>	GEF Secretariat		
<b>IADB</b>	Inter-American Development Bank		
<b>ICO</b>	International Coffee Organization		
<b>IFAD</b>	International Fund for Agricultural Development		
<b>IPs</b>	Impact Programmes (GEF-7)		
<b>IUCN</b>	International Union for Conservation of Nature		
<b>IW</b>	International Waters		

# INTRODUCTION

As part of the 2030 Sustainable Development Agenda, the future availability of coffee and prosperity for all the stakeholders in the global coffee value chain depends on the solutions and resources available to achieve higher productivity and quality while pursuing economic, social and environmental sustainability. More details about the contributions of a sustainable coffee economy to the Sustainable Development Goals are presented in [Annex I](#).

To mitigate the effects of climate change and reduce the environmental impact, the international community is progressively establishing an effective green and climate finance architecture that is creating increased opportunities for promoting low carbon and climate resilient development pathways. Key international finance mechanisms established to play catalytic roles in leveraging private and public sector funding include (but are not limited to) the Global Environment Facility (GEF), the Green Climate Fund (GCF) and the Land Degradation Neutrality Fund (LDNF).

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## Coffee has been added to the list of commodities eligible for funding in the GEF-7 Replenishment period (2018 – 2022).

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The coffee sector has not yet fully exploited these opportunities<sup>1</sup> and therefore, needs to act swiftly to unlock green and climate finance in the coffee sector by promoting practices, strategies and enablers for a climate resilient coffee supply chain and economy.

In this context, this guide focuses on the Global Environment Facility (GEF) and aims to provide ICO Members and all coffee stakeholders with a tool on how to work closely with the GEF. Specifically, as the current replenishment cycle (GEF-7) includes coffee as one of its targeted ‘anchor’ commodities, there are significant opportunities for countries to prioritize coffee in the current GEF-7 allocation of funds.

This guide was prepared by the International Coffee Organization (ICO) in partnership with the Sustainable Coffee Challenge within the framework of the Memorandum of Understanding (ICC-121-6) signed during the 121<sup>st</sup> Session of the International Coffee Council in Mexico City.

Launched in December 2015, the [Sustainable Coffee Challenge](#) is a diverse and dynamic coalition of more than [100 partners](#) from across the coffee sector that aims to drive and accelerate more collaboration, innovation and investments in coffee sustainability.

**The Challenge sets out to increase transparency, establish a common language for coffee sustainability and spark new and more ambitious commitments and collective action.**

Partners include industry players — ranging from traders, roasters, retailers, etc.— as well as NGOs, universities, donor agencies, certification bodies and governments.

In addition to a [formalized partnership with the ICO](#), four ICO Members — Rwanda, Mexico, Uganda and Costa Rica — have joined the Challenge. The Challenge is convened and facilitated by Conservation International (see also [Annex II: key GEF agencies](#)).

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<sup>1</sup> For instance, GEF-funded coffee projects so far amount to US\$32.8 million (GEF grant), which represents less than 0.2% of the total GEF funding, and US\$223 million in co-financing. For further details, please access: <https://www.thegef.org/projects>.

# I. COFFEE, CLIMATE CHANGE AND THE ROLE OF THE ICO

Like most agricultural commodities, coffee production is sensitive to temperature, rainfall and variations in weather, since a regular sequence of weather patterns is crucial to the healthy development of coffee trees. Climate change is characterized by extreme weather events, such as increasing temperatures, strong and untimely rains and wind, as well as extended dry seasons. These variations are major climatic risks that have negative impacts on coffee farmers through reduced yields, outbreaks of pests and diseases and soil erosion, among other consequences. Moreover, growing demand for coffee could also increase the conversion of forestland to farms in order to support these production landscapes. Deforestation significantly reduces the earth's ability to naturally capture greenhouse gas emissions.

As a consequence of changes in climate conditions, areas suitable for coffee production are shrinking, and productivity and quality declining, contributing to systematic degradation of the environment. With an estimated reduction in land suitable for coffee production of as much as 50 per cent by 2050 and steadily increasing in global demand, the livelihoods of 25 million coffee households and vulnerable communities, as well as other stakeholders in the global coffee value chain, are at risk.

The impact of changes in climate on production is a top priority among the challenges that coffee farmers and industry must address to ensure the sustainable future of coffee. Therefore, resources and knowledge must be mobilized in order to take decisive, timely and concerted action.

**ICO acts as a catalyst, facilitator and honest broker by assisting project development and fostering linkages of public and private coffee stakeholders with international organizations, institutions, donors and the private sector. ICO is traditionally not directly involved in project implementation or execution.**

The overall objective of the ICO is to strengthen the global coffee sector and promote its sustainable expansion in a market-based environment for the betterment of all participants in the sector. As mandated by the International Coffee Agreement 2007 and the Five-Year Action Plan (2017-2021), the ICO assists its Members in the identification, design, access to funding and monitoring of technical cooperation and investment projects for the coffee sector with emphasis on public-private partnerships (PPPs). A 'Coffee Sustainability Projects Trust Fund'<sup>2</sup> (CSP-TF) was established by the International Coffee Council in April 2018 to address the challenges facing the coffee sector by sensitizing potential donors and mobilizing adequate financial, technological and human resources to enhance the sector's social, economic and environmental sustainability.

In the context of addressing emerging issues causing severe negative impacts on the supply chain, the role of the ICO includes the dissemination of information on the effects of climate change on the coffee sector, as well as raising awareness within the private sector and donor community about the threats to long-term coffee supply and adverse environmental effects in order to mobilize resources. To keep Members informed on the challenge posed by climate change, the ICO has recently published two reports.<sup>3</sup> Moreover, in recognition of the importance of this issue, the thematic focus for the ICO in coffee year 2018–19 will be the impact of climate change on the coffee sector.

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2 <http://www.ico.org/documents/cy2017-18/Restricted/fa-179e-trust-fund.pdf>

3 Reports available to ICO Members only through [www.ico.org](http://www.ico.org) or upon request with the Secretariat.

## II. THE GLOBAL ENVIRONMENT FACILITY

The Global Environment Facility (GEF)<sup>4</sup> is an international financial mechanism established to fund the commitments that are laid out in a number of multilateral agreements. It is well-placed to advance transformational change in agriculture and land use systems in ways that maintain or restore ecosystem functions, generate biodiversity, promote sustainable land management, and bring climate change mitigation benefits.

Established in October 1991, the GEF provides funding to recipient countries in the form of new and additional grants and concessional funding to cover the incremental costs associated with projects that have national benefits into transformational projects that achieve global environmental benefits.

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As of June 2018, over US\$17.9 billion in grants and an additional US\$93.2 billion in co-financing have been mobilized for more than 4,500 projects in 170 countries.<sup>5</sup>

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Today, the GEF is an international partnership of 183 countries, international institutions, civil society organizations and the private sector.

### GEF SYSTEM FOR TRANSPARENT ALLOCATION OF RESOURCES

GEF funding is administered through its System for Transparent Allocation of Resources (STAR), through which countries can access funding across the three “Rio” conventions<sup>6</sup> and GEF focal areas (biodiversity, climate change, and land degradation), in line with countries’ national priorities.

Many countries have full flexibility to allocate resources across the three STAR focal areas - i.e., a country can choose, and theoretically use all or none of its resources for biodiversity or land degradation projects, for example. STAR allocations are set at the start of each replenishment cycle. The ‘non-Rio’ focal areas are Chemical and Waste (CW) and International Waters (IW) and they are not funded through the STAR system. The STAR allocation by country for the GEF-7 replenishment, as of 1 July 2018, is available at: <https://www.thegef.org/publications/initial-gef-7-star-country-allocations>.

### KEY PLAYERS: GEF AGENCIES AND GEF FOCAL POINTS

**GEF Agencies.** For the development and implementation of projects, the GEF works through 18 GEF Agencies. These agencies create project proposals and then manage projects on the ground, with separation between executing and implementing functions. They help eligible countries and non-governmental organizations (NGOs) develop, implement and execute their projects.

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4 [www.thegef.org](http://www.thegef.org)

5 <https://www.thegef.org/about-us>

6 The three Rio Conventions originate directly from the 1992 Earth Summit and contribute to the sustainable development goals of Agenda 21. They are the United Nations Convention on Biological Diversity (UNCBD), the United Nations Framework Convention on Climate Change (UNFCCC) and the United Nations Convention to Combat Desertification (UNCCD).

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## Organizations accredited as GEF Agencies to be selected for project development

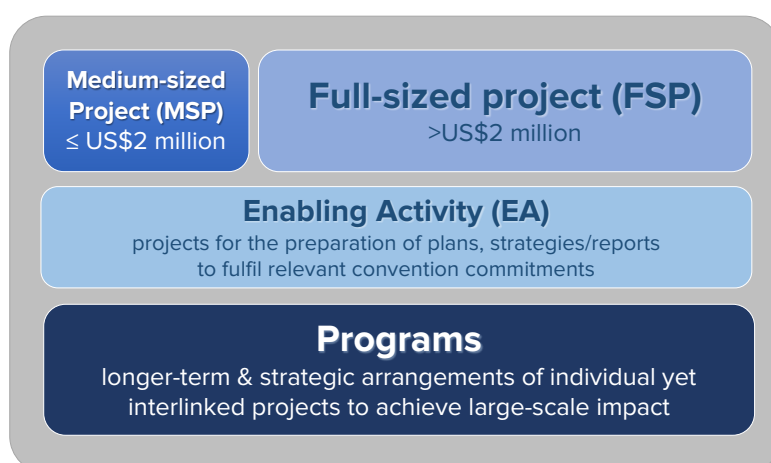
- African Development Bank (AfDB)
  - Asian Development Bank (ADB)
  - Brazilian Biodiversity Fund (FUNDBIO)
  - Conservation International (CI)
  - Development Bank of Latin America (CAF)
  - Development Bank of Southern Africa (DBSA)
  - European Bank for Reconstruction and Development (EBRD)
  - Food and Agriculture Organization of the United Nations (FAO)
  - Foreign Economic Cooperation Office, Ministry of Environmental Protection of China (FECO)
  - Inter-American Development Bank (IADB)
  - International Fund for Agricultural Development (IFAD)
  - International Union for Conservation of Nature (IUCN)
  - UN Environment (UNEP)
  - United Nations Development Programme (UNDP)
  - United Nations Industrial Development Organization (UNIDO)
  - West African Development Bank (BOAD)
  - World Bank Group (WBG)
  - World Wildlife Fund (WWF-US)
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**Project Executing Entities** are organizations that execute GEF Projects, or portions of them, under the supervision of a GEF Agency. Project Executing Entities are usually national or sub-national government agencies, civil society organizations (CSOs), private sector entities, or academic institutions.

**GEF Focal Points** are the country representatives responsible for coordinating all GEF-related activities within a country, ensuring that the developed projects and programs are country-driven and based on national priorities. The full list and contact details of GEF Focal Points can be accessed at [http://www.thegef.org/focal\\_points\\_list](http://www.thegef.org/focal_points_list).

## TYPES OF PROJECTS

GEF projects can take various approaches, e.g. they can be single agency, single focal area, single trust fund, or they can be multi-agency, multi-focal area and multi-trust fund, or combinations thereof. Additional guidance is provided by the GEF secretariat in the 'Guidelines on the Project and Program Cycle Policy' (GEF/C.52/Inf.06/Rev.01).<sup>7</sup>



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7 See: <https://www.thegef.org/council-meeting-documents/guidelines-project-and-program-cycle-policy-0>



## GEF FUNDING CRITERIA

The GEF operates on an incremental cost principle, which means that the GEF funds the “incremental” or additional costs associated with transforming a project with national benefits into one with global environmental benefits. Based on this reasoning, projects are expected to have sufficient levels of co-financing. Indicative project co-financing is defined as resources that are additional to the GEF project grant, which are provided by the GEF Agencies and/or other non-GEF sources (project partners). Co-financing is required for all GEF full-size projects (FSPs), medium-size projects (MSPs), and GEF programmatic approaches. For a project to be eligible for GEF financing, it will be reviewed against the following GEF project review criteria:

Eligibility Criteria for GEF Funding	Check
<b>The project needs to be in an eligible country.</b> These are countries that: i) meet requirements of GEF supported multilateral conventions; ii) are eligible to borrow from the World Bank (IBRD and/or IDA), and iii) are eligible recipients of UNDP technical assistance through country programming.	Is your country eligible?
<b>National ownership and aligned with national priorities.</b> The project must be country-driven and consistent with national priorities and programmes.	Is the ownership clear? Is it in line with national development plans and strategies?
<b>Consistent with GEF priorities and guidelines:</b> The project has to address one or more of the GEF focal area strategies.	Is it matching any GEF focal area/strategy?
<b>Project financing and co-financing:</b> The project has to seek GEF financing only for the agreed incremental costs on measures to achieve global environmental benefits.	What options for co-financing? (grants, loans, guarantees, and in-kind)
<b>Public participation:</b> The project must involve the public in project design and implementation, following the <a href="#">Policy on Public Involvement in GEF Projects</a> . The GEF values both bottom-up and top-down analysis and planning. This allows local actions to be informed by national considerations and vice-versa.	What public institutions are involved?
<b>National endorsement:</b> The project must be endorsed by the government of the country in which it will be implemented.	Is the formal national endorsement available?

*Co-financing is required for GEF-7 projects. Types of co-financing include grants, loans, guarantees, and in-kind resources.*

### III. GEF-7 PROGRAM OUTLINE AND IMPACT PROGRAMS

On 1 July 2018, a new four-year investment cycle — known as GEF-7 — started. This followed a pledge by nearly 30 countries to jointly invest US\$4bln in the GEF Trust Fund. The 7<sup>th</sup> replenishment of the GEF has been designed to propel the GEF 2020 vision<sup>8</sup> further through pursuing greater impact per unit of investment, tackling the drivers of environmental degradation, promoting greater sectoral and thematic integration, and contributing to systems change in key areas that impact the GEF mission<sup>9</sup>.

In the GEF-7 program cycle, the GEF takes into account socio-economic mega-trends, such as population growth, consumption, urbanization, which require shifts in three areas: energy, cities and food and agriculture. The implications of those trends are related to exacerbated biodiversity loss, deforestation and land degradation, overexploitation/depletion of marine and freshwater resources, increase in greenhouse gases (GHG) emissions and climate change, and increased pollution and waste.

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#### STAR country allocations for the GEF-7 funding cycle: US\$4.068 billion:

- US\$1,292 million for Biodiversity (BD)
- US\$802 million for Climate Change (CC)
- US\$475 million for Land Degradation (LD)

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Funding under GEF-7 is provided across five focal areas: Biodiversity (BD), Climate Change (CC), Land Degradation (LD), International Waters (IW) and Chemicals & Waste (CW). Key priorities under these focal areas can be found in Annex IV.

#### GEF-7 IMPACT PROGRAMS

While projects can be single-focus interventions within the focal areas, the GEF encourages countries pursue and maximize impacts in multiple focal areas through integrated programming. In this context, GEF-7 includes three ‘Impact Programs’ (IPs): IP-1 “**Food Systems, Land Use and Restoration**”; IP-2 “**Sustainable Cities**”, and IP-3 “**Sustainable Forest Management**”. IPs provide countries with the opportunity to pursue holistic and integrated approaches for transformational change.

To incentivize countries to participate in IPs, the GEF offers additional **set-aside funding**<sup>10</sup> through which it provides 1:2 match-funds for investments of STAR allocation in IPs. Moreover, additional funds are available to finance global and regional projects and programs and convention obligations.

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8 [https://www.thegef.org/sites/default/files/publications/GEF-2020Strategies-March2015\\_CRA\\_WEB\\_2.pdf](https://www.thegef.org/sites/default/files/publications/GEF-2020Strategies-March2015_CRA_WEB_2.pdf)

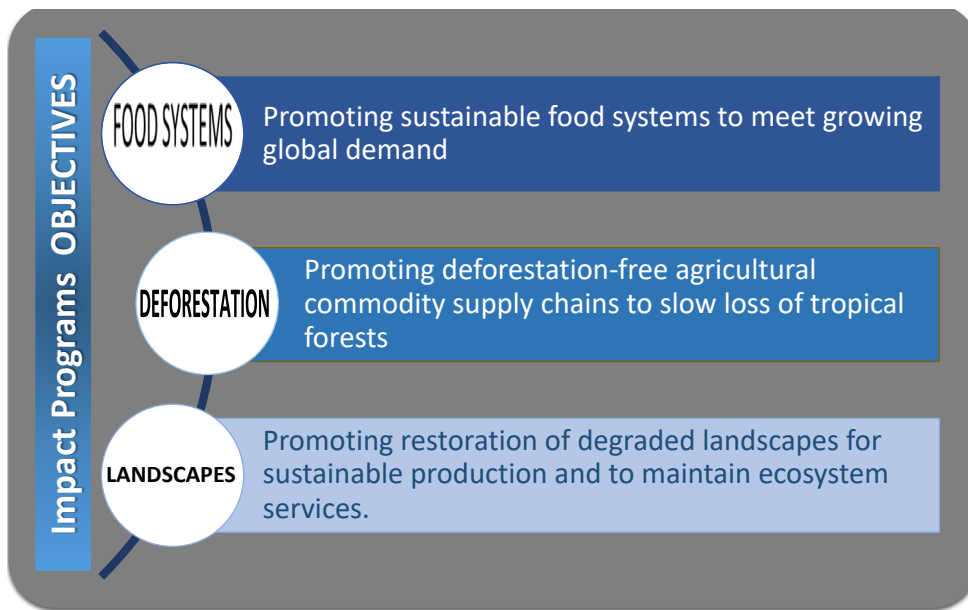
9 GEF-7 Strategic directions are contained in: [https://www.thegef.org/sites/default/files/council-meeting-documents/GEF-7%20Programming%20Directions%20-%20GEF\\_R.7\\_19.pdf](https://www.thegef.org/sites/default/files/council-meeting-documents/GEF-7%20Programming%20Directions%20-%20GEF_R.7_19.pdf)

10 Through the IPs, countries can also leverage funding from the Least Developed Countries Fund (LDCF) and the Special Climate Change Fund (SCCF) resources based on priorities identified in the countries National Adaptation Programs. Both are separate trust funds with a higher complexity.

## IP-1: FOOD SYSTEMS, LAND USE AND RESTORATION

Of particular relevance for the coffee sector is the Impact Program 1 (IP-1): *'Food Systems, Land Use and Restoration'*. This program builds on the experience made in GEF-6 from the Commodities Integrated Approach Pilot and provides recipient countries with an opportunity to transform food value chains by supporting countries to meet their growing food demands.

IP-1 aims to promote productivity gains from agricultural crops and livestock, while at the same time avoiding potential resulting losses in terms of biodiversity and ecosystem services, erosion of crop and livestock genetic diversity, overexploitation of water resources, overuse of chemical fertilizers and pesticides, and inefficient practices that lead to GHG emissions, food loss and waste. Ultimately, a sustainable land-use approach is required at the national level to ensure a sustainable coffee supply chain. In support of this, the IP-1 has **three objectives**:

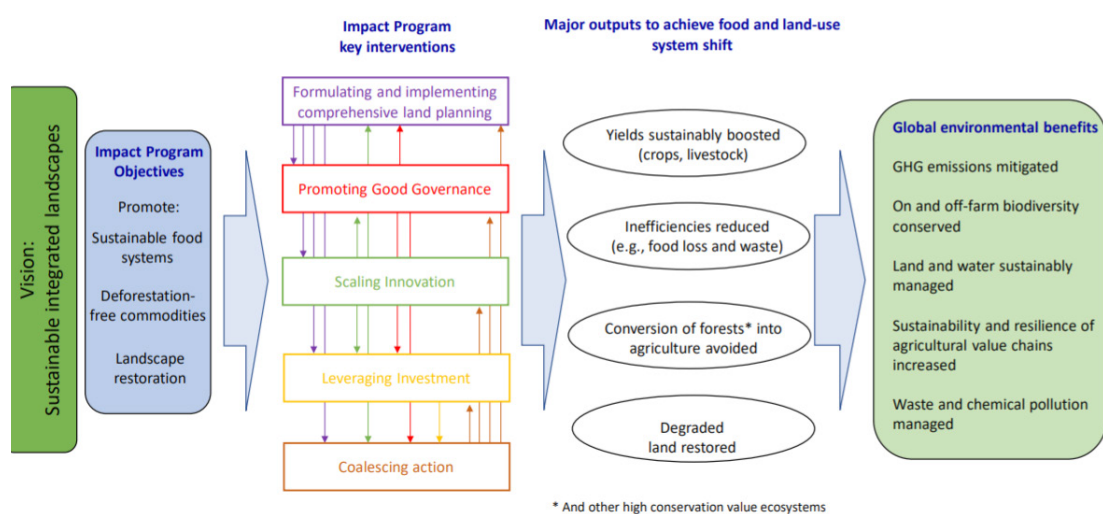


Implementing an IP-1 will allow the **strengthening of a sustainable supply chain** with regard to production, processing and demand for the targeted agricultural commodity, which is vital for long-term reductions in emissions from agriculture and deforestation. In addition, this IP also supports measures that increase carbon storage in farmlands, which may include reduced tillage, integrated crop-livestock, agroforestry and other innovative soil quality improving techniques that clearly target sustainable and scalable GHG emissions reductions.

The **Theory of Change** for IP-1 (see figure p.12) illustrates the landscape approach that needs to be established to achieve the global vision for climate-resilient, sustainable and integrated landscape solutions. The approach should be able to meet the needs of recipient countries aspiring to transform their food and land-use systems in a manner that generates multiple global environmental benefits. Projects can be developed that focus on either food systems, commodities, or restoration actions and, where possible, in combination of two or three of these objectives as part of their specific landscape needs.

A Guidance Note on programming IPs is expected to be published in August 2018 by the GEF and will include further details on priorities and the approach for each IP, which countries can use to assess their interest and eligibility to participate.

**Figure 4. Theory of Change**



## MULTI-STAKEHOLDER APPROACHES UNDER GEF-7

GEF policies emphasize the critical importance of **effective stakeholder engagement** during all stages of the project cycle (design, implementation and evaluation) for successful GEF-financed projects. Project impacts are heightened when an inclusive and multi-stakeholder project formulation approach is applied.

With regards to the coffee sector, national coffee platforms and international initiatives are key to organizing collective action in coffee-producing countries and strengthening knowledge exchange. They are a conduit for discussing and influencing policy, and for defining necessary levels of training. They create a forum in which all stakeholder perspectives are considered. Such platforms can be used to achieve more supportive legislative proposals for sustainable production, acting as a springboard for collective action. For a deeper understanding for the need for collective action, see the publication on [National Coffee Platforms](#) by the Global Coffee Platform (GCP).

Private sector involvement will be critical to shaping policies and practices necessary to achieve the innovation and transformational change in the coffee value chain and land use. Projects and programs need to incentivize actions to promote private sector investment, such as policy options for scaling-up existing technologies and good practices that reduce negative externalities along food value chains, and to stimulate access by land users to inputs and markets for products that drive sustainable production at scale.

The ICO strongly encourages its Members to leverage existing national, regional and international public-private platforms and partnerships. The Memorandum of Understanding (MoU) with the African Fine Coffees Association (AFCA), for example, could facilitate the development of GEF-7 regional programs. In addition, countries are encouraged to involve international coffee sustainability initiatives – particularly the [Sustainable Coffee Challenge](#) (SCC) and the [GCP](#), with which the ICO has formalized partnerships (MoUs). These initiatives will help to ensure alignment of in-country initiatives to the coffee sector’s global sustainability agenda and will provide access knowledge and resources, which can be leveraged in program design and implementation. Moreover, collaboration with these initiatives will help scale investments by attracting co-funding and/or additional private-sector investments<sup>11</sup>.

<sup>11</sup> Opportunities for ICO Members could also arise from the Coffee Global Adaptation Plan (C-GAP) that is under development to address particularly the challenge relating to coffee production and supply due to climate change. ICO is a member of the taskforce developing this new initiative.



## SMALL GRANTS PROGRAMME (SGP)

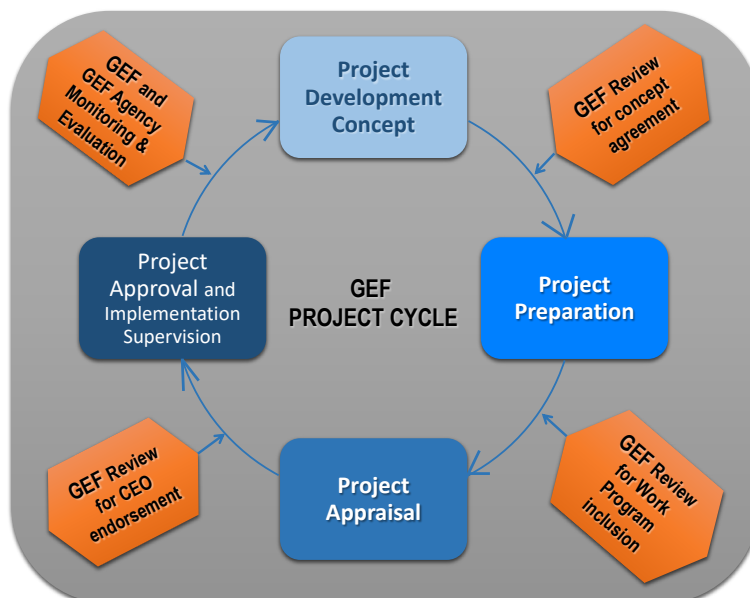
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In addition to the IPs, another green funding opportunity for the coffee sector is provided by the Small Grants Programme (SGP), which aims to finance community-led initiatives that address global environmental issues. The SGP is specifically designed to mobilize bottom-up actions by empowering local civil society organizations, especially poor and vulnerable communities, including women and indigenous peoples. Since its launch in 1992, the SGP has implemented more than 20,000 projects in 125 countries, at a total cost of US\$542 million (the average grant size per project under the SGP is US\$25,000). Sustainable agriculture is a priority for the Small Grant Programme and the GEF-7, which also dedicate special attention to LDCs and Small Island Developing States.

## IV. GEF PROJECT DEVELOPMENT PROCESS

In order to mobilize GEF-7 funding, countries must develop technical cooperation projects based on the **GEF framework, forms and modalities**. The key steps, players and resources required are presented below.

Depending on data availability, a project concept can be put together on average in one to three months. Overall, the typical project cycle for approval of a GEF project can take anywhere between 10 and 18 months.



### PROJECT CYCLE

#### Phase 1 - Project Concept Development (1–3 months)

This phase begins with a scoping exercise, followed by the preparation of a project concept:

1. Project Identification Form (PIF) for projects: a PIF is the applicable document that sets forth the concept of a full-sized or medium-sized project that is requesting GEF financing; or
2. Program Framework Document (PFD) for programs: a PFD refers to the document that sets forth the concept of a program that is proposed for GEF financing. It needs to include any child project titles or concepts.

Both PIF and PFD must reflect the specific local priorities identified through the scoping, and should lead to sustainable outcomes in line with GEF, Government and other donor expectations.

The initial project idea development and discussions with key stakeholders is expected to take on average one to two months. Preparing the PIF or PFD, with approval by the GEF Operational Focal Point (OFP), is expected to take on average one to three months.

The costs associated with developing a project concept (using the GEF PIF or PFD) are approximately between US\$10,000 and 20,000, however, developing a PFDs would require increased regional, inter-agency and inter-institutional coordination, which could demand substantially more resources.

#### Steps required to successfully complete Phase 1

1. **Undertake** national / regional **scoping** and gaining insights of national priorities for implementation;
2. **Consult with the OFP** and check the project ideas against GEF (and national) funding priorities and eligibility criteria. Before contacting the OFP, it is suggested to review the GEF funding eligibility criteria and check the [Country Profile](#);

## Steps required to successfully complete Phase 1

3. **Select a GEF Agency** (with comparative advantage) to support the implementation of your project or program. The chosen agency will advise the requesting entity on the GEF eligibility of the potential proposals and their own processing requirements;
4. **Ensure** that a PIF or PFD **demonstrates consistency** with the relevant focal area or IP strategy for GEF-7 and with GEF eligibility criteria (e.g. incrementality, mobilization of co-financing, cost-effective achievement of global environment benefits (e.g. climate change mitigation, adaptation, land under sustainable land management, biodiversity, etc.);
5. **Ensure** that the PIF/PFD contributes to the implementation of national priorities, strategies and action plans, including gender related issues. The project priorities and impacts must reflect local inputs. Local ownership is critical for the long-term sustainability of the project;
6. **Indicate** the project's financing (incremental) and co-financing. The co-financing may come from international financial institutions and donors, as well private sector, philanthropies or social enterprises. A 5 Step Incremental Cost Analysis for the different GEF project cycle stages is presented in Annex 1 of the [Operational Guidelines for Incremental Cost Analysis](#);
7. The **OPF reviews the PIF / PFD**, checks against eligibility criteria and ensures that new project ideas will not duplicate an existing project;
8. The **Government submits** the PIF / PFD to its GEF OPF for endorsement and submission to the GEF. The submission can include the request for a Project Preparation Grant (PPG<sup>14</sup>) to assist with the full proposal development;
9. The **GEF Secretariat technically reviews** the PIF / PFD and technically clears it, following a review process;
10. If the **GEF Secretariat recommends** the PIF / PFD, it is web-posted for the GEF Council (Otherwise, the project can be returned for revisions, or rejected, if ineligible);
11. The **PIF /PFD is approved by GEF Council** and grant funds are ring-fenced by the GEF;
12. If a project preparation grant (PPG) request has been approved, the **PPG funding is released** (usually within 1 to 2 months of PIF approval).

## Phase 2 – Project Preparation (3–12 months)

Projects or programs must be congruent with GEF, GEF Agency policies and requirements, as well as with national priorities and development objectives. In particular, the project or program must adhere to the GEF in terms of [Gender Equality](#) and [Stakeholder Engagement](#).

After a PIF / PFD is approved by the GEF Council, the project development team (or those carrying out project development and associated documentation) will begin to develop the **full project document**, the so-called “**Request for CEO Endorsement**”.

The costs for a full proposal (“Request for CEO endorsement”) is between US\$40,000 and 150,000, depending on the nature of the project. However, the **GEF does support the development of the “Request for CEO Endorsement” through the Project Preparation Grant (PPG)**.

This phase is expected to be completed as soon as possible, and **no later than 18 months** from Council PIF / PFD approval date.

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12 A PPG refers to GEF funding that is provided to support the preparation of a GEF project or program. For projects, the GEF Agency may request a PPG at the time of PIF submission or at any time before CEO Endorsement submission. For programs, the GEF Agency may request a PPG for Child Projects at the time of PFD approval or at any time before CEO Endorsement / Approval submission of Child Projects (an individual project under a program). In all cases, the CEO decides whether to approve such PPGs.

## Steps required to successfully complete Phase 2

1. **Development of GEF Request for CEO Endorsement.** Ensure the project meets the GEF policies, procedures and investment criteria, such as national ownership, scale-up potential, incremental cost reasoning, multi-stakeholder engagement;
2. **Provide supporting documents** typically include feasibility studies, vulnerability and climate risk assessments, gender analysis, environmental and social management plans, GEF tracking tools; GEF project policies and standards (e.g. on co-financing);
3. **Submit the project to the country GEF OFP** and obtain project or program endorsement. This is confirmed by an **endorsement letter**;
4. **Secure project partners and co-financing commitments.** This is confirmed by co-financing commitment letters;
5. **Submit to the GEF Secretariat** the project or program package for **clearance**.

## Phase 3 – Project appraisal and approval for funding (approximately 4–6 months)

Approving the project or program follows an iterative project review process. The duration of this stage depends on the complexity and quality of the project, as well as the availability of GEF funding. This phase also depends on the internal appraisal framework established by individual GEF Agencies.

## Steps required to successfully complete Phase 3

1. Four weeks prior to the GEF Council meeting or prior to the deadline of a decision by mail, the **work program is posted on the GEF website and circulated to Council Members**.
2. **Once successful**, the GEF **funds** that have been requested through the project or program **are released** and the main project can begin.

## Phase 4 – Implementation (usually 2–5 years)

When funds are released, the **Project Executing Entity (PEE)** responsible for executing the GEF Project, in whole or in part, **starts project implementation**, under the supervision of a GEF Agency. Potential PEEs include national or sub-national government agencies, civil society organizations, private sector entities and academic institutions.

In order to ensure the maximum efficiency in project monitoring, the GEF Secretariat, in collaboration with its agencies, has developed a *Results-Based Management Framework* in order to measure progress and results of the project. Therefore, the GEF Implementing Agency is responsible for meeting various specific reporting requirements during the project.

Key features of the GEF-7 results architecture include: 1) a simplified results framework of 11 core indicators and associated sub-indicators; 2) agreed GEF-7 targets across the core indicators; 3) streamlined monitoring and reporting requirements; 4) measures to enhance the availability, accessibility, quality, and timeliness of data and information on results; and 5) the capture of socio-economic co-benefits and gender outcomes.

As reference, the last two projects for the coffee sector were funded under GEF-5 are listed in annex IV. Project documents and other documentation can be reviewed on the GEF website<sup>13</sup>.

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13 [https://www.thegef.org/projects?search\\_api\\_views\\_fulltext=coffee&=Apply](https://www.thegef.org/projects?search_api_views_fulltext=coffee&=Apply)



## V. CALL FOR ACTION AND CONCLUSIONS

In order to prepare project concepts/documents (PIF/PDF) in time for the bi-annual GEF Work Program meetings, these must start to be developed in the months leading up to the GEF Work Program meetings.

### TIMELINES

The following indicative workplan/timeline can serve as a guide for ensuring that your project or program will be considered for approval in Impact Programs, such as IP-1: Food Systems, Land Use and Restoration:

Task	Organization responsible	Indicative schedule
Official Call for “Expression of Interest (EOI)”	<ul style="list-style-type: none"><li>• GEF Secretariat</li><li>• GEF Focal Point</li><li>• GEF Agency</li></ul>	30 September 2018
Deadline for Submission of EOI	<ul style="list-style-type: none"><li>• GEF Secretariat</li><li>• GEF Focal Point</li><li>• GEF Agency</li></ul>	30 December 2018
Evaluation and selection of qualified submissions for IPs	<ul style="list-style-type: none"><li>• GEF Secretariat</li><li>• Lead GEF Agency</li></ul>	end of January 2019

The **official call** and **template** for “Expressions of Interest” (EOIs) for participation in the IPs is expected to be released by **30 September 2018**, by which time a Lead Agency for each IP will have been identified. The EOI will contain detailed instructions and requirements for each IP, so that interested countries can provide the best possible representation of their commitment to contribute toward program targets and outcomes, and the agency they choose to work with for their child project. The initial deadline for submission of completed EOIs will be **30 December 2018**.

The GEF Secretariat and the Lead Agencies will **evaluate and select an initial batch** of submissions, which will be considered (i.e. discussed and approved) at the **June 2019 Council meeting**.

An **additional deadline for EOIs will be established during 2019** for countries that need more time to express their interests, after which a **second batch of qualified submissions** will be presented in an updated PFD for consideration at a subsequent Council meeting.

Projects can also be submitted independently from the IP, e.g. via the biodiversity or land degradation focal areas, for inclusion in Autumn and Spring work programs of the GEF. The respective GEF Focal Points and/or GEF Agencies can provide more guidance on the timelines for these Work Programs.

### HOW THE ICO CAN HELP

The process for the preparation of project concepts (PIF/PFD) for the GEF-7 Replenishment cycle has already started. A number of GEF Implementing Agencies (including CI, UNDP and UNIDO) have already started scoping exercises and are working with countries’ governments to gain insights into priorities for the coffee sector. ICO Members that have not yet started this process may refer to this Guide to timely develop projects for possible funding under the GEF-7. ICO will continue supporting its Members to access green and climate funding, such as the GEF.

## THE ICO CAN ASSIST BY:

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Facilitating the establishment of contacts with:

- The ICO Counterparts/Focal Points (Governments entities dealing with coffee production/ processing/export, coffee associations and producers) to foster coordination strategies;
- GEF Agencies involved in coffee-related projects;
- Focal points of the GEF in Member countries;

Assisting in drafting/reviewing relevant programs for impact mitigation in Member countries eligible for GEF funding;

Providing background information, statistics and analyses on the coffee sector and potential impacts of climate change;

Connecting with and sharing information of key private sector and donors' initiatives to be involved in project co-financing and execution;

The ICO will also establish a system for monitoring and reporting on coffee projects funded by the GEF and other sources of funding.



**For further information,  
please contact:  
[projects@ico.org](mailto:projects@ico.org)**

# ANNEX I: MAIN CONTRIBUTIONS OF A SUSTAINABLE COFFEE ECONOMY TO THE SUSTAINABLE DEVELOPMENT GOALS (SDGs)

<p><b>1</b> NO POVERTY</p> 	<ul style="list-style-type: none"> <li>• Coffee production can significantly contribute to rural incomes and thus help lifting rural households out of poverty. It provides jobs and employment to the farming family and to farm workers in the community.</li> <li>• Resilience against price shocks or extreme climatic events.</li> </ul>
<p><b>2</b> ZERO HUNGER</p> 	<ul style="list-style-type: none"> <li>• Coffee can help reducing hunger and malnutrition, as a cash crop generating income for food purchases.</li> <li>• Coffee also competes for land with food crops. Hence, modernized production systems are and higher yields will alleviate such pressure for land.</li> </ul>
<p><b>5</b> GENDER EQUALITY</p> 	<ul style="list-style-type: none"> <li>• Acknowledgement of the important role women play in the agricultural sector and of the whole coffee value chain</li> <li>• With the same access to production factors, skills and financial resources women can reach the same productivity levels and income as men.</li> </ul>
<p><b>6</b> CLEAN WATER AND SANITATION</p> 	<ul style="list-style-type: none"> <li>• Coffee sector could improve water efficiency of production both at farm and processing levels and minimize the risks of contamination through improved production methods.</li> </ul>
<p><b>7</b> AFFORDABLE AND CLEAN ENERGY</p> 	<ul style="list-style-type: none"> <li>• The coffee sector can increase energy efficiency at the various levels in value chain, e.g. cultivation, transport, and processing.</li> <li>• Increase the share of renewable energy used in the value chain as well as use of coffee husks and waste as biomass.</li> </ul>
<p><b>8</b> DECENT WORK AND ECONOMIC GROWTH</p> 	<ul style="list-style-type: none"> <li>• More policies which help to retain young people in rural areas and/or encourage them to pursue a coffee sector career.</li> <li>• Identify and address the issue of child labour and where applicable any forms of forced labour.</li> </ul>
<p><b>9</b> INDUSTRY, INNOVATION AND INFRASTRUCTURE</p> 	<ul style="list-style-type: none"> <li>• The sustainable industrialization of coffee can reduce emissions and discharges on the environment mitigating climate change and increase value addition.</li> <li>• Innovation and new technologies can impact the productivity of the coffee sector.</li> </ul>
<p><b>10</b> REDUCED INEQUALITIES</p> 	<ul style="list-style-type: none"> <li>• Coffee sector improves inclusion and reduces inequality within countries by providing economic opportunities in rural areas, where poverty rates have been historically higher than in urban areas.</li> <li>• Improve total resource flows for development, by recipient and donor countries and type of flow (e.g. official development assistance, foreign direct investment and other flows) to the coffee sector</li> </ul>
<p><b>12</b> RESPONSIBLE CONSUMPTION AND PRODUCTION</p> 	<ul style="list-style-type: none"> <li>• Promoting sustainable sourcing and engaging consumers through awareness-raising and education on sustainable consumption and lifestyles.</li> <li>• Promote waste management and circular economy policies, for example in the handling of coffee pods.</li> </ul>
<p><b>13</b> CLIMATE ACTION</p> 	<ul style="list-style-type: none"> <li>• Strong link to the coffee sector, more frequent extreme climatic events – frost, draught or prolonged rainfall – could have severe negative effects on farm productivity. Yields and quality could go down output, ultimately affecting the global coffee market.</li> </ul>
<p><b>15</b> LIFE ON LAND</p> 	<ul style="list-style-type: none"> <li>• Protection of land, not only the soil but also all biodiversity surrounding coffee is essential for coffee sustainability. In areas with more biodiversity, coffee plantations might lead to better yields.</li> </ul>

## ANNEX II: KEY GEF AGENCIES

A list of GEF Agencies that are active in the coffee sector include: Conservation International, FAO, IFAD, UNDP, UN-Environment (UNEP), UNIDO and the World Bank.

- **Conservation International (CI)** works globally with governments and engages with all sectors of society to achieve the ultimate goal of improved human well-being, particularly focusing on the essential services that nature provides. As a GEF Project Agency, they leverage their science, experience in innovative finance and community-based solutions as well as their network of partnerships to implement effective in the focal areas of Biodiversity, Climate Change Adaptation and Mitigation, Land Degradation and International Waters. With regards to coffee, CI has been working in partnership with coffee producers and the broader industry to promote sustainable practices that conserve the biodiversity of coffee producing landscapes for over 20 years.
- **Food and Agriculture Organization of the United Nations (FAO)**'s comparative advantage for the GEF is its technical capacity and experience in fisheries, forestry, agriculture, and natural resources management. The FAO has strong experience in sustainable use of agricultural biodiversity, bioenergy, biosafety, sustainable development in production landscapes, and integrated pest and pesticides management.
- **International Fund for Agricultural Development (IFAD)**'s comparative advantage for the GEF lies in its work related to land degradation, rural sustainable development, integrated land management, and its role in the implementation of the UN Convention to Combat Desertification. IFAD has been working intensively in marginal lands, degraded ecosystems and in post-conflict situations.
- **United Nations Development Programme (UNDP)**'s comparative advantage for the GEF lies in its global network of country offices, its experience in integrated policy development, human resources development, institutional strengthening, and non-governmental and community participation. UNDP assists countries in designing and implementing activities consistent with both the GEF mandate and national sustainable development plans.
- **United Nations Environment Programme (UNEP)**'s comparative advantage for the GEF is related to its being the only United Nations organization with a mandate to coordinate the work of the United Nations in the area of environment for which the core business is the field of environment. UNEP also provides the GEF with a range of relevant experiences, proof of concept, testing of ideas, and the best available science and knowledge upon which it can base its investments. It also serves as the Secretariat to three of the MEAs, for which GEF is the/a financial mechanism.
- **United Nations Industrial Development Organization (UNIDO)**'s comparative advantage for the GEF is that it can involve the industrial sector in GEF projects in the following areas: industrial energy efficiency, renewable energy services, water management, chemicals management (including POP and ODS), and biotechnology. UNIDO also has extensive knowledge of small and medium enterprises (SMEs) and agribusiness value chains including coffee in developing and transition economy countries.
- **The World Bank Group (WBG)**'s comparative advantage for the GEF is as a leading international financial institution at the global scale in a number of sectors, similar to the comparative advantage of the regional development banks. The WBG has strong experience in investment lending focusing on institution building, infrastructure development and policy reform across all the focal areas of the GEF.

Do note that this list is by no means exhaustive.

# ANNEX III: ARCHITECTURE OF THE GEF-7 PROGRAMMING

Focal Areas	Biodiversity	Climate Change	Land Degradation	International Waters	Chemicals and Waste
	<b>Programming Areas to be addressed through Focal Areas Investments</b>				
	<ul style="list-style-type: none"> <li>Biodiversity mainstreaming</li> <li>Global Wildlife Program</li> <li>Natural capital</li> <li>Agrobiodiversity</li> <li>Inclusive conservation</li> <li>Invasive species</li> <li>Protected areas</li> <li>Biosafety</li> <li>ABS</li> <li>Enabling Activities</li> </ul>	<ul style="list-style-type: none"> <li>Innovation and technology transfer for sustainable energy breakthroughs</li> <li>NDC preparation and implementation</li> <li>Capacity Building Initiative for Transparency</li> <li>Enabling Activities</li> </ul>	<ul style="list-style-type: none"> <li>Creating Enabling Environments for LDN</li> <li>LDN Target setting</li> <li>Enabling Activities</li> </ul>	<ul style="list-style-type: none"> <li>Strengthening Blue Economy Opportunities</li> <li>Improving Management in ABNJs</li> <li>Enhancing Water Security in Freshwater Ecosystems</li> </ul>	<ul style="list-style-type: none"> <li>Industrial Chemicals</li> <li>Agricultural Chemicals</li> <li>LDC/SIDS support</li> <li>Enabling Activities</li> </ul>
	<b>Objectives to be addressed through Impact Programs that promote convention priorities</b>				
Food Systems, Land Use, and Restoration Impact Program	<ul style="list-style-type: none"> <li>Manage biodiversity in production landscapes</li> <li>Harnessing biodiversity for sustainable agriculture</li> <li>Secure high conservation value forest (HCVF) areas in production landscape</li> </ul>	<ul style="list-style-type: none"> <li>Land-based and value chain GHG mitigation (sequestration and avoidance)</li> </ul>	<ul style="list-style-type: none"> <li>Sustainable land management</li> <li>Diversification of crop and livestock systems</li> <li>Restoration of degraded production landscapes</li> </ul>	<ul style="list-style-type: none"> <li>Integrated Land and water management</li> <li>Prevention of nutrient pollution</li> </ul>	<ul style="list-style-type: none"> <li>Replacement of POPS and relevant HP's used in the global food supply chain</li> <li>Disposal of obsolete agricultural chemicals that are POPS</li> </ul>
Sustainable Cities Impact Program	<ul style="list-style-type: none"> <li>Integrating biodiversity and ecosystem values in urban planning</li> </ul>	<ul style="list-style-type: none"> <li>Urban-related GHG emissions avoidance</li> </ul>	<ul style="list-style-type: none"> <li>Sustainable management of production systems in urban and per-urban areas</li> </ul>	<ul style="list-style-type: none"> <li>Shared water ecosystems (fresh or marine) under new or improved cooperative management</li> </ul>	<ul style="list-style-type: none"> <li>Reduction of POPS, ODS, and Mercury in built infrastructure, industry and products and materials used in cities.</li> </ul>
Sustainable Forest Management Impact Program	<ul style="list-style-type: none"> <li>Protection of HCV Forests</li> <li>Manage biodiversity in forest landscapes</li> </ul>	<ul style="list-style-type: none"> <li>Protection of carbon rich stocks</li> <li>Forest related GHG emissions avoidance</li> </ul>	<ul style="list-style-type: none"> <li>Sustainable management of dryland landscapes</li> </ul>	<ul style="list-style-type: none"> <li>Shared water ecosystems (fresh or marine) under new or improved cooperative management</li> </ul>	<ul style="list-style-type: none"> <li>Eliminate mercury in forests where ASGM that uses mercury occurs</li> </ul>

## ANNEX IV: EXAMPLE OF THE MOST RECENT GEF PROJECTS ON COFFEE

ID	Title	Countries	Focal Areas	Agencies	Type	GEF Grant (US\$)	Cofinancing (US\$)	Status
4631	<u>Watershed Approach to Sustainable Coffee Production in Burundi</u>	Burundi	Biodiversity, Land Degradation	The World Bank	Full-size Project	4,200,000	20,800,000	Project
5788	<u>Assessment of Land Degradation Dynamic in Coffee -Cocoa Production and Northern Ivory Coast to Promote SLM Practices and Carbon Stock Conservation ALDD SLM CSC</u>	Cote d'Ivoire	Land Degradation	UNEP	Medium-size Project	1,726,027	25,701,220	Project



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