

CLIMATE INVESTMENT FUNDS

December 20, 2016

**[Approval by mail] Burkina Faso: Climate change mitigation and poverty reduction through the development of the cashew sector in Burkina Faso (FIP, PSSA) (AfDB) (XFIPBF503A)
- Comments from United Kingdom**

12/20/2016

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- Comments from United Kingdom**

Dear Mafalda

Thank you for the opportunity to comment on the Burkina Faso proposal. It is good to see the second FIP PSSSA proposal coming forward for approval by the sub-committee and we appreciate the effort that has gone into preparing this highly consulted proposal with many partners and interconnected moving parts involved.

We welcome the focus on developing the capacity of farmer associations, particularly with respect to financial literacy and business planning.

We note that the original proposer of the project – The Wouol Association- does not meet the Bank's criteria for private sector operations and that the project therefore is now a public sector operation with a private sector objective. Is it usual for this sort of information to be unknown at the time of submitting the project concept?

We would be grateful for clarification on one key area of intervention. This entails the Support Fund known as FIE which plays an important role in the achievement of the project's objectives. As we understand it, the FIE has so far only operated as a mechanism to award grants. In the Technical Annex (pg 60-61) "heavy shortcomings" associated with the FIE's onerous process for awarding grants in 2015 is highlighted. There is little explanation of what has improved since then to suggest the project should have confidence in this mechanism now. This strikes us as important given the reliance on this instrument to award the subsidies to promote higher quality planting stock in increased plantation areas, and to on-lend to the RCPB (network of credit unions) which seems critical for the provision of loans to support investment in improved transport and processing technologies.

In the main document, pg 12 – p 4.1.3. FIE is due to provide grants to support the planting of improved cashew plantations. It is not clear if this is a 100% subsidy or not. In the technical annex there is a suggestion that it is not, but could you clarify?

paragraph 4.1.4 it is not clear what the nature of the relationship will be between FIE and the RCPB. Based on the description in the technical annex, FIE has had no experience of lending. It would be helpful to know more about the nature of the lending arrangements between FIE and RCPB for on-lending to farmer associations etc.

On page 16 – paragraph 4.4 there is a reference to the FIE as potentially being accredited as an implementing agency for the GCF in Burkina Faso. This suggests that the cashew project is a way to test FIE as a new instrument. In this regard it would be helpful to understand what oversight is in place, how FIEs performance will be monitored, particularly considering the shortcomings highlighted in the technical annex. The process for assessment of proposals set out currently seems burdensome and could result in approvals getting bogged down.

With apologies for the delay in getting these questions to the project team, a response in writing will be sufficient.

Many thanks and best wishes
Gaia

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