



ADAPTATION FUND

ADAPTATION FUND BOARD SECRETARIAT TECHNICAL REVIEW OF PROJECT/PROGRAMME PROPOSAL

PROJECT/PROGRAMME CATEGORY:

Countries/Region: Zambia and Malawi

Project Title: Supporting resilient agricultural value chains and livelihoods of climate vulnerable border communities of Zambia and Malawi

Thematic focal area: Food Security

Implementing Entity: United Nations Industrial Development Organization (UNIDO)

Executing Entities: UNIDO; Development Aid from People to People (DAPP) Zambia; Development Aid from People to People (DAPP) Malawi.

AF Project ID:

IE Project ID:

Requested Financing from Adaptation Fund (US Dollars): 13,998,238

Reviewer and contact person: Neranda Maurice-George

Co-reviewer(s):

IE Contact Person(s):

Technical Summary

The project "Supporting resilient agricultural value chains and livelihoods of climate vulnerable border communities of Zambia and Malawi" aims to enhance resilience of the TFCA border communities to climate impacts through fostering gender-sensitive and resilient agro-value chains and sustainable ecosystems management. This will be done through the three components below:

Component 1: Strengthen the enabling environment for the local delivery of adaptation services. (USD 2,580,714).

Component 2: Develop, strengthen and diversify gender responsive climate resilient agro-value chains. (USD 4,314,500)

Component 3: Enhance resilience through sustainable land, forest and water management. (USD 3,880,850)

Component 4: Advance regional learning and Knowledge management (KM) on resilient VC. (USD 1,148,464)

Requested financing overview:

Project/Programme Execution Cost: USD 801,143

	<p>Total Project/Programme Cost: USD 12,725,671 Implementing Fee: USD 1,272,567 Financing Requested: USD 13,998,238</p> <p>The proposal includes a request for a project formulation grant and/or project formulation assistance grant of USD 30,000.</p> <p>The initial technical review raises some issues, such as correct size of EE fee given that the EE is also providing execution services, justification for IE serving as EE, proper completion of PFG request for among others, as is discussed in the number of Clarification Requests (CRs) and Corrective Action Request (CAR) raised in the review.</p> <p>The second technical review finds that one outstanding CAR related to endorsement for IE to perform execution services has not been adequately addressed.</p>
Date	25 February 2025

Review Criteria	Questions	First Technical Review Comments January 21, 2025	Second Technical Review Comments February 25 2025
Country Eligibility	1. Are all of the participating countries party to the Kyoto Protocol and/or the Paris Agreement?	Yes.	-
	2. Are all of the participating countries developing countries particularly vulnerable to the adverse effects of climate change?	Yes. Rising temperatures, high rainfall variability, and decreasing precipitation threaten rain-fed agriculture thereby impacting food security in the Zambia's Eastern Province (Chasefu, Lundazi, Lumezi) and Malawi's Central and Northern regions (Mzimba, Kasungu, Mchinji).	-

Project Eligibility	1. Have the designated government authorities for the Adaptation Fund from each of the participating countries endorsed the project/programme?	Yes. As per the Endorsement letter dated 28th October 2024 for Zambia and Endorsement letter dated 18 th December 2024 for Malawi.	-
	2. Has the pre-concept provided necessary information on the problem the proposed project/programme is aiming to solve, including both the regional and the country perspective?	Yes. The proposal seeks to address ineffective systems supporting cross-border trade among small traders and informal producers and the lack of collective climate action to address shared climate issues in the border communities.	-
	3. Have the project/programme objectives, components and financing been clearly explained?	Yes. However, amendments are required. CAR1: Please re-frame the outputs so that focuses instead on the concrete adaptation actions that will be delivered and not the TA that will support the concrete actions. CR1: On component 4 please indicate and expound on the participating countries column by listing which countries are expected to participate in component.	CAR1: Cleared. Based on amendments to pages 3 and 4 of the tracked changed version of the re-submission. CR1: Cleared. Based on amendment to pages 3 and 4 of tracked changed version of the re-submission.
	4. Has the project/programme been justified in terms of how: - it supports concrete adaptation actions?	Yes. This regional project contributes to the thematic area Food security in	CR2: Cleared. Based on insertion at page 5 paragraph 3 of the tracked changed version of the re-

	<ul style="list-style-type: none"> - it builds added value through the regional approach? - it promotes new and innovative solutions to climate change adaptation? - it is cost-effective? - it is consistent with applicable strategies and plans? - it incorporates learning and knowledge management? - it will be developed through a consultative process with particular reference to vulnerable groups, including gender considerations, in compliance with the Environmental and Social Policy of the Adaptation Fund? - it will take into account sustainability? 	<p>Zambia and Malawi. A process for consultations have been outlined in the PFG request to support the development of the concept note. Cost effectiveness of the project is presented at page 5. The approach of the project is innovative in its effort to leverage social capital as a core building block as well as its intent on utilizing value chain approach.</p> <p>CR2: In relation to consistency with applicable strategies and plans the proposal references SASC TFCA 2013, however SADC TFCA Programme 2023 – 2033 is more recent and it would be useful to align the proposal with the same.</p>	<p>submission.</p>
	<p>5. Does the pre-concept briefly explain which organizations would be involved in the proposed regional project/programme at the regional and national/sub-national level, and how coordination would be arranged? Does it explain how national institutions, and when possible, national implementing entities (NIEs) would be involved as partners in the project?</p>	<p>Yes.</p> <p>UNIDO; Development Aid from People to People (DAPP) Zambia; Development Aid from People to People (DAPP) Malawi; line ministries in Zambia and Malawi; Farmers' Clubs and Marketing Hubs and CSO has all been identified as part of the implementation arrangements either directly or through representation on the Programme Management Units or Technical Working Groups.</p>	<p>-</p>

Resource Availability	6. Is the requested project / programme funding within the funding windows of the programme for regional projects/programmes?	Yes.	-
	7. Are the administrative costs (Implementing Entity Management Fee and Project/ Programme Execution Costs) at or below 10 per cent of the project/programme for implementing entity (IE) fees and at or below 10 per cent of the project/programme cost for the execution costs?	<p>Yes. But amendments are required.</p> <p>Where the IE serves as EE, the EE costs must be 1.5% of the total exceptional circumstances and must be well-justified, the execution cost should be limit to 1.5% of the part of the project/programme executed by the implementing entity. If the actual execution costs of the IE exceed the 1.5% cap a justification should be provided.</p> <p>CAR2: Please provide (within the proposal document);</p> <ol style="list-style-type: none"> 1. Justification for UNIDO serving as IE 2. Since UNIDO is executing components 2 and 4 only the execution costs that is going to UNIDO should be (\$81,945 i.e. 1.5% of components 2 and 4), please confirm that this is UNIDOs understanding. <p>The PFG request requires notes on budget items.</p> <p>CAR3:</p>	<p>CAR2: Not cleared.</p> <ol style="list-style-type: none"> 1. The justification provided by UNIDO in the re-submission is not sufficient. The endorsement letters have not been amended to reflect support of the indication by UNIDO that it will execute components 2 and 4. Both endorsement letters indicate that the executing agency for the project with be DAPP (Malawi and Zambia) respectively. As per the Board (decision B.18/30), please provide written evidence that execution services by the Implementing Entities on an exceptional basis has been requested by the recipient countries, involving designated authorities in the process, and providing rationale for such a request. The responsibility for these services shall be stipulated, their budget estimated in the fully developed project/programme document and covered by

		<ol style="list-style-type: none"> 1. Please insert a note for the IE activities proposed in the PFG. 2. Please ensure: <ol style="list-style-type: none"> a. that the PFG request is signed. b. The LLA section is to be deleted as it is not applicable to this request. c. Since various districts in both countries are proposed to be beneficiaries of the proposal please clarify the strategy for only one consultation mission targeting all proposed beneficiaries. 	<p>the execution costs budget of the project/programme.</p> <p>UNIDO's Response to CAR2:</p> <ol style="list-style-type: none"> 1. In accordance with AFB Decision B.18/30, the Governments of Malawi and Zambia through their respective NDAs have provided amended LoEs requesting UNIDO to, in addition to serving as IE, execute Components 2 & 4 with justification. 2. Accordingly, Part III Implementation Arrangement of the PCN template is revised as follow: UNIDO is requested by the respective recipient Governments of Zambia and Malawi through their NDAs to provide Execution Services (Components 2&4) in addition to serving as Implementing Entity (IE). The proposed interventions align with UNIDO's mandate and technical expertise, positioning it to serve as
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			<p>IE and partially as EE. The proposed innovative Agribusiness Transformation Hubs (ATHs) are tools developed and implemented by UNIDO to transform food systems in Africa, making it the best fit for Executing Entity (EE). The DAPP (Zambia and Malawi) will execute Component 3 in line with their expertise in climate-smart agriculture in both countries. UNIDO has a dedicated Agro-Innovation and Bio-Economy Unit and Food Security and Food Systems Unit supporting developing countries to transform their food systems, with extensive sectoral and technical expertise in agricultural value chains in Africa. About 60% of the technical cooperation portfolio is agri-food value chains related, and more than 50% of this work is in Africa. The Organization has implemented several</p>
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			<p>initiatives in Zambia, Malawi, SADC, and across Africa including the proposed ATHs that have been tested and being implemented in Sudan to drive adaptation and transformation of agro-food ecosystems. This makes UNIDO the best fit for the IE implementing this project.</p> <p>CAR3: Cleared. Based on amendments to PFG template.</p>
Eligibility of IE	8. Is the project/programme submitted through an eligible Implementing Entity that has been accredited by the Board?	<p>Yes.</p> <p>UNIDO is accredited until 30th November 2025.</p> <p>CAR4: Please ensure that the IE certification is signed at part IV Section B.</p>	<p>CAR4: Cleared. Based on insertion of IE certification and signature at Part IV Section B.</p>



PRE-CONCEPT FOR A REGIONAL PROJECT/PROGRAMME

PART I: PROJECT/PROGRAMME INFORMATION

Title of Project/Programme: Supporting resilient agricultural value chains and livelihoods of climate vulnerable border communities of Zambia and Malawi

Countries: Zambia and Malawi

Thematic Focal Area¹: Food security

Type of Implementing Entity: Multilateral Implementing Entity

Implementing Entity (IE): United Nations Industrial Development Organization (UNIDO)

Executing Entities (EE): UNIDO, Development Aid from People to People (DAPP) Zambia, Development Aid from People to People (DAPP) Malawi.

Amount of Financing Requested: 13,998,238 USD (in U.S Dollars Equivalent)

Project Formulation Grant Request: Yes ☒ No ☐

Amount of Requested financing for PFG: 30,000 USD (in U.S Dollars Equivalent)

Letters of Endorsement (LOE) signed for all countries²: Yes ☒ No ☐

Stage of Submission:

- ☐ This pre-concept has been submitted before
☒ This is the first submission ever of the pre-concept.

In case of a resubmission, please indicate the last submission date: [Click or tap to enter a date.](#)

Please note that pre-concept should not exceed 5 pages (in addition to this first cover page)

¹ Thematic areas are Food security; Disaster risk reduction and early warning systems; Transboundary water management; Innovation in adaptation finance.

² NOTE: LOEs should be signed by the Designated Authority (DA). The signatory DA must be on file with the Adaptation Fund. To find the DA currently on file check this page: <https://www.adaptation-fund.org/apply-funding/designated-authorities>

1. Project/Programme Background and Context

Border communities in Malawi and Zambia around the Transfrontier Conservation Area (TFCA) Kasungu-Lukusuzi rely on small-scale rain-fed agriculture, making them highly vulnerable to climate impacts due to low adaptive capacity.³ In 2016-17, El Niño dry spells left a third of Malawi's population food insecure. In 2019, Cyclone Idai caused \$220 million in losses,⁴ affecting 975,000 people.⁵ Annually, floods in Malawi affect 100,000 people and cause \$4 million in agricultural losses, with expected increases. In Zambia, droughts lead to crop failure, food insecurity, and soil nutrient loss, especially in the target areas of Agroecological Region II (AER II). **Food and nutrition security** in both countries relies heavily on smallholder maize producers (70% of cropland), who are vulnerable to climate change due to maize's sensitivity to water and temperature changes. Farmers, who are crucial to food security, face challenges like limited market access, low value addition capacity, poor technology, and inadequate financing. Climate change has exacerbated crop diseases, land degradation, and increased pressure to expand into sensitive ecological areas.⁶ Limited access to timely, user-friendly climate information (CI)⁷ and early warning systems (EWS)⁸ has hampered informed decision-making, increasing farmers' vulnerability.

Climate impacts in the target areas of Zambia's Eastern Province (Chasefu, Lundazi, Lumezi) and Malawi's Central and Northern regions (Mzimba, Kasungu, Mchinji) show rising temperatures, high rainfall variability, and decreasing precipitation.⁹ These changes threaten rain-fed agriculture through **reduced stream flows, altered phenology,¹⁰ shorter growing seasons,¹¹ and more frequent dry spells during planting.¹²** The IPCC's 6th Assessment Report (AR6) for the East-Southern Africa Region confirms these trends and projects increased aridity, along with agricultural and ecological droughts.¹³

Zambia is projected to face increased exposure to extreme events,¹⁴ including prolonged dry spells, heatwaves, droughts, and more frequent and intense seasonal changes. In Malawi, the frequency and severity of extreme weather events, including droughts (7 recorded), floods (18 recorded), and flash floods (4 recorded),¹⁵ are expected to rise, continuing the trend of the past four decades.

Malawi and Zambia¹⁶ have high poverty levels, with 51% and 54% of their populations respectively below the poverty line. The lack of alternative livelihoods limits their ability to invest in adaptation measures. These socioeconomic challenges are in turn exacerbated by the impacts of climate change.¹⁷ In Zambia, human-induced environmental degradation, reduced agricultural incomes, and inadequate financial capacity to mitigate drought are key vulnerabilities for smallholder farmers (SHF).¹⁸ The proposed project, using a gender-sensitive approach, aims to support the most vulnerable populations, particularly SHF with limited capacity to cope with climate shocks while protecting TFCA ecosystems.

The current and projected shared climate impacts and associated risks in the border communities of Zambia and Malawi necessitate building **collective adaptation systems at regional, national, and local levels. A regional approach** is needed to address the shared barriers faced by smallholder farmers and communities, such as ineffective systems supporting cross-border trade among small traders and informal producers and the lack of collective climate action to address shared climate issues in the border communities.

Zambia and Malawi are united by the 2015 TFCA Treaty, promoting sustainable management of natural resources in the Lukusuzi and Kasungu areas (see Annex 1). However, challenges remain, including encroachment on protected areas through shifting cultivation resulting in poor resilience to climate shocks. To prevent conflicts between agricultural activities and conservation in TFCA buffer areas and account for the risks of maladaptation, further ESS assessments will be conducted at the later proposal development stages, while assuring the project promotes sustainability and conservation-friendly practices and regenerative agriculture. A **regional approach** will yield greater cost-benefit outcomes by pooling resources, generating economies of scale, fostering collective action, and tackling climate change more effectively. It will create a platform for institutional complementarity and best practice sharing between Zambia and Malawi, serving as a model for regional climate initiatives in the SADC region. Preliminary consultations highlighted the

³Hunter, R., Crespo, O., Coldrey, K., Cronin, K., New, M. 2020. Research Highlights – Climate Change and Future Crop Suitability in Zambia. University of Cape Town, South Africa, undertaken in support of Adaptation for Smallholder Agriculture Programme (ASAP) Phase 2. International Fund for Agricultural Development (IFAD), Rome.

⁴UNSDG (2022). Acting before disasters strike: Malawi embraces a new approach for tackling climate-related hazards.

⁵Government of Malawi, Malawi 2019 Floods Post Disaster Needs Assessment (PDNA), 2019.

⁶Jeanne Y. Coulibaly, Gladys A. Gbetibouo, Godfrey Kundhlande, Gudeta W. Sileshi and Tracy L. Beedy, 2015, *Responding to Crop Failure: understanding Farmers' Coping Strategies in Southern Malawi*

⁷Clarkson G, Dorward P, Poskitt S, Mambwe D, Mtonga RK, Below T. 2021. User Needs Assessment for Climate Services in Zambia. CCAPS Working Paper no. 399. Wageningen, the Netherlands: CGIAR Research Program on Climate Change, Agriculture and Food Security (CCAFS).

⁸Republic of Zambia, 2023. National Adaptation Plan.

⁹World Bank Climate Knowledge Portal: <https://climateknowledgeportal.worldbank.org/>

¹⁰Republic of Zambia 2023. National Adaptation Plan for Zambia. Source: <https://unfccc.int/sites/default/files/resource/NAP-Zambia-2023.pdf>

¹¹Government of Malawi, 2021, Third National Communication on Climate Change

¹²World Bank Climate Knowledge Portal: <https://climateknowledgeportal.worldbank.org/>

¹³IPCC's 6th Assessment Report (AR6) for the East-Southern Africa Region.

¹⁴Government of the Republic of Zambia (GRZ), 2020, Third National Communication (TNC) to the UNFCCC

¹⁵Pauw, K., J. Thurlow, M. Bachu and D. E. Van Seventer, 'The Economic Costs of Extreme Weather Events: A Hydro-Meteorological CGE Analysis for Malawi', 2018

¹⁶World Bank, 2020, Poverty & Equity Brief, Zambia.

¹⁷Government of the Republic of Zambia (GRZ), 2020, Third National Communication to the UNFCCC

¹⁸Republic of Zambia, NAP 2023.

Field Code Changed

need to address integrated water and land resource management, improve access to climate information, and boost the resilience of communities and value chain actors for climate-resilient development.

2. Project/Programme Objectives

The **Overall Objective** of the project is to enhance resilience of the TFCA border communities to climate impacts through fostering gender-sensitive and resilient agro-value chains and sustainable ecosystems management. The **Specific Objectives** of the project are to: (1) enhance adaptive capacity of the TFCA border communities to climate hazards through enabling the environment for local delivery of climate adaptation services; (2) reduce vulnerability of TFCA border communities to climate risks by developing, strengthening, and diversifying gender-responsive agro-value chains; (3) enhance ecosystem and TFCA border communities' resilience through sustainable land, forest and water management while empowering women and youth.

The project will directly benefit approximately 20,000 smallholder farmers (SHF) in the two countries (at least 60% women), representing over 100,000 people (or household members) in Eastern Province in Zambia (Chasefu, Lumezi and Lundazi districts) and in Central and Northern regions in Malawi (Mzimba, Kasungu, and Mchinji districts) through concrete adaptation interventions. A total of 400,000 people will benefit from the project indirectly. Thus, the estimated total number of direct and indirect beneficiaries will be 500,000 people, approximately 25% of the combined total population of the target districts.

3. Project/Programme Components and Financing:

Project/Programme Components	Expected Outcomes	Expected Outputs	Countries	Amount (US\$)	Exec. Ent.
1. Strengthen the enabling environment for the local delivery of adaptation services.	1.1. Increased awareness of CC risks, and potential impact on food security.	1.1.1. End-users and institutions have capacity to interpret and apply CI for effective agricultural planning and risks management enabling climate-informed decision-making and adaptation. 1.1.2. Border communities have gained access to early warning systems (EWSs) enabling them to anticipate and respond effectively to climate risks. 1.1.3. Strengthened awareness of vulnerable border communities and agencies on collective climate action and adaptive measures to climate change risks.	Zambia Malawi	2,580,714	NDAs/Ministries
	1.2. CC risks are integrated into critical decision-making processes for agricultural development at the local, sub-national, national, and regional levels.	1.2.1. Increased climate-risk informed decision-making capacity at the local, national and regional levels for effective climate governance. 1.2.2. Climate adaptation practices are integrated across all relevant institutions and departments at local level to enhance border communities' resilience to climate change/variability. 1.2.3 Regional mechanism for adaptation cooperation established and operational to address shared climate risks.	Zambia Malawi		
2. Develop, strengthen and diversify gender-responsive climate-resilient agro-value chains.	2.1. Priority VC actors are resilient to the anticipated impacts of CC through resilient VC and diversified livelihoods.	2.1.1. Climate-smart strategic agri-food VC transformation hubs are operational, enabling sustainable provision of climate adaptation services to drive VC actors' and agriculture resilience. 2.1.2. Target value chain actors are adopting climate-smart post-harvest practices and technologies to reduce losses and build resilience to climate change impacts. 2.1.3. Selected MSME/ Farmers' Clubs trained in climate-resilient food processing, managerial, technical, marketing, and trade promotion best practices for economic resilience. 2.1.4. Target farmers, farmers' groups and women owned SMEs provided access to innovative financial solutions and services and diversified income sources enabling investment in adaptation solutions and increased resilience to shocks. 2.1.5. Border communities have enhanced livelihoods and income opportunities through intra-regional trade and investment in resilient agro-VC.	Zambia Malawi	4,314,500	UNIDO
3. Enhance resilience through sustainable land, forest and water management.	3.1. Vulnerable communities and SHF are resilient to climate shocks through sustainable land, forest, and water resources management systems and practices.	3.1.1. SHFs have adopted sustainable land, water, and Climate-Smart Agriculture (CSA) practices/technologies to foster resilient production. 3.1.2. Afforestation, agroforestry systems, regenerative agriculture and farm forestry are adopted among border farming communities for resilient farming systems. 3.3. Vulnerable ecosystem services and natural resource assets are strengthened/rehabilitated.	Zambia Malawi	3,880,850	DAPP
4. Advance regional learning and knowledge management (KM) on resilient VC.	4.1 Improved diffusion of innovative adaptation practices and information on climate resilience building.	4.1. KM Plan developed and implemented. 4.2. Knowledge exchange interventions on meteorological services, VC approaches, water and land management, and sustainable livelihoods around protected areas promoted. 4.3. Review of relevant adaptation practices and policy gaps conducted and disseminated.	Zambia, Malawi	1,148,464	UNIDO
<i>Sub-total Components</i>				11,924,528	
5. Project/Programme Execution cost (AF Fee Calculator)				801,143	
6. Total Project/Programme Cost				12,725,671	
7. Project/Programme Cycle Management Fee charged by the Implementing Entity (10%)				1,272,567	
Amount of Financing Requested				13,998,238	

Project Duration: 5 years (60 months)

PART II: PROJECT/PROGRAMME JUSTIFICATION

The target communities rely on small-scale rain-fed agriculture, making them highly vulnerable to climate impacts due to low adaptive capacity. Extreme droughts and floods cause crop failures, leading to food insecurity. SHFs, crucial for food security, also face climate-related risks, limited market access, low value addition capacity, poor technology, and inadequate financing. In line with both countries' national adaptation planning processes, the project will contribute to priorities identified in Malawi's NAP process¹⁹ in line with the aim to "improve community resilience to CC through enhanced agricultural production, infrastructure development and disaster risk management" as well as the strategic priorities established in the NDC on effective and efficient locally designed EWS and promotion of agriculture. Similarly, Zambia's NAP²⁰ outlines a set of adaptation actions tailored to address SHF vulnerabilities for different climate hazards. The project will contribute to addressing climate risks affecting SHF scored as High in the NAP.

In alignment with AF MTS 2023-2027 the project will contribute to Expected Result 1 of Strategic Pillar (SP) 1 'Action' by reducing beneficiaries' vulnerability to climate variability and change and strengthening their resilience through inclusive processes such as the FC model (Comp.2 and 3). Under SP1 the project will also contribute to result 2 by enhancing institutional capacities on CI interpretation and delivery and integration of climate adaptation into planning instruments (Comp.1). Additionally, it will contribute to SP3 'Learning and Sharing', result 2, by developing innovative regional KM mechanisms (Comp.4).

A regional approach is essential for creating coherent and harmonized strategies and decision-making frameworks to tackle shared climate resilience, VC, and livelihood challenges. Addressing climate risks faced by communities around the Malawi-Zambia TFCA through a regional project will allow for experience sharing and filling knowledge gaps. This coordination will enhance planning and activities, contributing to the goals of the SADC CC Strategy²¹ and the SADC TFCA Programme (2023-2033)²². Although a variety of other projects funded by the Climate Funds (AF, GCF, GEF) with a similar focus on adaptation of rural livelihoods are being planned and/or implemented, there are no initiatives addressing cross-border areas and the challenges they present. As such, this project aims to address this existing gap, and it will pursue coherence and complementarity with these other ongoing and planned initiatives²³. The proposed project has four components:

Component 1. Strengthen the enabling environment for the local delivery of adaptation services. (US\$ 2,580,714). This component aims to improve adaptation actions by enhancing institutional capacities, local Early Warning Systems (EWS), and the effective use of climate information (CI) and data for decision-making by smallholder farmers (SHF). Outcome 1.1 focuses on increasing climate literacy in communities by assessing CI and EWS needs and capacities and developing agro-met advisory messages and forecasts in partnership with Ministries of Agriculture. Information will be disseminated via community radio stations in the common local languages of the target districts (Chewa and Timbuka). Outcome 1.2 aims to integrate CC risks into agricultural decision-making in the agricultural sector, strengthening the enabling environment for climate change adaptation (CCA) services. This includes strengthening government systems, establishing organizational structures, and enhancing capacities from sub-national to community levels.

Component 2. Develop, strengthen and diversify gender-responsive climate-resilient agro-value chains. (US\$ 4,314,500). This component aims to diversify and strengthen livelihoods, develop new enterprises along selected value chains (VC), and enhance access to finance for climate-resilient livelihoods, focusing on women and youth. It will support 200,000 smallholder farmers (SHF) and MSMEs, enhancing their capacity to adapt to climate change by improving market access, finance, technical skills, renewable energy technologies, and post-harvest management. The project will build on successful models by UNIDO and DAPP in Zambia and Malawi, establishing "Climate-smart Agro-food VC Transformation Hubs" (ATH) in targeted districts. These hubs will support input supply, post-harvest processing, and marketing. The project will also improve market access through aggregation centers and quality assurance, and linkages to the private sector i.e., off-takers and processors. An ICT Virtual Farmers' Market will facilitate produce marketing, with youth leading digital literacy efforts. Initial consultations identified soybeans, groundnuts, and horticulture as priority VCs, with maize promoted for local food security.

Component 3. Farm and community-level interventions on sustainable land, forest, and water management with a focus on women/youth empowerment. (US\$ 3,880,850). CC, soil degradation, and water scarcity have reduced productivity, threatening livelihoods and food security. This project will build community and smallholder farmer (SHF) capacity to withstand climate shocks and reduce pressure on TFCA. It includes sustainable natural resource management, soil, water, and forest protection through local committees and nature-based solutions like agroforestry. Capacity building will target governance structures and SHFs, introducing affordable land and water management technologies via a Trainer of Trainers approach. Leadership and management training will empower women, with selection criteria developed through consultative processes to ensure equity and non-discrimination, following a GESI approach and AF Gender and ES policies.

Component 4. Advancing regional learning and knowledge (LK) management. (US\$ 1,148,464) It will develop innovative mechanisms for information sharing, training, and best practices tailored to different audiences (youth, women, vulnerable groups) to

¹⁹ Malawi's National Adaptation Plan Framework (2020) by the Ministry of Natural Resources, Energy and Mining Environmental Affairs Department. <https://nappglobalnetwork.org/wp-content/uploads/2020/03/napp-en-2020-malawis-national-adaptation-plan-framework.pdf>

²⁰ Republic of Zambia, 2023. National Adaptation Plan.

²¹ SADC 2015. SADC Climate Change Strategy and Action Plan. https://www.sadc.int/sites/default/files/2021-11/SADC_Climate_Change_Strategy_and_Action_Plan-English.pdf

²² SADC Programme for Transfrontier Conservation Areas (2023-2033) specifically Goals 1, 2, 3 & 5

²³ A complete and detailed assessment of synergies with other initiatives will be conducted during CN phase and presented to the AF.

foster upscaling in the two countries and SADC region. Collaboration through SADC will ensure lessons are shared via the TFCA Network and regional trainings, including Climate Smart ATHs, learning initiatives, and workshops.

Building on successful experiences with the Farmers' Clubs (FC) Model in Zambia and Malawi, the project will form Farmers' Clubs (FCs) of 50 members (60% women) in Zambia and Malawi to support learning, new practices, private sector engagement, and improved post-harvest management and market access. FCs will facilitate access to government and private sector services. Gender inclusiveness measures will encourage women's participation. A gender analysis at the Concept Note stage will integrate women and youth needs into the project design, considering factors like childcare support and gender-sensitive materials.

How the project would promote new and innovative solutions: This intervention is based on a premise that shifts the paradigm to adaptation actions and resilience building that are both necessary and sufficient – a systematic action addressing both the direct and indirect ways climate impacts on SHF, and the direct and indirect causes of vulnerability to CC. The project particular methodology, which emphasises the strengthening of community-level organizational structures and of social capital as core building blocks of climate-resilient development pathways. Anchored on a VC approach, the project will introduce UNIDO's time tested Climate Smart ATHs to serve as centers of excellence for climate service, information, and capacity building for SHF, VC actors and stakeholders. This shift from ad hoc, trigger-and-leave models²⁴ to more institutionalized structures, will drive sustained, harmonized local/regional climate actions. Equally, the Virtual Farmers' Market is an additional innovation connecting local producers to markets, knowledge, services and capital to enhance SHFs' income and ultimately their resilience.

The cost-effectiveness of the proposed project: The project is cost-effective by using proven, low-cost technologies and practices such as organizing SHF in FCs, CSA, CA, agroforestry, digital crop marketing, and community engagement in EWS, and NbS for water and flood management. These practices enhance long-term resilience and are likely to be widely adopted due to minimal investment needs. Leveraging existing structures, rather than creating ones, further increases cost-effectiveness. Coordinated by UNIDO with DAPP Malawi and DAPP Zambia, the project benefits from substantial experience with rural communities and strong ministerial ties, ensuring efficient implementation. Strengthening technical capacities at all levels supports system-wide improvements. The regional approach contributes to cost-effectiveness by improving cross-border trade benefiting the SHF and supporting the TFCA, making the project cost-effective on a regional basis.

How the project would be consistent with sustainable development and adaptation strategies: The project supports SDGs 1, 2, and 13. It matches Zambia NAP's outlined adaptation interventions tailored to address climate risks scored as "high" faced by SHF. It aligns with Zambia and Malawi NDCs' priorities on food security through livelihoods diversification and CSA promotion, sustainable forest management, EWS, and water management technologies (Zambia), and strengthening farmer organizations to scale-up CSA and improving value-addition and soil management (Malawi). Similarly, the project is aligned with the national CC policies and development strategies. Regionally, it supports the various SADC CC initiatives and policies.

Learning and knowledge management (KM) component: This component aims to effectively generate and use knowledge within SADC leveraging existing structures such as the TFCA Network. **At the national level**, a robust learning and KM management system will be established through a strong Monitoring and Evaluation (M&E) framework, involving national learning institutions in decision-making studies. The project will carry out relevant assessment to build the evidence base and inform actions. **Locally**, beneficiaries will participate in vulnerability assessment, co-design, planning and capacity building on adaptation techniques. Community involvement in M&E and KM through Community Dialogue Meetings with local leaders and CC Champions ensures learning and sustainability. Regular reviews and planning meetings within the coordinating committees will also be part of KM. Public media including TV, radio, social media and written press will be used for wider engagement.

The consultative process, planned to be undertaken during project preparation: The pre-concept note was informed by the long-term presence (+30 years) of the EEs in both countries. At national level, initial consultations were undertaken with relevant ministries to better understand needs, vulnerabilities and barriers and to agree on the interventions proposed. During CN development, a detailed review of existing projects and potential synergies and stakeholder assessment will be conducted. Local authorities, communities, women's groups and other stakeholders will help identify project activities and indicators.

How the sustainability of the outcomes would be taken into account when designing the project: The project design ensures sustainability by building institutional, technical, and organizational capacities emphasizing community participation and ownership. Proven structures such as FCs will be established and strengthened. Linking FCs to Saving and Lending Groups will support financial resilience. ATHs will be operationalized with trained staff in business skills and management. UNIDO will advocate mainstreaming ATHs into institutional structures drawing on similar experience from other countries. The micro-aggregator (MA) approach has proven sustainable, with MAs selected in communities, who will be equipped with business skills. Environmental sustainability will be achieved through the adoption of CA and CSA, agroforestry, and small-scale adaptive infrastructure. A detailed exit strategy will be developed during FP stage.

How the project would provide economic, social and environmental benefits: The project will deliver more sustainable production, a higher degree of resilience to withstand shocks, access to aggregation and value addition, access to credit and funds and diversification. Generating added value through ATHs and VC development will increase farmers' market access and business growth. Increased CC awareness and access to CI and EWS, will improve decision-making. Socially, the project will improve food security, incomes, nutrition and health, while strengthening social capital through community-based structures. Environmentally, the adoption of CSA, CA, water

²⁴ Development interventions and actions that make light touch on development issues and problems by scratching the surface and bits of the problem, then disappear.

and soil management, agroforestry, land restoration, and natural regeneration will enhance the ecosystem resilience and services, benefiting the communities.

Role of gender and vulnerable groups: The project will emphasize gender considerations during development and implementation by adopting a gender-responsive approach. Gender assessments and action plans will guide the project (based on SADC and National policies and Action Plans, the AF Gender Policy and Action Plan, UNIDO Gender Mainstreaming Strategy). Key measures will include guided self-selection of beneficiaries, participation of women in decision-making, differentiated impacts of CC on women,²⁵ increased knowledge through training, leadership roles attributed in FCs and project management. Women and vulnerable groups will be actively involved adhering to do-no-harm principles throughout.

How the project/programme would meet relevant national technical standards. Investments made in water management technologies will be small-scale and locally appropriate. No major infrastructure or environmentally hazardous interventions are included. Hence, the project will comply with the ESP of the AF, safeguarded by the ESS Policy of UNIDO (IE) who will do the required due diligence during project development.

Duplication of project with other funding sources: The project will ensure duplication of the activities from the past or on-going projects is avoided. However, existing resources, structures, infrastructures, and services from other projects will be capitalized on for efficiency. Project preparatory activities will assess other projects to effectively align and synergize, build complementarity and compatibility between the project and others during the concept and proposal stages. Coordination and consultation with other organizations and programmes focal points in the project area will be prioritized to avoid duplication during design, implementation and monitoring the project.

Justification for funding requested: The NDCs and countries' CC strategies estimate significant losses in GDP if no adaptation action is taken in the agriculture sector. Funding from AF will be a key catalyst in adaptation measures for rural communities. The state budgets in both countries are insufficient to address these issues, making the AF investment critical. The additionality of AF funds in Component 1 will allow for an effective CI ecosystem, awareness raising of CC impacts and adaptation options to reach broader; through Component 2, vulnerable population groups will be better prepared, more protected and resilient, and have the capacity to prevent loss of livelihoods and lives; through Component 3, crop and harvest losses will be reduced, and a shift from a subsistence-oriented to a market-driven agricultural sector will be boosted. Through Component 4, the collective efforts will have a multiplier effect in the border communities.

The environmental and social impacts and risks identified: the project will have overall positive environmental and social impacts, with low risks. Rainwater-based, water-related interventions may require further assessment. Environmental risks such as natural disasters and seasonal irregularities will be addressed with contingency plans. Socio-political risks are considered extremely low. The project will avoid exploiting protected resources in Kasungu and Lukusuzi National Parks, adhering to national regulations and EIA and ESS due diligence processes. An initial review of environmental and social impacts will be conducted, with a full Environmental and Social Management Framework and Gender Plan developed during the proposal phase, ensuring adherence to the Adaptation Fund's policies and FPIC.

PART III: IMPLEMENTATION ARRANGEMENTS

The project will be led by UNIDO as IE and executed by UNIDO and DAPP Zambia and DAPP Malawi (EEs) in collaboration with Zambia and Malawi Ministries of Agriculture, Environment and Natural Resources and other relevant line Ministries. Both EE are members of HPP, with strong climate action expertise, and will each execute the activities in their respective countries. UNIDO is requested by the respective recipient Governments of Zambia and Malawi through their NDAs to provide Execution Services (Components 2&4) in addition to serving as Implementing Entity (IE). The proposed interventions align with UNIDO's mandate and technical expertise, positioning it to serve as IE and partially as EE. The proposed innovative Agribusiness Transformation Hubs (ATHs) are tools developed and implemented by UNIDO to transform food systems in Africa, making it the best fit for Executing Entity (EE). The DAPP (Zambia and Malawi) will execute Component 3 in line with their expertise in climate-smart agriculture in both countries.

UNIDO will execute and provide technical and financial oversight. The proposed intervention aligns with UNIDO's mandate and technical expertise, positioning it to serve as IE and partially act as EE of the project. UNIDO has a dedicated Agro-Innovation and Bio-Economy Unit and Food Security and Food Systems Unit supporting developing countries to transform their food systems, with extensive sectoral and technical expertise in agricultural value chains in Africa. About 60% of the technical cooperation portfolio is agri-food value chains related, and more than 50% of this work is in Africa. The Organization has implemented several initiatives in Zambia, Malawi, SADC, and across Africa including the proposed ATHs that have been tested and being implemented in Sudan to drive adaptation and transformation of agro-food ecosystems. This makes UNIDO the best fit for the IE implementing this project. While KM activities will be done in Malawi and Zambia, other SADC countries will engage through lessons sharing via the TFCA Network, regional trainings, Climate-Smart ATHs, learning initiatives, and workshops, more details and the selection of the countries to be further elaborated at the concept and proposal stages and validated during project inception phase. Activities to be implemented by each EE will be further discussed and clarified and detailed during the concept and proposal stages. As IE and EE, UNIDO will also be responsible for M&E, coordinating the **Project Steering Committee (PSC)** and the **Project Management Unit (PMU)** in Lusaka. The **PSC** co-chaired by both countries will provide strategic policy guidance and direction, including representatives from the relevant Government line Ministries, the EEs, relevant transboundary bodies, and other relevant stakeholders such as CC Networking Groups.

²⁵ Zambia NAP identifies an increased personal risk for women and adolescent girls in search for clean water.

National Technical Working Groups (NTWG), will oversee implementation in each country, ensuring integration of best practices and lessons learned. **Each country will have one Project Implementing Office (PIO)** led by the national EE in charge of implementation, day-to-day coordination, and stakeholder engagement. **Provincial and District-level coordination mechanisms** will be established by the EEs and or strengthened including relevant project staff, government departments, private sector, regional bodies, and CSOs. **On the Sub-district level**, the project implementation as well as M&E will focus on the active participation of the community leaders and other key community actors as well as the established and strengthened farmer organisations (Farmers' Clubs and Marketing Hubs).

ANNEXES

- Annex I. Indicative project location maps.

PART IV: ENDORSEMENT BY GOVERNMENTS AND CERTIFICATION BY THE IMPLEMENTING ENTITY

- A. Record of endorsement on behalf of the government²⁶** *Provide the name and position of the government official and indicate date of endorsement for each country participating in the proposed project/programme. Add more lines as necessary. The endorsement letters should be attached as annexes to the project/programme proposal.*

Richard Kaudzu FOR: Secretary to the Treasury Ministry of Finance and Economic Affairs The Republic of Malawi	Date: 157th October <u>March</u> 202 5 <u>4</u>
Mr. Billy Katontoka National Coordinator National Designated Authority Ministry of Green Economy and Development Republic of Zambia	Date: 248th October <u>March</u> 202 5 <u>4</u>

- B. Implementing Entity Certification** *Provide the name and signature of the Implementing Entity Coordinator and the date of signature. Provide also the project/programme contact person's name, telephone number and email address*

<p>I certify that this proposal has been prepared in accordance with guidelines provided by the Adaptation Fund Board, and prevailing National Development and Adaptation Plans of the Republic of Zambia and the Republic of Malawi, and subject to the approval by the Adaptation Fund Board, <u>commit to implementing the project/programme in compliance with the Environmental and Social Policy of the Adaptation Fund</u> and on the understanding that the Implementing Entity will be fully (legally and financially) responsible for the implementation of this project/programme.</p>	
<p>Ms. Ganna Onysko Senior GEF, GCF, AF Coordinator Division of Funding Partner Relations Directorate of Global Partnerships and External Relations United Nations Industrial Development Organization - UNIDO Implementing Entity Coordinator</p>	
<p>Date: 6 February <u>March</u> 2025</p>	<p>Tel. and email: +43 1 26026 3708</p> <p>TO: g.onysko@unido.org CC: gef@unido.org / glo@unido.org / f.haidara@unido.org</p>
<p>Project Contact Person: Mr. Fredrick Kongongo Tel. and Email: +43 1 26026 3663 / f.kongongo@unido.org</p>	

²⁶ Each Party shall designate and communicate to the secretariat the authority that will endorse on behalf of the national government the projects and programmes proposed by the implementing entities.

Telephone: 01 789 355
Telefax: 01 789 173
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MINISTRY OF FINANCE
AND ECONOMIC AFFAIRS
P.O. BOX 30136
CAPITAL CITY
LILONGWE 3
MALAWI

Ref.No.FIN/DAD/5/2/2/1

5th March, 2025

The Adaptation Fund Board
C/o Adaptation Fund Board Secretariat
Email: Secretariat@Adaptation-Fund.org
Fax: 202 522 3240/5

Dear Sir /Madam,


**ENDORSEMENT FOR THE PROJECT: SUPPORTING RESILIENT
AGRICULTURAL VALUE CHAINS AND LIVELIHOODS OF CLIMATE-
VULNERABLE BORDER COMMUNITIES OF ZAMBIA AND MALAWI**

In my capacity as designated authority for the Adaptation Fund in Malawi, I confirm that the above regional project proposal is in accordance with the government's national priorities in implementing adaptation activities to reduce adverse impacts of, and risks, posed by climate change in Malawi.

Accordingly, I am pleased to endorse the above project proposal with support from the Adaptation Fund. UNIDO (Components 2 & 4) and Development Aid from People to People (DAPP Malawi) (Component 3) are requested to provide Execution Services in addition to serving as Implementing Entity (IE). The proposed intervention aligns with UNIDO's mandate and technical expertise, positioning it to serve as IE and partially act as EE. The innovative ATHs proposed in this project are tools developed and implemented by UNIDO to transform food systems in Africa, making it

the best fit for Executing Entity (EE). DAPP has strong climate action expertise and endorsed to execute Component 3's activities considering its long-standing work in climate-smart agriculture in Malawi. Details of the responsibility for these services, budget, and execution cost will be provided at the proposal stage.

Yours Sincerely,



Robert Mwanamanga
For **SECRETARY TO THE TREASURY**

All communication should be addressed to the:
Permanent Secretary
Telephone: 0211-252395
0211-252394
0211-252391



REPUBLIC OF ZAMBIA

In reply please quote

No.

NDA /71/21/9

MINISTRY OF GREEN ECONOMY AND ENVIRONMENT

OFFICE OF THE PERMANENT SECRETARY

Corner of John Mbita & Nationalist Road
P. O. Box 30147
Lusaka-Zambia

4th March 2025

The Adaptation Fund Board
C/O Adaptation Fund Board Secretariat
1818H Street NW
Washington DC 20433
Email: afbsec@adaptation-fund.org
UNITED STATES OF AMERICA

RE: ENDORSEMENT FOR THE PROJECT "SUPPORTING RESILIENT AGRICULTURAL VALUE CHAINS AND LIVELIHOODS OF CLIMATE VULNERABLE BORDER COMMUNITIES OF ZAMBIA AND MALAWI"

In my capacity as designated authority for the Adaptation Fund in Zambia, I confirm that the above regional project proposal is in accordance with the government's national priorities in implementing adaptation activities to reduce adverse impacts of, and risks, posed by climate change in Zambia.

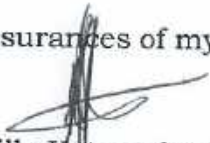
Accordingly, I am pleased to endorse the above project proposal with support from the Adaptation Fund. The United Nations Industrial Development Organization (UNIDO) in addition to serving as Implementing Entity will act as Executing Entity for Component 2 (Strengthen and diversify vulnerable peoples' livelihoods through climate-resilient agro-value chain development) and Component 4 (Advance regional learning and knowledge management (KM) on resilient value chains). This is based on their broad technical expertise in agricultural value chains systems, as demonstrated through their various initiatives such as the Agro-food Value Chain Transformation Hubs (ATHs) focused on transforming food systems in Africa.

In view of the strength in community interventions including its long-standing work in climate-smart agricultural in Zambia, Development Aid from People to People (DAPP Zambia) will execute Component 3 (Farm and community-level interventions on sustainable land, forest, and water management). Component 1 (Establish and strengthen the enabling environment

for the delivery of adaptation services) on the other hand will be facilitated by the National Designated Authority.

Kindly note that further details on the roles, budget and execution cost will be provided at proposal stage.

Please accept the assurances of my highest consideration



Billy Katontoka (Mr.)

National Coordinator

National Designated Authority

For/Permanent Secretary

MINISTRY OF GREEN ECONOMY AND ENVIRONMENT



Revised PFG Submission Form¹
Project Formulation Grant (PFG)

Submission Date: 3 December 2024

Adaptation Fund Project ID:

Country/ies: Zambia and Malawi

Title of Project/Programme: Supporting resilient agricultural value chains and livelihoods of climate vulnerable border communities of Zambia and Malawi

Type of IE (NIE/RIE/MIE): MIE

Implementing Entity: United Nations Industrial Development Organization (UNIDO)

Executing Entity/ies: United Nations Industrial Development Organization (UNIDO) Development Aid from People to People (DAPP) Zambia, Development Aid from People to People (DAPP) Malawi.

A. Project Preparation Timeframe

Start date of PFG	May 2025
Completion date of PFG	October 2025

B. Proposed Project Preparation Activities (\$)

Describe the PFG activities and justifications:

List of Proposed Project Preparation Activities	Output of the PFG Activities	US\$ Amount	Budget note²
1. Stakeholder Consultations and Engagement: Engage local communities, government agencies, NGOs, and private sector stakeholders to gather input and ensure alignment with local needs and priorities. To consult all six project districts (three	<ul style="list-style-type: none">Stakeholder engagement and consultation reportMinutes of meetings	10,000	Two national level consultation workshops (one per country) for line ministries, key development partners and private sector stakeholders @ USD2,000 each; Two local consultation missions in target areas (one per

¹ As presented in AFB/PPRC.33/40 Annex 1.


² The proposal should include a detailed budget with budget notes indicating the break-down of costs at the activity level. It should also include a budget on the Implementing Entity management fee use.

<p>each in Zambia and Malawi including national consultation at Lusaka and Lilongwe) in one consultation mission, a two-week consultative trip will be conducted.</p> <p>Week 1: Zambia</p> <p>1. Districts: Chasefu, Lumezi, Lundazi</p> <p>2. Activities: Spend 2 days in each district gathering first-hand information and data for the concept note through stakeholder meetings, focus-groups discussions, and site visits.</p> <p>Week 2: Malawi</p> <p>1. Districts: Mzimba, Kasungu, Mchinji</p> <p>2. Activities: Spend 2 days in each district gathering first-hand information and data for the concept note through stakeholder meetings, focus-groups discussions, and site visits.</p>			<p>country), executed by the EEs in target areas to consult stakeholders – local authorities, local development actors, local value chain actors, and sample communities @USD 3,000 each</p>
<p>2. Baseline Assessments: Conduct assessments to understand current climate vulnerabilities, socio-economic conditions, and environmental status for further refinement of project design.</p>	<ul style="list-style-type: none"> Baseline assessment report 	10,000	<p>A consultant to carry out the baseline assessment and prepare the findings report.</p>
<p>3. Gender and Social Inclusion Analysis: Conduct analyses to</p>	<ul style="list-style-type: none"> Gender analysis report 	3,273	<p>A short-term gender expert to support technical</p>

ensure the project addresses gender and social inclusion, integrating these aspects into the project design.			working group in conducting gender analysis.
4. Project Design and Planning Workshops: Develop detailed project plans, including objectives, activities, timelines, and budgets to ensure alignment with AF mission and strategic plan, alignment with country priorities and to ensure that all aspects of the project are thoroughly planned and that all stakeholders are aligned and prepared for successful project execution.	<ul style="list-style-type: none"> • AF concept note • Concept note formulation grant request 	4,000	Design and Development of concept note @USD 2,000; Two validation workshops (one per country) @ USD1,000 each.
Total Project Formulation Grant		27,273	
Implementing Entity Fee	<ul style="list-style-type: none"> • IE admin and technical support for project development, monitoring and supervision • Compliance assurance 	2,727	Technical and admin support services.
Grand Total		30,000	

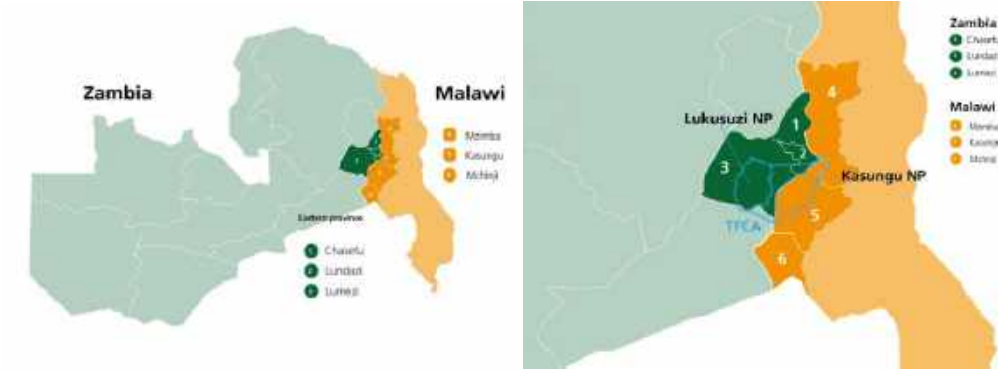
C. Implementing Entity

This request has been prepared in accordance with the Adaptation Fund Board's procedures and meets the Adaptation Fund's criteria for project identification and formulation

Implementing Entity Coordinator, IE Name	Ms. Ganna Onysko Senior GEF, GCF, AF Coordinator Division of Funding Partner Relations Directorate of Global Partnerships and External Relations United Nations Industrial Development Organization - UNIDO Implementing Entity Coordinator	
Signature		Date: 5 February 2025
Project Contact Person	Mr. Fredrick Kongongo +43 1 26026 3663 / f.kongongo@unido.org	
Telephone	+43 1 26026 3708	
E-mail	TO: g.onysko@unido.org CC: gef@unido.org / glo@unido.org / f.haidara@unido.org	

Annex I - Indicative project location maps.

1. Map of proposed project locations
2. Map showing protected areas overlapping with selected districts (draft version²⁷)



²⁷TICA : Malawi- Zambia Transfrontier Conservation Area Malawi (Kasungu/Lukusuzi component)

²⁷ To be refined at Concept Note stage