

Concept Note

Project/Programme Title: **„Private Sector Support in Sustainable Management of Landscapes and Development of Green Agro-Tourism”**

Country(ies): **Georgia**

National Designated Authority(ies) (NDA): **Ministry of Environment Protection and Agriculture**

Accredited Entity(ies) (AE): **TBC Bank/RDA (Project specific accreditation)/IFAD**

Date of first submission/
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**GREEN
CLIMATE
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Notes

- The maximum number of pages should **not exceed 12 pages**, excluding annexes. Proposals exceeding the prescribed length will not be assessed within the indicative service standard time of 30 days.
- As per the Information Disclosure Policy, the concept note, and additional documents provided to the Secretariat can be disclosed unless marked by the Accredited Entity(ies) (or NDAs) as confidential.
- The relevant National Designated Authority(ies) will be informed by the Secretariat of the concept note upon receipt.
- **NDA can also submit the concept note directly with or without an identified accredited entity at this stage.** In this case, they can leave blank the section related to the accredited entity. The Secretariat will inform the accredited entity(ies) nominated by the NDA, if any.
- Accredited Entities and/or NDAs are encouraged to submit a Concept Note before making a request for project preparation support from the Project Preparation Facility (PPF).
- Further information on GCF concept note preparation can be found on GCF website [Funding Projects Fine Print](#).

| A. Project/Programme Summary (max. 1 page) | | | |
|--|--|--|--|
| A.1. Project or programme | <input type="checkbox"/> Project <input checked="" type="checkbox"/> Programme | A.2. Public or private sector | <input type="checkbox"/> Public sector <input checked="" type="checkbox"/> Private sector |
| A.3. Is the CN submitted in response to an RFP? | Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> If yes, specify the RFP: _____ | A.4. Confidentiality¹ | <input checked="" type="checkbox"/> Confidential <input type="checkbox"/> Not confidential |
| A.5. Indicate the result areas for the project/programme | <p>Mitigation: Reduced emissions from:</p> <input checked="" type="checkbox"/> Energy access and power generation <input checked="" type="checkbox"/> Low emission transport <input type="checkbox"/> Buildings, cities and industries and appliances <input checked="" type="checkbox"/> Forestry and land use <p>Adaptation: Increased resilience of:</p> <input type="checkbox"/> Most vulnerable people and communities <input type="checkbox"/> Health and well-being, and food and water security <input checked="" type="checkbox"/> Infrastructure and built environment <input checked="" type="checkbox"/> Ecosystem and ecosystem services | | |
| A.6. Estimated mitigation impact (tCO2eq over lifespan) | 1.7 million tCO2 for 30 years | A.7. Estimated adaptation impact (number of direct beneficiaries and % of population) | 100 000 farmers directly and 1,637,009 people indirectly |
| A.8. Indicative total project cost (GCF + co-finance) | Amount: USD 80 million | A.9. Indicative GCF funding requested | Amount: USD 60 million |
| A.10. Mark the type of financial instrument requested for the GCF funding | <input checked="" type="checkbox"/> Grant <input type="checkbox"/> Reimbursable grant <input type="checkbox"/> Guarantees <input type="checkbox"/> Equity <input checked="" type="checkbox"/> Subordinated loan <input type="checkbox"/> Senior Loan <input type="checkbox"/> Other: specify _____ | | |
| A.11. Estimated duration of project/ programme: | a) disbursement period: 4 b) repayment period, if applicable: CBA | A.12. Estimated project/ Programme lifespan | 15 years |
| A.13. Is funding from the Project Preparation Facility requested?² | Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Other support received <input type="checkbox"/> If so, by who: _____ | A.14. ESS category³ | <input type="checkbox"/> A or I-1 <input type="checkbox"/> B or I-2 <input checked="" type="checkbox"/> C or I-3 |
| A.15. Is the CN aligned with your accreditation standard? | Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> | A.16. Has the CN been shared with the NDA? | Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> |
| A.17. AMA signed (if submitted by AE) | Yes <input type="checkbox"/> No <input type="checkbox"/> If no, specify the status of AMA negotiations and expected date of signing: _____ | A.18. Is the CN included in the Entity Work Programme? | Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> |
| A.19. Project/Programme rationale, objectives and approach of programme/project (max 100 words) | <p>Brief summary of the problem statement and climate rationale, objective and selected implementation approach, including the executing entity(ies) and other implementing partners.</p> <p>This concept note aims to increase the contribution of the private sector to fulfil Georgia's commitments to the Paris Agreement and achieving Sustainable Development Targets (SDG).</p> | | |

¹ Concept notes (or sections of) not marked as confidential may be published in accordance with the Information Disclosure Policy ([Decision B.12/35](#)) and the Review of the Initial Proposal Approval Process ([Decision B.17/18](#)).

² See [here](#) for access to project preparation support request template and guidelines

³ Refer to the Fund's environmental and social safeguards ([Decision B.07/02](#))

This programme will establish the consultancy process and programmes for sustainable management of landscapes⁴ in support of the private sector involved in agro-tourism activities. In particular, the programme will ensure the availability and quality of the consultancy process along with the concessional financial resources for the implementation of ecosystems' sustainable management activities.

The programme has three components: inventory of natural resources and their degradation level, development of sustainable management plans for the private sector involved in agro-tourism and providing concessional financial resources for implementation of landscapes' sustainable management plans and low-emission technologies.

Special focus will be made by the programme on private entities led by women and private entities which have more than 60% women workforce.

B. Project/Programme Information (max. 8 pages)

B.1. Context and baseline (max. 2 pages)

Describe the climate vulnerabilities and impacts, GHG emissions profile, and mitigation and adaptation needs that the prospective intervention is envisaged to address.

Protection of environment and rational use of natural resources, in parallel with a sustainable development of Agriculture, is a significant challenge for Georgia, especially against the background of the current process of climate change. Facilitation of climate-smart agriculture is one of the priorities of the Government of Georgia, which responds simultaneously to three crosscutting challenges, which are as follows: food security; adaptation with climate change; and mitigation of climate change. The following activities have been planned in the field of agriculture and environment protection: increase of irrigated land parcels; perform studies on degraded soils and take measures to recover and improve their fertility; create legal framework for windbreak management and development and plant the windbreaks; introduction of new rules of legislation for protection and maintenance of bio-diversity to ensure the sustainable use of biological resources; ensure the extension of protected areas and tourism promotion; introduction of and support to the sustainable forestry management practice through the establishment of effective mechanisms of forest care, protection and recovery, which will facilitate the maintenance and improvement of qualitative and quantitative forest indicators. (Fourth National Communication of Georgia to the UNFCCC, 2021)

In the totally centralized "soviet" period, land was state property managed (in particular agricultural lands and the sector) in a centralized manner through collective farming ("Kolmeurneoba"). What is most important, there was quite a long post-soviet period in Georgia when land/ecosystems/forests were still formally state property without clear distribution of responsibilities for management of the country's natural resources. Such an uncontrolled/unsustainable situation was the significant anthropogenic factor having a devastating impact on natural resources. Due to this anthropogenic impact, carbon emissions from degraded natural resources/ecosystems were roughly estimated equal to 1.5 million tCO₂ by 2017 compared with the 1990 base year (including degraded pastures, destroyed windbreakers, deforestation process, degraded agricultural lands, etc.).

As a result of the land reform, the main purpose of which was the denationalization of land ownership through privatization, the private sector of the agrarian economy was formed and fundamentally new economic relations were established in Georgia, which led to the essential change of the rural society. Lack of knowledge of sustainable land and ecosystems' management has caused significant degradation of these natural resources.

Pastures. Pasturelands and haylands cover around 1.9 million ha, which present 25% of the country's area. They account for more than 50% of agricultural areas, according to the National Pastureland Management Policy Document from December 2022. The Government of Georgia is in the process of formulating a law on pastures with the aim of introducing a sustainable pasture governance system. The Government aims to adopt the new law in 2025. To guide the reform, MEPA released a "National Pastureland Management Policy Document" in December 2022. The document was elaborated with the support of the GEF-funded project of FAO "Achieving Land Degradation Neutrality (LDN) Targets of Georgia through Restoration and Sustainable Management of Degraded Pasturelands". According to the different documents, around 570,000⁵ - 700,000 ha⁶ of pastures are subject to degradation in the eastern part of the country. Private owners hold around 10% of pastures (including haylands).

⁴ Sustainable Landscape Management: Design, Construction, and Maintenance

(<https://www.wiley.com/enie/Sustainable+Landscape+Management:+Design,+Construction,+and+Maintenance-p>)

⁵ 2022-2026 Environmental Strategy

⁶ Fourth National Communication of Georgia to the UNFCCC

Windbreakers. In 1960 ties 12,888 ha windbreakers were planted in Georgia. After breaking the country and the collapse of collective farms 80% of these windbreakers were totally destroyed/logged by population and used as energy source. The rest of these windbreakers also left without any maintenance and rehabilitation.

CN prepared by IFAD in request from the government of Georgia it was planned restoration of 4 350 ha of windbreaks (in 12 municipalities) and emission reduction was calculated in a range of 133 980 of CO₂ in 7 years and ~574 200t of CO₂ over 30 years⁷. Based on this information it could be concluded that rehabilitation of 12,888 ha windbreakers capture about 1.7 million tCO₂ for 30 years. It should be highlighted here that private sector is planting windbreakers on their own, though certification of real functionality and effect of this is not assessed.

In accordance with the CN project will directly benefit 100 000 farmer (commercially active and smallholder⁸ and herder households (approx. 350 000 people) and benefiting 163 7009 people indirectly with enhanced productivity, income, food security and reduced disaster risks, with the prevention of agriculture and land erosion and degradation on 143 030 ha arable land and 107 334 non-operated lands (total of 250 364 ha), through the restoration of 4 350 ha of windbreaks.

Under the law of windbreaks / RIA, 57 municipalities will be order to restore their windbreaks in the coming 17 years.⁹ 12% of windbreakers are on the private territories.

Arable lands. 380,000 ha of arable lands almost 47% of total (801,800 ha) are degraded mainly in East Georgia where these territories were supported by windbreakers destroyed as a result of land reform in Georgia

One of the important factors was that the reform started without any preparatory work. Before privatization, a complete inventory of all categories of land was not carried out (it should be noted that this process has not been completed even after almost three decades), there was no quality survey of soils, no cadastral work was carried out, borders between regions, districts and villages were not separated, etc. Unfortunately, it went wrong. In these processes, special damage was done to the pastures and windbreaks, the forests surrounding the villages.

Activities planned in this CN plan to fill the knowledge and consultancy gaps in sustainable management of ecosystems and establish certified consultancy service for sustainable management of landscapes (territories with different ecosystems).

Please indicate how the project fits in with the country's national priorities and its full ownership of the concept. Is the project/programme directly contributing to the country's INDC/NDC or national climate strategies or other plans such as NAMAs, NAPs or equivalent? If so, please describe which priorities identified in these documents the proposed project is aiming to address and/or improve.

Sustainable management of landscapes as such is not mentioned in strategic climate change documents, though low emission technologies which are part of sustainable management are reflected in building NAMA, in NDC, in climate change strategy 2030 and action plan 2021-2023, as well as in the National Energy and Climate Integrated Plan". Mitigation of GHGs from improved ecosystems was not reflected in the previous NDC and only forest ecosystems are considered for carbon capture ("By 2030 Georgia intends to increase the carbon capturing capacity through the forestry sector by 10% compared to 2015 level"). Some of these private landscapes also have small forests, windbreakers, perennial trees and have significant carbon capture potential. E.g. rehabilitation of illegally logged windbreakers could capture 132 tCO₂ per ha/a, though the adaptation potential of windbreakers is more important for sustainable management of ecosystems (pastures and arable lands .

Describe the main root causes and barriers (social, gender, fiscal, regulatory, technological, financial, ecological, institutional, etc.) that need to be addressed.

Following barriers for removal are considered by the CN:

- **Informational barrier.** This information barrier related to last barrier here, which is regulatory barrier. Absence of baseline information on lands and ecosystems' degradation level already belonging to the private territory. This barrier needs regulation to make baseline inventory of resources obligatory thought for already private territories it should be voluntary and free of charge. Relevant activities will be done through activities 1.1.1.-1.1.3 under the output 1.1.
- **Institutional barrier.** Absence of certified consultancy service and methodologies adapted to country's landscapes' needs for planning sustainable management. This barrier should be removed through implementation of activities for achievement outputs 2.1; 2.2 and 2.3.
- **Lack of awareness.** related Lack of climate technologies' application in sustainable development planning and practice, particularly from private sector

⁷ Estimated 132 tCo₂ per ha of rehabilitated windbreaks after 30 years – based on GIZ Assessment of carbon stocks and potential CO₂-sequestration in afforestation project activities in South-Eastern Georgia

⁸ In Imereti 90 % is smallholder farmer; in Khaketi, 60 % is smallholder farmer.

⁹ 2019 regulatory impact assessment (ria) of the draft law of Georgia on windbreaks .

- **Lack/limited access to concessional finance.** Due to high risk of the sector related to the climate and climate change hazards and limited experience of financial institutions, particularly in climate adaptation technologies is key barrier to the risk sharing financial instruments. The programme considers establishing concessional and risk sharing financial instruments for the implementation of low-emission and climate adaptive/resilient technologies. This will be done with implementation activities 3.1.1-3.1.5 leading to output 3.1.- Concessional, de-risking loans for climate change mitigation/adaptation technologies and activities available for private sector involved in landscape development, agriculture and agro/eco-tourism.
- **Regulatory barrier.** Lack of regulatory environment for sustainable land and ecosystems management. All activities planned are following the existing regulations. However, still some additional regulations should be introduced by government and enforced. This should be done with activities 1.1.1.-1.1.3 under the output 1.1.

Where relevant, and particularly for private sector project/programme, please describe the key characteristics and dynamics of the sector or market in which the project/programme will operate.

B.2. Project/Programme description (max. 3 pages)

Describe the expected set of components/outputs and subcomponents/activities to address the above barriers identified that will lead to the expected outcomes.

The concept note focuses on the private sector that owns large areas (former agricultural lands) which have been privatized by the government since 1999 when the Law on privatization was approved. Key activities developed by the private sector on these private territories are agriculture and tourism related activities. Typically, various types of ecosystems co-exist in these areas in different combinations creating various types of natural landscapes throughout large territories. Purpose of this CN is strengthening the country's local capacities to ensure the availability of high-quality consultations to the private sector in sustainable management of these landscapes and access to concessional finance for implementation low-emission and climate resilient technologies and approaches.

CN consists of three components:

Component 1: GHGs reduced and ecosystems resilience to climate change increased as a result of strengthened sustainable development and management of landscapes (land and ecosystems). This component should ensure that sustainable development and management plan of landscape is an integral part of investment plans requested for privatization of agricultural lands.

Output 1.1. Strengthening regulation environment will be done through implementation of these activities:

Activity 1.1.1 Strengthening existing regulations related to the privatization of agricultural lands. Assessment of baseline parameters/indicators of considered for privatization landscapes should become obligatory prior to the privatization as well as sustainable management plan for future monitoring of landscape development trends.

Activity 1.1.2 Strengthening and implementing requirements for sustainable management of lands and ecosystems in accordance with the existing different strategic plans.

Activity 1.1.3 Establishing regulations for strengthening certified consultation services for sustainable management of landscapes in general, and in particular, for privately owned landscapes.

Component 2: Established local capacities for sustainable development and management of landscapes. Three sub-components are planned for achieving the following outputs: 2.1 inventory of baseline degradation level of land and ecosystems carried out for all types of landscapes and ecosystems which could be privatized; 2.2 methodologies for sustainable management of landscapes developed (or adapted to the country's condition) per type of landscape existing in Georgia; and 2.3 consultancy service for sustainable management of landscape established.

Output 2.1. Establishment of baseline data management platform will be achieved through the implementation of the following activities:

Activity 2.1.1 Agreeing on classification of landscapes' existing in Georgia by ecosystems and by activities ongoing of the landscapes.

Activity 2.1.2 Establishing process and software platform/system for baseline and periodic inventory of landscapes and ecosystems are located on the landscape.

Activity 2.1.3 Collecting baseline data and assessment of ecosystems' degradation level at baseline (with priority for lands to be privatized).

Output 2.2. Development methodology for preparation of "landscapes sustainable management plan" will be implemented through the following activities:

Activity 2.2.1 Identifying key parameters for assessment of degradation level of different types of ecosystems and development of methodology for baseline inventory.

Activity 2.2.2 Development (adaptation to local conditions) methodology for preparation of landscape's sustainable management plan.

Activity 2.2.3 Preparation of landscape's development and sustainable management plan as an integral part

of land privatization process.

Output 2.3. Strengthening local experts' capacities and ensure continues on-job training process for the established expert pool

Activity 2.3.1 Establishing pool of local experts for implementation of outputs 2.1, 2.2 and 2.3 and providing periodical trainings

Activity 2.3.2 Conducting climate technology needs assessment for sustainable management of landscapes and their ecosystems and preparing technology transfer action plans

Activities 2.3.3 Raising of private sector awareness on sustainable management of landscapes and its impact on ecosystems, ecosystems' productivity, environmental, social and gender issues.

Component 3: Scaled up and strengthened access to concessional and de-risking financial schemes for climate mitigation and adaptation technologies and agro-insurance. Two outputs are planned to achieve this outcome: output 3.1 concessional, de-risking loans for climate change mitigation/adaptation technologies and activities available for private sector involved in landscape development, agriculture and agro/eco tourism and output 3.2 agro-insurance scaled-up for the products not yet involved in such schemes and established for climate technologies.

Output 3.1. Strengthening management capacities of direct access entities (DAE) in “sustainable management of landscapes and climate technologies”:

Activity 3.1.1. Conducting financial and economic cost-benefit analysis for technologies

Activity 3.1.2. Identifying needs for concessionality and needs for grants.

Activity 3.1.3. Developing of investment criteria

Activity 3.1.4. Supporting the DAE in preparation of operational manual for investing in mitigation/adaptation technologies and activities

Activity 3.1.5. Providing consultancy and on-job capacity building to the DAE in management of green products and related risks

Output 3.1. Developing agro-insurance system based on private sector needs assessment:

Activity 3.2.1 Identifying climate related risks and farmers needs for agriculture and landscape development activities.

Activity 3.2.2 Developing of sustainable, flexible and effective agro-insurance system based on the needs identified in activity 3.2.1

Activity 3.2.3 Updating the existing 2021-2024 agro-insurance strategy taking into consideration the gaps and barriers identified in this period.

In terms of rationale, please describe the theory of change and provide information on how it serves to shift the development pathway toward a more low-emissions and/or climate resilient direction, in line with the Fund's goals and objectives.

Formulation of ToC is as follow: “If concessional finance with advanced de-risking schemes are offered to the private sector for low-carbon and climate- resilient technologies to address demand side finance, enabling regulatory environment and certified consultancy services for sustainable development and management of landscapes are available for the agriculture and the agrotourism sectors, then, the involvement and contribution of private sector to the implementation of NDC (GHGs mitigation and adaptation) and DCFT Agreement with EU on green growth of agriculture and tourism sectors will be significantly increased”

Assumptions for such transformation changes are that regulations related to the sustainable management of agricultural lands (landscapes) are strengthened, enforced and monitored; and land balance prepared, including baseline status of land, related ecosystems and natural resources (water, etc.).

Describe how activities in the proposal are consistent with national regulatory and legal framework, if applicable.

All activities considered in this concept paper are consistent with existing national regulations though existing regulations are not enough for implementation all activities and some additional regulations should be introduced by the government to implement this concept. Following key laws are fundament of this concept: Organic Law of Georgia on Agricultural Land Ownership (25.06.2019); Law of Georgia on Determination of the Designated Purpose of Land and on Sustainable Management of Agricultural Lands (02.07.2019); Law on Rehabilitation of Windbreakers (02.11. 2021); Law on state pastures (06.10.2021); Law of Georgia on Energy Efficiency (21.05.2020; amnd. 27.02.2023); Law on Energy Efficiency of Buildings (21.05.2020); Law of Georgia on Promoting the Generation and Consumption of Energy from Renewable sources (15.07.2020). Maybe additional regulation on inventory of land and other natural resources including degradation level of this resources should be considered as necessary before privatization and preparation of sustainable management plan.

Describe in what way the Accredited Entity(ies) is well placed to undertake the planned activities and what will be the implementation arrangements with the executing entity(ies) and implementing partners.

Accredited Entity for this CN is not identified at this stage, but programme has potential accredited entities:

1. TBC bank, which is already accredited for GCF loan management, but this project has significant grant component and government still should decide how to couple TBC with country's readiness process for grants management, which could be managed by authorized governmental structure. Such structures could be: Department of Hydrology and Land Management, having experience in management of grant programmes; Rural Development Agency (RDA), having long-term experience implementing agriculture sector development programmes from government under co-financing mechanism.
2. Another option (most quick option) could be that TBC gets the project specific accreditation. TBC has already experience (from Green Growth Fund, GGF programme provided consultancy support/service for green product loans).
3. Rural Development Agency (RDA), having long-term experience implementing agriculture sector development programmes (concessional loans for farmers through local banking sector), could apply for the project specific accreditation.
4. IFAD, in case this programme in compliance with the entities internal plans and policy.
5. MEPA (Ministry of Environment Protection and Agriculture) in all cases will be EE through one of the considered above departments of the Ministry.

Please provide a brief overview of the key financial and operational risks and any mitigation measures identified at this stage.

Three key risks are identified at the stage of CN preparation.

| Selected Risk Factor 1: Low uptake due to underdeveloped infrastructure | | |
|---|-------------|--------|
| Category | Probability | Impact |
| Operational | Medium | Medium |
| Description | | |
| Most of these territories privatized by the government don't have developed infrastructure (road, water, power, etc.). Despite the very high interest expressed during the consultations for the preparation of this CN by the private sector involved in developing landscapes for agro-tourism, past programmes in agricultural farmers support showed that uptake of piloted agricultural technologies/activities is quite low in the country due to the underdeveloped infrastructure drastically increasing initial capital costs for the private sector. | | |
| Mitigation Measure(s) | | |
| It is not directly included among the activities planned in this CN that the government has to take responsibility for the development of the near landscape infrastructure (this might be done for agricultural farmers within the other GCF programme), but inventory of the state of existing natural resources (including water resources) at the initial stage of the programme could help the private sector to assess the financial and non-financial feasibility of planned activities and give opportunity to make relevant decisions regarding the plans and activities. In such a case, this risk of uptake will be significantly mitigated. | | |

| Selected Risk Factor 2: Natural Disasters | | |
|---|-------------|--------|
| Category | Probability | Impact |
| Operational | Medium | Low |
| Description | | |
| Natural disasters (high winds, prolonged droughts and decrease in water resources, longer rainy periods or very high precipitation in the short time interval facilitating landslides, the appearance of insects dangerous for ecosystems due to long enabling climatic conditions, and other changes in climatic trends having negative impact on natural resources and private sector's activities) and changes in climatic trends also considered as medium risk-factor for the proposal (though for some territories it might be very high). For the territories where significant impact will be on the land resources, such impact could be considered as high due to difficulties in rehabilitation. | | |
| Mitigation Measure(s) | | |
| Certified consultancy service and sustainable action plans recommended in CN are activities which at minimum should reduce this risk. Planned to strengthen the existing insurance products through involvement of new risks for agri-tourism/eco-tourism also should significantly mitigate this risk. | | |

| Selected Risk Factor 3: Additional Regulations Should Be Introduced and Enforced | | |
|---|-------------|--------|
| Category | Probability | Impact |
| Regulatory | Medium | Low |
| Description | | |
| All activities considered in this concept paper are consistent with existing national regulations, though existing regulations are not enough for implementation of all activities and some additional regulations should be introduced by the government to implement this concept. In particular, additional regulations on inventory of land and other natural resources, including the degradation level of these resources should be considered as necessary before the agricultural land privatization, as well as preparation of sustainable management plans. | | |
| Mitigation Measure(s) | | |
| Introduction and enforcement of such regulations significantly increase the sustainable management of agro-biodiversity and ensure the successful implementation of this programme. In the pilot phase, this could be voluntary action from the private sector and could become obligatory at the latest stages after demonstrating successful cases. | | |

B.3. Expected project results aligned with the GCF investment criteria (max. 3 pages)

The GCF is directed to make a significant and ambitious contribution to the global efforts towards attaining the goals set by the international community to combat climate change, and promoting the paradigm shift towards low-emission and climate-resilient development pathways by limiting or reducing greenhouse gas emissions and adapting to the impacts of climate change.

Provide an estimate of the expected impacts aligned with the GCF investment criteria: impact potential, paradigm shift, sustainable development, needs of recipients, country ownership, and efficiency and effectiveness.

Impact potential: Anticipated impact of this concept note is cross-cutting. Mitigation from rehabilitation of degraded ecosystems and implementation of low emission technologies in agriculture and touristic activities. Potential minimum mitigation impact is estimated about 1.7 million tCO₂ sequestering and reducing in 30 years and adaptation of ecosystems to the impact of CC as necessary.

Paradigm shift: Paradigm shift potential of this concept note is to establish local capacities for providing consultancy service in sustainable management of landscapes on the privatized by the government territories. Key activities on these privatized territories are agriculture, tourism or agro-tourism. If concessional finance with advanced de-risking schemes are offered to the private sector for low-carbon and climate- resilient technologies to address demand side finance, enabling regulatory environment and certified consultancy services for sustainable development and management of landscapes are available for the agriculture and the agrotourism sectors, then, the involvement and contribution of private sector to the implementation of NDC (GHGs mitigation and adaptation) and DCFT Agreement with EU on green growth of agriculture and tourism sectors will be significantly increased

Sustainable development: This CN has high potential to contribute to all the three components of sustainable development: economic growth through strengthening the private sector, environment protection/climate change through sustainable management of natural resources and social equity through establishing additional working places, ensuring gender balance, developing rural and mountainous areas.

Target SDG Goals of the programme are:

SDG 12: Ensure sustainable consumption and production patterns and in particular target 12.2- By 2030, achieve the sustainable management and efficient use of natural resources.

Goal 15: Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss. By 2030, combat desertification, restore degraded land and soil, including land affected by desertification, drought and floods, and strive to achieve a land degradation-neutral world; by 2030, ensure the conservation of mountain ecosystems, including their biodiversity, in order to enhance their capacity to provide benefits that are essential for sustainable development.

Goal 13: Take urgent action to combat climate change and its impacts, strengthen resilience and adaptive capacity to climate-related hazards and natural disasters, integrate climate change measures into national policies, strategies and planning.

Needs of recipients: Two key recipients should be considered in this process: Georgia as a country/Government of Georgia and the private sector involved in agro-tourism development. The needs of the private sector (involved in agro-tourism, eco-tourism, agriculture, etc.) and its interest in this programme is to ensure long-term sustainability of its businesses, which can be achieved only under the sustainable management of resources/which is a fundament for agro-tourism development. Needs for the country having positive trends in degradation of landscapes and related ecosystems, are high and intervention into the process to stop these positive trends is urgent. The government's needs

are to stop and change the trajectory of landscapes and different ecosystems in degradation to contribute to eco and agro-tourism development increasing with this country's economic parameters and, on the other hand, to fulfil its global commitments under the PA (Paris Agreement) and other environmental conventions (CBD, CCD, DRR and Sendai Framework).

In 2022, the Fourth National Environmental Action Programme of Georgia for 2022-2026" was adopted by the country. The programme includes the protection of water resources, management of atmospheric air, land, waste, forest resources, protection of biodiversity and protected areas, achieving good environmental status in the Black Sea and marine environment, ensuring nuclear and radiation safety, environmental education and sustainable development." The estimated budget for the program (embracing the total cost of all activities) exceeds GEL 3 billion, which includes the state budget and funds from donor organizations.

Sustainable use of natural resources, preservation of ecosystems and adaptation to climate change is one of the three goals of the 2021-2030 strategy for agriculture and rural development, and one of the tasks includes the spread of climate-smart agricultural practices adapted to the environment.

Country ownership: This CN was initiated within the TNA project financed by GCF. It comprises ideas from several proposals developed by different donors for rehabilitation of ecosystems (windbreaker, pastures, lands, etc.), scaling up the intensive livestock farming process piloted by IFAD, and no till technologies in land processing piloted by FAO, production of bio-humus from livestock manure piloted by local private sector, implementation of energy efficient and renewable technologies in farming and eco-tourism/agro-tourism sectors. This CN is in support but additional to the different governmental programmes for agriculture, though the added value of this project is an integrated approach. Nothing is excluded if it contributes to climate change mitigation, adaptation to climate change, sustainable management of ecosystems and, in general, in sustainable development requiring an integrated approach.

Efficiency and effectiveness: Effect of this project should be the certified consultancy service established in country for sustainable management of landscapes and ecosystems, versus to invitation of such expertise from outside the country which is baseline case and significantly increasing the operational costs of the business and impeded the sustainability of business. Efficiency related to the amount of reduced GHGs and avoided degradation level of ecosystems, increased income per ha of landscape comparing with the baseline scenario. Cost for 1 tCO₂ against total investment is USD 47/per tCO₂eq., only for GCF money is USD 35/per tCO₂ eq and USD 11.8/per tCO₂eq for the grant money.

B.4. Engagement among the NDA, AE, and/or other relevant stakeholders in the country (max ½ page)

Please describe how engagement among the NDA, AE and/or other relevant stakeholders in the country has taken place and what further engagement will be undertaken as the concept is developed into a funding proposal.

Three medium size and two large private landscapes owners were visited several times during the CN preparation for identification of barriers hindering their businesses in the context of sustainability and success. Key barriers identified are provided in section B.1 of the CN and on the attached logframe. Several stakeholder consultation meetings were organized, among them meetings with NDC Forum representatives and representatives of different departments of NDA, potential AEs and EEs.

In case the concept is developed into a funding proposal, closer consultations should be done with stakeholder beneficiaries living in the nearby territories and in most cases are the workforce for these private landowners. More consultations should be done with the government on infrastructure development opportunities. The government could get long-term sovereign loan from the GCF and develop infrastructure as co-financing of infrastructures development costs which is government responsibility and also improve social development status of local population.

Final decision on AE should be made, which is easier to be done when opinion from the secretariat side is provided and the CN is already OK for continuation and submission.

New regulation on assessment of baseline state of landscape should also have consultations with different stakeholders and in particular with private sector representatives.

C. Indicative Financing/Cost Information (max. 3 pages)

C.1. Financing by components (max ½ page)

Please provide an estimate of the total cost per component/output and disaggregate by source of financing.

| Component/Output | Indicative cost (USD) | GCF financing | | Co-financing | | |
|------------------|-----------------------|---------------|----------------------|--------------|----------------------|----------------------|
| | | Amount (USD) | Financial Instrument | Amount (USD) | Financial Instrument | Name of Institutions |
| Component 1 | 15 million | 10 million | grant | 5 million | In-kind | GoG |
| Component 2 | 15 million | 10 million | grant | 5 million | In-kind | GoG |
| Component 3 | 50 million | 40 million | loan | 10 million | loan | TBC/IFAD/AE |
| | | | | | | |

| | | | |
|------------------------------------|------------|------------|------------|
| Indicative total cost (USD) | 80 million | 60 million | 20 million |
|------------------------------------|------------|------------|------------|

For private sector proposal, provide an overview (diagram) of the proposed financing structure.

C.2. Justification of GCF funding request (max. 1 page)

Explain why the Project/ Programme requires GCF funding, i.e. explaining why this is not financed by the public and/ or private sector(s) of the country.

This consultancy service which should be established by the project for providing certified service to the private sector is an additional cost, and they are currently paying for it and paying individual experts for different studies, but this service is not certified. Different experts are providing different information on the same issue (e.g. availability of water resources in the particular territory. Uncertainty of service provided is very high, information couldn't be verified elsewhere. Hence, this proposal intends to establish an official certified consultancy service in support of the private sector. There is not enough knowledge, technologies, methodologies and trained experts for different ecosystems and preparation of sustainable development plans which should be established within the programme.

There are various departments within the Ministries or agencies with the Ministries, but they lack the latest knowledge, methodologies, expertise and need a lot of training. Usually, such knowledge is provided by donors from outside the country and is expensive for the country.

Describe alternative funding options for the same activities being proposed in the Concept Note, including an analysis of the barriers for the potential beneficiaries to access to finance and the constraints of public and private sources of funding.

The alternative option is a baseline situation when the private sector pays for non-certified non-satisfactory services not integrated and agreed by many experts. 90% of information provided by the experts is not updated and not usable, and mainly contradictory.

Justify the rationale and level of concessionality of the GCF financial instrument(s) as well as how this will be passed on to the end-users and beneficiaries. Justify why this is the minimum required to make the investment viable and most efficient considering the incremental cost or risk premium of the Project/ Programme (refer to Decisions B.12/17; B.10/03; and B.09/04 for more details). The justification for grants and reimbursable grants is mandatory.

Will be added based on CBA results

In the case of private sector proposal, concessional terms should be minimized and justified as per the Guiding principles applicable to the private sector operations (Decision B.05/07).

C.3. Sustainability and replicability of the project (exit strategy) (max. 1 page)

Please explain how the project/programme sustainability will be ensured in the long run and how this will be monitored, after the project/programme is implemented with support from the GCF and other sources.

Monitoring of sustainable land management is already responsibility of the **National Agency for Sustainable Land Management and Land Use Monitoring (NASLM)** under MEPA. The project will contribute to assist the Agency in establishing measurement and monitoring system. The agency will be EE responsible for monitoring and reporting achievements to GCF. Replicability is anticipated to be high as far as privatization process is still in its active phase.

For non-grant instruments, explain how the capital invested will be repaid and over what duration of time.

Will be added based on CBA results.

D. Supporting documents submitted (OPTIONAL)

- Map indicating the location of the project/programme
- Diagram of the theory of change
- Economic and financial model with key assumptions and potential stressed scenarios
- Pre-feasibility study
- Evaluation report of previous project
- Results of environmental and social risk screening

Self-awareness check boxes

Are you aware that the full Funding Proposal and Annexes will require these documents? Yes No

- Feasibility Study
- Environmental and social impact assessment or environmental and social management framework
- Stakeholder consultations at national and project level implementation including with indigenous people if relevant
- Gender assessment and action plan
- Operations and maintenance plan if relevant
- Loan or grant operation manual as appropriate
- Co-financing commitment letters

Are you aware that a funding proposal from an accredited entity without a signed **AMA** will be reviewed but not sent to the Board for consideration? Yes No



