

CLIMATE INVESTMENT FUNDS

December 20, 2016

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

12/20/2016

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Dear Mafalda,

Thank you for the opportunity to review this interesting project. We have a few questions and would appreciate the opportunity to review the AfDB's written responses before considering approval of the project.

1. We would appreciate a better understanding of what (presumably, non-FIP) grants are being used for. Paragraph 4.1.3 says that a support fund in the form of grants will be used to help farmers and cooperatives for new plantations. Can we have more information on what, precisely, will be funded under this component? Why would creation of new plantations be funded by grants and not loans?
2. Paragraph 4.1.4 on the terms of the credit line to be set up for cashew producers is not very clear. On what terms and over what period will loans be provided to the producers? How significant a subsidy do these terms represent compared to other sources of financing? Will such loans be secured in any way? Has this been designed to be replicable without FIP financing? If so, how?
3. The FIP documentation says that new plantations will be located on degraded savanna. How degraded is this savanna? Has the project calculated the loss of trees due to conversion to plantation in its carbon sequestration scenarios?
4. Both the technical annexes and the main project document include references to risk of disputes over land, including disputes due to loss of grazing land and resulting pressure on protected areas. These seems like significant risks that deserves more discussion, both with respect to conflict and (potential) economic losses for non-cashew farmers in new plantation areas, as well as potential for increased pressure on protected areas. Are these protected areas forests, and if so, has increased pressure on forest outside the area as a results of the project been included in the project's carbon sequestration calculations? Would loss of grazing lands trigger the need for compensation for some communities? We would like to see more discussion of this risk and how it will be mitigated.

Thank you for your consideration.

Best,

Katie Berg
U.S. Treasury Department