

Terminal Evaluation Review form, GEF Evaluation Office, APR 2013

1. Project Data

Summary project data			
GEF project ID		1061	
GEF Agency project ID		506050	
GEF Replenishment Phase		GEF-3	
Lead GEF Agency (include all for joint projects)		World Bank (IFC)	
Project name		Inka Terra: An Innovative Partnership for Self-Financing Biodiversity Conservation & Community Development	
Country/Countries		Peru	
Region		LAC	
Focal area		Biodiversity	
Operational Program or Strategic Priorities/Objectives		3-Forest Ecosystems	
Executing agencies involved		Inka Terra Association (ITA)	
NGOs/CBOs involvement		Lead executing agency	
Private sector involvement		one of the beneficiaries	
CEO Endorsement (FSP) /Approval date (MSP)		12/19/2003	
Effectiveness date / project start		3/30/2004	
Expected date of project completion (at start)		03/30/2008	
Actual date of project completion		12/31/2008	
Project Financing			
		At Endorsement (US \$M)	At Completion (US \$M)
Project Preparation Grant	GEF funding	0.025	
	Co-financing	0.66	
GEF Project Grant		0.725	
Co-financing	IA/EA own	5.0	
	Government	5.1	
	Other*	1.26	
Total GEF funding		0.75	
Total Co-financing		11.37	10.77
Total project funding (GEF grant(s) + co-financing)		12.12	
Terminal evaluation/review information			
TE completion date		2/13/2009	
TE submission date			
Author of TE		Juan Jose Dada	
TER completion date		11/25/2013	
TER prepared by		Nelly Bourlion	
TER peer review by (if GEF EO review)		Joshua Schneck	

*Includes contributions mobilized for the project from other multilateral agencies, bilateral development, cooperation agencies, NGOs, the private sector, and beneficiaries.

2. Summary of Project Ratings

Criteria	Final PIR	IA Terminal Evaluation	IA Evaluation Office Review	GEF EO Review
Project Outcomes	HS	S		S
Sustainability of Outcomes	N/A	N/A		MU
M&E Design	N/A	N/A		S
M&E Implementation	N/A	N/A		UA
Quality of Implementation	N/A	S		S
Quality of Execution	N/A	S		S
Quality of the Terminal Evaluation Report				MS

3. Project Objectives

3.1 Global Environmental Objectives of the project:

According to the project document, the overall goal of the project is “to catalyze self-financing uses of the 10,000 hectare Inka Terra Ecological Reserve (IER) that achieve biodiversity conservation and sustainable development for local communities.”

Inka Terra has leased a 10,000 hectare area of tropical rainforest adjacent to Reserva Amazónica lodge, the Inka Terra Ecological Reserve (IER). Studies in the IER have identified considerable biological diversity, including a high concentration of ant species, and many endemic and unique flora and fauna species. Despite Inka Terra’s desire to promote forest conservation, the IER has remained largely unmanaged. According to the PD, there had been relatively little diagnosis of the threats to the area’s biodiversity prior to this project.

This project would protect biodiversity in the Inka Terra Ecological Reserve by eliminating deforestation and poaching within the IER, reducing hunting to sustainable levels, providing conservation-compatible livelihoods for a significant portion of the four local communities, and increasing awareness of and support for conservation among local and regional stakeholders.

3.2 Development Objectives of the project:

This project is expected to provide a replicable model for engaging the private sector in achieving financial sustainability for protected areas. The project will establish the Inka Terra Association (ITA), an NGO that would develop four eco-tourism attractions to generate income for ITA and enable long term financial sustainability. The project will also include community development activities and the development of alternative livelihoods.

The outcomes of this project are based on 5 broad categories: (1) Business Expansion (the product range of ITA will be augmented); (2) Forest Management (a forest management and conservation plan will be developed); (3) Community Partnerships (ITA will establish a partnership with four local communities); (4) Ecotourism Development (ITA will develop new eco-tourism attractions to generate long-term revenues); (5) Environmental Training (ITA will train local communities and other local stakeholders).

3.3 Were there any **changes** in the Global Environmental Objectives, Development Objectives, or other activities during implementation?

Yes. In January 29, 2009, the following aspect of the Global Environmental objectives was added: “By the end of this project, ITA will have a reliable source of income to durably manage and protect the reserve”..

4. GEF EO assessment of Outcomes and Sustainability

Please refer to the GEF Terminal Evaluation Review Guidelines for detail on the criteria for ratings.

Relevance can receive either a Satisfactory or Unsatisfactory rating. For Effectiveness and Cost efficiency, a six point rating scale is used (Highly Satisfactory to Highly Unsatisfactory), or Unable to Assess. Sustainability ratings are assessed on a four-point scale: Likely=no or negligible risk; Moderately Likely=low risk; Moderately Unlikely=substantial risks; Unlikely=high risk. In assessing a Sustainability rating please note if, and to what degree, sustainability of project outcomes is threatened by financial, sociopolitical, institutional/governance, or environmental factors.

Please justify ratings in the space below each box.

4.1 Relevance	Rating: Satisfactory
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The project is consistent with the GEF Biodiversity focal area. It is also in line with country priorities.

4.2 Effectiveness	Rating: Satisfactory
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The effectiveness of this project is rated as Satisfactory. The key outcomes were achieved, but the project witnessed minor shortcomings described below.

According to the Terminal Evaluation, the key deliverables were met: (1) construction of ecotourism attractions; (2) establishment of the conservation concession as a private protected reserve; and (3) training, capacity building events, and financial support to promote sustainable livelihood alternatives in the area. Moreover, the short and medium-term effects were achieved; (1) the ecotourism infrastructure was built and is being used by tourists who pay the use fee; (2) three alternative sustainable livelihood models were introduced to the communities and several community members invested their own time and resources, even though the number of members involved is less than originally expected.

From the point of view of testing a “new business model”, eco tourism attractions that generate long term revenues for forest conservation, the project is Satisfactory. This project allowed a not-for-profit NGO to create a sustainable source of funding to protect a private reserve and work with the neighboring communities.

However, the project would have had higher development effectiveness if the sponsor adapted to the challenges and limitations in the development of alternative sustainable livelihoods in a remote

area. For example, in the last period of the project implementation, aquaculture was one of the alternative sustainable livelihood options promoted in the communities and for which technical assistance and financial support was given. Unfortunately, by the end of the fourth year of implementation all community members that had invested on aquaculture farms had discontinued them. The income projected (limited by the local price) did not justify more costly and modern infrastructure, therefore the facilities demanded excessive labor and did not protect the fish from excessive rains or occasional floods in the region.

This project provided a new model for partnership between for-profit ventures and non-for-profit entities that share the same natural and social assets as the basis for their activities. The project also managed the sustainable conservation of a considerable amount of land in the Peruvian Amazon. This strengthens the case the government of Peru to use conservation concessions as alternative uses for forested areas without restricting the development options of the nearby communities. The project is also tested a new business model for on nature conservation that provided valuable lessons. A knowledge management exercise will make these lessons available to future IFC clients that need advisory services in protected areas management.

4.3 Efficiency	Rating: Satisfactory
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The efficiency of this project can be rated as satisfactory. The cost of setting up the reserve and the tourism attractions that now produce enough income to manage the area and repay the loan was low compared to similar projects, according to the TE (pg.6) On the other hand, the cost of the community development activities was high, especially considering the limited impact. According to the Terminal Evaluation “an assesment of the costs involved should be done as part of the subsequent knowledge management activity”.

Additionally, there was a one year delay in the construction of the last two tourism attractions that was justified by a delay in the governmental permits required to build and run a wildlife rescue center and the seasonal dry/rain weather that forced construction plans to wait until the rains stop. Due to this delay, the grant agreement completion date was extended for one year. Nevertheless, the loan agreement repayment period was not modified.

4.4 Sustainability	Rating: Moderately Unlikely
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The sustainability of this project is rated as Moderately Unlikely. The social development impact did not fully achieve the scale originally expected, and the sustainability and long-term resilience of these results is difficult to evaluate. Only three communities received financial and technical support. Nine families established alternative livelihood options thanks to the financial support from the project and the training events done by ITA. The agro-forestry and apiculture business models proved attractive to the communities, but both remain at pilot stages ITA was not successful in raising additional funding for the community development activities. The social development impacts are limited and their long term viability is not secure. It is uncertain whether ITA will be

able to continue its community support program, since the grant funds have been spent, and ITA will have to reduce its level of investment will have to be reduced to pay for the loan.

Even though the model is considered highly replicable and potentially beneficial to many conservation organizations and tourism companies, the project did not invest in dissemination and replication sufficiently.

5. Processes and factors affecting attainment of project outcomes

5.1 Co-financing. To what extent was the reported co-financing essential to the achievement of GEF objectives? If there was a difference in the level of expected co-financing and actual co-financing, then what were the reasons for it? Did the extent of materialization of co-financing affect project's outcomes and/or sustainability? If so, in what ways and through what causal linkages?

ITA was able to generate enough funding from the tourism attractions to cover the monitoring and protection of the reserve, and it is very likely that ITA will repay the loan as scheduled. However, ITA was not successful in raising additional funding for the community development activities. It is IFC's opinion that this was partially because the NGO was perceived as a "company foundation", and partially because ITA depended on the GEF grant and was never forced to fundraise. When funds were scarce, ITA was able to reduce the level of investment without altering the workplan or renegeing on its obligations.

5.2 Project extensions and/or delays. If there were delays in project implementation and completion, then what were the reasons for it? Did the delay affect the project's outcomes and/or sustainability? If so, in what ways and through what causal linkages?

ITA has followed the original plan of implementation and associated activities thoroughly. There was a one year delay in the construction of the last two tourism attractions that was justified by a delay in the government permits required to build and run a wildlife rescue center, and by the seasonal dry/rain weather that delayed construction plans. Due to these delays, the grant agreement completion date was extended for one year (from July 2008 to July 2009). Nevertheless, the loan agreement repayment period was not modified (the date of the last payment is June 15, 2011). These delays did not impact the overall achievement of the project. The main objective was achieved, even though the social objective has not been met.

5.3 Country ownership. Assess the extent to which country ownership has affected project outcomes and sustainability? Describe the ways in which it affected outcomes and sustainability, highlighting the causal links:

ITA has not been successful on its work with the local villagers and on the development of new biodiversity based business models. They have not been able to interest enough villagers on the agro forestry and bee farming efforts. The workshops and training events are not influencing as many communities members as originally planned. ITA could not adjust their training and outreach practices because grant funds at the time were already spent.

6. Assessment of project's Monitoring and Evaluation system

Ratings are assessed on a six point scale: Highly Satisfactory=no shortcomings in this M&E component; Satisfactory=minor shortcomings in this M&E component; Moderately Satisfactory=moderate shortcomings in this M&E component; Moderately Unsatisfactory=significant shortcomings in this M&E component; Unsatisfactory=major shortcomings in this M&E component; Highly Unsatisfactory=there were no project M&E systems.

Please justify ratings in the space below each box.

6.1 M&E Design at entry	Rating: Satisfactory
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According to the project document, the project sponsors and IFC designed a rigorous monitoring and evaluation plan, which was further refined during the first stage of project implementation. A comprehensive set of indicators was established to measure the project's effectiveness in implementing activities and achieving expected outcomes. ITA was responsible for monitoring these indicators and reporting progress in their quarterly reports to IFC. Participating community members also helped monitor certain indicators, such as the occurrence of illegal logging. Both ITA and the participating community members made sure that rigorous baseline data was obtained at the start of project implementation.

Although monitoring was done by ITA, formal evaluations were done by a third party in Peru. The formal evaluations were done at Year 1, Year 2.5, and Year 4. The evaluation at Year 1 emphasized *process* and was designed to give feedback to the implementation team. The evaluation at Year 2.5 emphasized *impacts*, and also drew lessons on the most effective processes. Finally, the evaluation at Year 4 examined the extent to which the project has achieved its overall goals.

Although the M&E plan has been designed to answer many specific questions about the project, in the broadest sense it sought to determine: (i) the impact of the project in mitigating threats to the forest; (ii) the ability of the project to generate sustainable long-term finance for conservation and community development; (iii) the ability of the project to establish a replicable model for harnessing private sector resources and know-how to help make protected areas self-financing.

The project has also crafted a cost-effective approach for achieving its M&E plan. It controlled costs by allowing the implementation team to gather the monitoring data (as opposed to relying on an outside contractor). And it contracted Peruvian consultants to conduct the external evaluations in an affordable manner (in conjunction with full participation from IFC).

6.2 M&E Implementation	Rating: Unable to Access
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No information provided in the Terminal Evaluations or last PIRs about the quality of M&E implementation.

7. Assessment of project implementation and execution

Quality of Implementation includes the quality of project design, as well as the quality of supervision and assistance provided by implementing agency(s) to execution agencies throughout project implementation. Quality of Execution covers the effectiveness of the executing agency(s) in performing its roles and responsibilities. In both instances, the focus is upon factors that are largely within the control of the respective implementing and executing agency(s). A six point rating scale is used (Highly Satisfactory to Highly Unsatisfactory), or Unable to Assess.

Please justify ratings in the space below each box.

7.1 Quality of Project Implementation	Rating: Satisfactory
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The project Execution is rated as satisfactory. Throughout the life of the project, IFC kept a good working relationship with ITA to supervise the implementation of the planned activities and provide technical assistance on the issues that required a different approach. According to the Terminal evaluation, IFC's unique experience in biodiversity based business models allowed for the balanced integration of both conservation goals and for-profit tourism activities. If IFC had not been part of the project design and its active supervision, it is likely that one of these goals would have disproportionately received more attention than the other, thus jeopardizing the success of the overall project. IFC was able to leverage the relationship with a tourism client company,. IFC provided active supervision and technical advice to the sponsor throughout the implementation of the project.

7.2 Quality of Project Execution	Rating: Satisfactory
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Overall, project execution is rated as satisfactory. According to the Terminal Evaluation, ITA met most of the expectations set at project design and managed to execute most of the activities proposed. At project end, ITA achieved its main objective of developing a sustainable source of funding to monitor and protect the reserve and pay the loan used to build the attractions. However, ITA was not able to adapt plans and change strategy to deliver the community development results as expected. Most activities were executed and outputs achieved (trainings, capacity building events, promotion of alternative sustainable livelihood systems, etc.), but the outcomes and impacts of this activities are limited and not as expected. IFC noted on several occasions that the type of training and capacity building approach did not address the community's needs as intended, and that ITA failed to implement an alternative approach. The timing is also important as changes and learning do take time.

The conservation activities have produced the expected results, and the tourism attractions were built and are being operated successfully. As mentionned above, there was a delay in the construction of the last two tourism attractions, due to environemntal conditions that were outside

the control of the ITA. The delay in the grant agreement completion date did not impact the overall achievement of the project.

8. Lessons and recommendations

8.1 Briefly describe the key lessons, good practices, or approaches mentioned in the terminal evaluation report that could have application for other GEF projects.

According to the Terminal Evaluation, this project is “a relatively successful project in a difficult environment with many valid lessons learned”. The lessons learned include:

- (1) The main flaw identified by IFC in the design of this project is the lack of a transition plan (or sustainability strategy) for the community development activities that were funded by the non-reimbursable funding.
- (2) This project allowed a not-for-profit NGO to create a sustainable source of funding to protect a private reserve and work with the neighboring communities. These conservation and development impacts are complemented by the innovative conservation and partnership models tested by the project.
- (3) IFC noted on several occasions that the type of training and capacity building approach was not influencing the community as intended, but ITA failed to implement an alternative approach. The timing is also important as changes and learning do take time.
- (4) The model of a conservation concession funded by tourism fees that cover all monitoring, protection, and maintenance costs, contributes to the biodiversity conservation needs of developing countries while achieving its economic goal. This project also proved that for-profit tourism operators can successfully partner with non-for-profit conservation organizations finding common synergy.
- (5) ITA had a good balance of staff with conservation and ecology background and staff with deep understanding of the tourism sector and its needs. This was key to deliver on the conservation intended results and provide a quality service to a professionally ran lodge nearby.

8.2 Briefly describe the recommendations given in the terminal evaluation.

Very few recommendations are given in the Terminal Evaluation:

- (1) Knowledge and management activities should document the lessons learned from this project
- (2) The lessons should be shared with Biodiversity Offsets Program and potential companies that manage natural protected areas.

9. Quality of the Terminal Evaluation Report

A six point rating scale is used for each sub-criteria and overall rating of the terminal evaluation report (Highly Satisfactory to Highly Unsatisfactory)

Criteria	GEF EO comments	Rating
To what extent does the report contain an assessment of relevant outcomes and impacts of the project and the achievement of the objectives?	The achievements of outcomes/outputs, and impacts are described in detail.	S
To what extent is the report internally consistent, the evidence presented complete and convincing, and ratings well substantiated?	The report is consistent, and the evidence presented is convincing. However, more detail should have been provided to further support the evaluation's assessment.	MS
To what extent does the report properly assess project sustainability and/or project exit strategy?	Project sustainability is assessed but in a very short way, and sustainability is not really differentiated from replication. More details and information should be added.	MU
To what extent are the lessons learned supported by the evidence presented and are they comprehensive?	The lessons learned are very comprehensive, and described with a lot of details. They are justified with examples taken from the project. However, the recommendations are very light, there is almost no recommendation for future actions or on how to improve such a project in the future.	MS
Does the report include the actual project costs (total and per activity) and actual co-financing used?	Project costs are reported, however, they are not reported per activity, and it is not very clear whether funds come from the GEF or from co-financing.	MS
Assess the quality of the report's evaluation of project M&E systems:	The TE does not include information on M&E implementation.	HU
Overall TE Rating	The TE is very short and summarized. To have a better analysis of the project results there should have been much more details, examples and evidence..	MS

TE Quality = $(.3*(5+4))+(.1*(3+4+4+1)) = 3.9 = MS$

10. Note any additional sources of information used in the preparation of the terminal evaluation report (excluding PIRs, TEs, and PADs).

No other source of information was used apart from PIRs, TEs, and PADs.