Terminal Evaluation Review form, GEF Independent Evaluation Office, APR 2017

1. Project Data

Summary project data			
GEF project ID		2000	
GEF Agency project ID		504446	
GEF Replenishment Phase		GEF-3	
Lead GEF Agency (include all for joint projects)		World Bank	
Project name		Environmental Business Finance Program (EBFP)	
Country/Countries		Global	
Region		Global	
Focal area		Climate Change, Biodiversity, Land Degradation, Persistent Organic Pollutants	
Operational Program or Strategic Priorities/Objectives		Operational program: OP 1-7 and 11-15 Strategic priority: Biodiversity pillars I-IV, Climate Change priorities S1-S2 and S4-S6, Land Degradation priorities I-II	
Executing agencies involved		IFC	
NGOs/CBOs involvement		NGOs engaged in project execution	
Private sector involvement		Financial institutions and small and medium sized enterprises were key stakeholders and primary beneficiaries	
CEO Endorsement (FSP) /Approval date (MSP)		March 2004	
Effectiveness date / project start		March 2004	
Expected date of project completion (at start)		Mid-2014	
Actual date of project completion		One project still running, projected to end 2018	
Project Financing			
		At Endorsement (US $M)	**At Completion (US $M)**
Project Preparation Grant	GEF funding	NA	NA
	Co-financing	NA	NA
GEF Project Grant		20.0	17.7
Co-financing	IA own	10.0	UA
	Government	UA	UA
	Other multi- /bi-laterals	UA	UA
	Private sector	60.0	UA
	NGOs/CSOs	UA	UA
Total GEF funding		20.0	21.7
Total Co-financing		80.0 (of which 10 is “other”)	493.6
Total project funding (GEF grant(s) + co-financing)		100.0	511.3
Terminal evaluation/review information			
TE completion date		September 7, 2016	
Author of TE		Le Groupe-conseil Baastel ltée Econoler (author unspecified)	
TER completion date		March 20, 2018	
TER prepared by		Nina Hamilton	
TER peer review by (if GEF IEO review)		Molly Sohn	

2. Summary of Project Ratings

Criteria	Final PIR	IA Terminal Evaluation	IA Evaluation Office Review	GEF IEO Review
Project Outcomes	NA	NA	NA	MS
Sustainability of Outcomes		NA	NA	UA
M&E Design		NA	NA	S
M&E Implementation		NA	NA	MU
Quality of Implementation		NA	NA	S
Quality of Execution		NA	NA	S
Quality of the Terminal Evaluation Report		NA	NA	MS

3. Project Objectives

3.1 Global Environmental Objectives of the project:

The program's global environmental objective "is to create a sustainable market for GEF-eligible Small and Medium Enterprise (SME) activities and projects that target the GEF focal areas of climate change, biodiversity, land degradation and persistent organic pollutants (POPs)." (PD, pg. 1) As a result, SMEs will "generate global environmental benefits that, when aggregated, would represent a measurable contribution to the improvement of the global environment as defined by GEF," such as relieving threats to biodiversity and mitigating climate change. (PD, pg. 89).

The expected long-term outcome is that "domestic sources of financing would continue to be made available to these SMEs allowing the number of SMEs engaged in activities that contribute to the improvement of the global environment to grow in number and coverage, thus generating lasting and significant environmental improvements" (PD, pg. 2).

3.2 Development Objectives of the project:

The project is designed to address "SME's lack of access to financing, the general lack of management, technical and environmental capacity among SMEs and the lack of a supportive business environment for GEF-eligible products and services" (PD, pg. 1). The three main components (financing, technical assistance, and monitoring and evaluation) have the following objectives: "(i) increasing access to finance and mainstreaming of sustainable GEF-eligible business concepts, (ii) proactive development of this market and capacity building of the whole production chain in all relevant segments of the market, and (iii) dissemination and replication of best practice, and creation of an enabling environment" (PD, pg. 89).

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

Although there were no changes in global environmental or development objectives, significant changes were made in the project's management approach and financing allocations. Shifting from an intensive country selection methodology indicated in the PD, the project adopted a "bottom-up selection process, without an a priori strategic analysis of countries at the program level… in which the IFC focused on countries where interest for the project and this type of investment was known to exist" (TE, 42). This approach proved more effective at obtaining buy-in from participating financial intermediaries.

It was initially planned that climate change activities would account for 60 to 65% of the total funding, followed by biodiversity conservation with 25 to 30%, and Land Degradation and POP accounting for the remaining 5 to 15%. At the time of the terminal evaluation, climate change activities accounted 97% of all funds (including co-financing), much more than the anticipated proportion (TE, p. 11). The TE noted that this is “indicative of the broader challenges associated with encouraging the private sector, and especially SME involvement in some environmental areas,” such as biodiversity and land degradation (TE, p. 11). Furthermore, no POP projects were funded.

It should also be noted that in 2006 USD 4 million in resources allocated to the technical assistance program were reallocated to the investment facility, reduced from the original USD 10 million to USD 6 million. Conversely, the resources allocated to the investment facility “due to the type of the demand coming from financial intermediaries, which believed that [technical assistance] was not a priority and that they could manage this kind of funds by themselves” (TE, p. 54).

4. GEF IEO 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

The TE does not provide a rating, and this TER rates relevance as **Satisfactory**. The project is well aligned with 7 out of 12 GEF Operational Priorities, and aligns with two IFC top priorities to 1) “increase access to financial services for SME clients”, and 2) “reduce greenhouse gas emissions” (TE, pg. 16). Therefore, all of the sub-projects financing by this project are aligned with both GEF and IFC priorities (TE, pg. 14). As the concept note states, “the EBFP aims to create a sustainable market for SMEs that support the GEF Operational Programs for biodiversity conservation, climate change mitigation, land degradation prevention and international water preservation. The EBFP intends to mainstream eligible SME finance activities, scaling up both the range of activities and the market size while replicating the program in GEF-eligible countries” (CN, pg. 3).

The TE deemed projects relevant to national priorities, but notes that “country selection as well as country endorsement processes were not precisely reported upon at program and project levels.” (TE, pg. i). The project document outlined an approach by which recipient country governments would be engaged to “ensure that the funded projects are national priorities that are tightly anchored in the local environmental policies and legislations” (PD, pg. 22), however the TE notes that reporting did “not consolidate any information on how this was implemented in practice” (TE, pg. 20). There was evidence of relevant policies and priorities in “most” of the program countries, for example in China, the central government had invested approximately “RMB 210 billion to support energy saving and environment protection projects between 2005 and 2010 in order to reach the 20% energy intensity reduction target” (TE, pg. 20).

4.2 **Effectiveness**	Rating: Moderately satisfactory

The TE does not provide an overall rating for effectiveness, and this TER gives a rating of **moderately satisfactory**. Accomplishments under the TE's main evaluation questions are listed below:

a) Level of program engagement with and support to FIs in target countries to support SMEs in GEF-eligible activities:

The project met the target of engaging with 6 financial intermediaries, but did not meet the target of GEF-eligible SMEs engaged (500), and the number of loans provided. At the time of the TE, 112 SMEs had received access to finance for GEF eligible activities (69 in Peru, 3 in Egypt, 1 in Tanzania and 39 through Conservation International), however, supervision reports argue that the target is still attainable as the China project is expected to reach an additional 370 SME borrowers by 2017 (TE, pg. 25). The number of countries where EBFP intervened (19) is also below the original target (above 40 countries in total) (TE, pg. 19).

Regarding capacity building, the TE indicates that the proposed technical assistance was provided, with capacity building and training for 210 people across 2 projects, including staff from financial intermediaries and SMEs (TE, pg. 24).

b) Progress towards achieving the desired market changes to encourage FIs to lend to SMEs in GEF focal areas:

Overall, the program was not successful in changing policy environment in cases where the business environment was less conducive to environmental SME projects (TE, pg. 27). On the other hand, EBFP-supported projects were very successful in introducing sustainable energy financing to financial intermediaries (banks). This is evident in the fact that most of the financial intermediaries supported by the EBFP program are continuing to their lending in the GEF focal areas after project completion (TE, pg. 27). Furthermore, the project has successfully seen changes made in financial intermediaries' lending processes to account for the risks of environmental lending (TE, pg. 28). Therefore, with the exception of Indonesia with significant policy and economic barriers, the EBFP overall helped increase the supply and demand for GEF-eligible goods and services in the target country markets TE, pg. 29).

c) Projects contribution towards enhancing the technical capacity and raising awareness among FIs or other market players

At the global scale, the project made important progress establishing a sustainable energy finance community of practice, since the SEF portal was the first attempt at gathering, documenting and organizing project material related to IFC's earliest experiences with sustainable energy investments (TE, pg. 32).

At the project level, awareness raising efforts were particularly significant in China, Indonesia and Mongolia, where events, workshops, and training sessions reached approximately 1000 people from financial intermediaries and SMEs across the 3 countries, and the TE indicates that there was overall participant satisfaction (TE, pg. 34). However, awareness raising targets were not met in Peru, Egypt and Tanzania, and for Conservation International's Verde Ventures' outreach efforts (TE, pg. 35).

As a result of project activities, all 8 participating financial institutions have developed credit risk processes and controls, and China, Mongolia and Peru show evidence that lending on GEF-eligible activities was profitable for the engaged financial institutions (TE, pg. 36-37).

d) Performance on the financial leverage achieved by the program

The project overall leveraged significantly more co-financing than targeted, although this ratio varied greatly by country and type of sub-project, which is also indicative of the TE's finding that climate change projects are better suited for SME engagement than biodiversity, land degradation, and POPs projects.

USD 485.4 million in financing for SMEs was leveraged with EBFP investment funds with a ratio of 35.7 to 1, significantly above the 8 to 1 target set out in the project document (TE, pg. 38). The ratio was approximately 7 to 1 for biodiversity projects and 40 to 1 for climate change projects, with the best ratio achieved in China with 44.6 to 1. The TE does not provide an explanation for why co-financing was so much higher in China.

Furthermore, IFC exceeded the target of 1:1 for technical assistance co-financing, which came from bilaterals, multilaterals, and banks (TE, pg. 40).

4.3 **Efficiency**	Rating: Satisfactory

The TE does not provide a rating, and this TER rates efficiency as **Satisfactory**. Despite changes in the program approach as mentioned above, there is no indication of delays. However, it is worth noting that the China sub-project, which began in 2010, will continue running until 2018.

The TE notes important gains in efficiency when the program modified its approach to a "more opportunistic, bottom up process, focusing on countries where interest already existed" (TE pg. 41). Although the change rendered already-completed in-depth country assessments of limited use, the shift "nevertheless resulted in a more efficient process overall" for the selection of countries (TE, pg. 41). Furthermore, the requirement of endorsement by GEF focal points resulted in very long approval times, and the TE indicates that "some financial intermediaries did withdraw when they were aware of these long delays" (TE, pg. 42). The subsequent removal of this requirement contributed to efficiency gains, and the requirement was subsequently removed across all IFC projects for the same reason (TE, pg. 41).

Financially, the project overall spent as planned on management and operations, spending only 1% less than originally planned (TE, pg. 50).

4.4 **Sustainability**	Rating: UA

The TE does not rate or provide sufficient information on project sustainability, and therefore this TER is not able to rate overall sustainability. However, financial and sociopolitical sustainability can be assessed through the evidence provided in the TE of broader adoption and sociopolitical challenges experienced during implementation.

Financial resources

This TER rates financial resources sustainability as **likely**. The project demonstrated that investing in GEF operational priorities, particularly for climate change, can be profitable, and participating financial institutions have demonstrated their commitment by continuing their lending in GEF focal areas beyond project completion (TE, pg. ii). Additional details are provided in the impacts section. Furthermore, the TE notes that "environmental business is now being taken up by FIs in Brazil, Dominican Republic, Colombia and Mexico" which were not among EBFP project countries, and some have "entered the sustainable agriculture space with the assistance of Conservation International" (TE, pg. 36-37). Therefore, it is likely that financial resources will remain available for SMEs both within and outside EBFP project countries.

Sociopolitical

This TER rates sociopolitical sustainability as **unlikely**. The project document indicated market acceptance by financial intermediaries as the greatest challenge and potential risk for this project (PD, pg. 99), and the TE presents substantial evidence that this was indeed encountered during project implementation since many negotiations with financial intermediaries did not materialize into collaboration agreements.

As noted in the TE, "one of the key reasons for some of the discussions not materializing into projects was the challenging cultural, policy and economic environments in some countries" (TE, pg. 23). For example, in Indonesia, the Central Bank took on a conservative approach following the Asian Financial Crisis, which has "reinforced the commercial banks' traditional reliance on asset-based lending" (TE, pg. 23). As a result, energy efficiency financing was not an attractive investment as it presented too much risk. Furthermore, the government's oil price subsidy remains a major barrier, and the TE suggests that this has not changed (TE, pg. 27). In China, the project has experienced low performance likely due to an "economic slow-down as Chinese SMEs faced greater business challenges, and the SME eligibility criteria that restricted partner banks from acquiring potential interested borrowers whose business size is beyond the limit of SMEs" (TE, pg. 26).

Furthermore, among the TE's lessons learned it notes that "the policy and economic environment proved critical" (TE, pg. 60). There is no indication of changes in the political or cultural environment, which presents a great risk to the sustainability of financing GEF focal areas in these countries.

Institutional framework and governance

Unable to assess - insufficient information is provided to assess institutional and governance risks.

Environmental

Unable to assess - insufficient information is provided to assess potential environmental risks.

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?

The project overall leveraged more co-financing than targeted, although this varied by the type of sub-project, which is also indicative of the TE's finding that climate change projects are better suited for SME engagement than biodiversity, land degradation, and POPs projects. The co-financing, which came from banks, bilaterals, and multilaterals (TE, pg. 40), proved to be essential for both impact generation and financial sustainability of lending beyond project completion.

USD 485.4 million in financing for SMEs was leveraged with EBFP investment funds with a ratio of 35.7 to 1, significantly above the 8 to 1 target set out in the project document (TE, pg. 38). The ratio was approximately 7 to 1 for biodiversity projects and 40 to 1 for climate change projects, with the best ratio achieved in China with 44.6 to 1. The TE does not provide an explanation for why co-financing was so much higher in China.

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?

Despite changes in the project's approach as mentioned above, there is no indication of delays. However, it is worth noting that the China sub-project, which began in 2010, will continue running until 2018.

The requirement of endorsement by GEF focal points resulted in very long approval times, and the TE indicates that "some financial intermediaries did withdraw when they were aware of these long delays" (TE, pg. 42). The subsequent removal of this requirement contributed to efficiency gains, and the requirement was subsequently removed across all IFC projects for the same reason (TE, pg. 41). There is no indication that this led to overall delays in implementation and completion.

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:

The project document notes that "true local ownership of the program takes place at the intermediary level" and the financial intermediaries would "have the vested interest in the outcome of the project (PD, pg. 20). The project document also notes the important of an enabling business environment in each country to support participating financial intermediaries and SMEs. Although the TE does not provide evidence of country ownership in specific participating countries, the project's "opportunistic, bottom up process, focusing on countries where interest already existed," which was employed in 2008, allowed the project to focus in areas where country ownership is more likely to occur (TE, pg. 41).

It is worth noting that GEF Focal Points were intended to "ensure that the funded projects are national priorities that are tightly anchored in the local environmental policies and legislations" and "foster local ownership of the program," (PD, pg. 22). However, the requirement of approval by GEF focal point was removed (for this project and across IFC) after it caused significant delays.

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

The TE does not provide a rating, and this TER rates M&E design as **Satisfactory**. The project document proposed a sound M&E plan, utilizing internal and external monitoring and evaluation methods, including a scoring system that financial intermediaries could use to "produce reliable information on environmental and financial performance indicators" through a participatory process, and as a complement to capacity building efforts (PD, pg. 14). Sufficient funding was allocated specifically for M&E (PD, pg. 36).

Furthermore, the project described an incentive system to "compensate the financial intermediaries according to the level of global environmental benefits that their portfolio generates, to provide them…with an incentive to comply with GEF-eligibility criteria and to strive for excellence in environmental performance, as well as asset quality (i.e. financial performance)" (PD, pg. 31). This system also incentivizes quality monitoring and use of the project's scoring system on behalf of financial intermediaries.

It is difficult to assess the indicators laid out in the logframe since the indicators would be refined as the program evolved, depending on the types of sub-projects funded and type of technical assistance provided (PD, pg. 80). However, the project document provided sufficient examples and detail to determine that indicators were relevant and sufficient to measure expected outcomes.

6.2 **M&E Implementation**	Rating: Moderately unsatisfactory

The TE does not provide a rating, and this TER rates M&E implementation as **moderately unsatisfactory**.

Reports were completed on schedule as planned, however there was no evidence of baseline data, and indicators were changed twice during the program's lifetime and not directly comparable in all cases, ultimately compromising the aggregation of data (TE, iii). Furthermore, the TE indicates that there was no evidence of the use of scorecards outlined in the project document (TE, iv).

The TE presents evidence through that there were inconsistencies in reporting across countries and sub-projects, due to the complexity and flexibility of the project design. For example, some countries reported the number of loans from financial intermediaries rather than number of participating SMEs, rendering it difficult to measure progress against the target number of SMEs. Furthermore, reporting varied by projects that worked through intermediaries versus those that directly funded sub-projects. For examples, projects that directly funded SMEs recorded the number of jobs created (including gender disaggregated data), whereas the others did not. Environmental indicators were also not consistently reported on, with some countries only starting to track environmental performance several years into the project (TE, pg. 52). At the mid-term review, evaluation consultants proposed the development of a structured reporting approach to ensure consistency between project-level indicators and facilitate the aggregation of data, however there is no evidence that the change was made (TE, pg. 51).

On the positive side, the project demonstrated capacity for adaptive management as the project made changes to its country selection process and removed time-consuming project approval requirements (GEF Focal Points) in order to improve efficiency. According to the TE, the program spent approximately the same as originally planned for program management and operations costs (including M&E) (TE, pg. 53).

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

The IFC directly executed this project, taking the role of both implementing and executing agency. The approval and funding process was deemed less efficient than that of a regular IFC project, however this is due to the fact that this project used funds from both IFC and GEF, requiring two levels of management approval (TE, pg. 46). Furthermore, the project's process of ensuring that the sub-projects were really addressing market failures added an extra layer of regulation that could be considered an extra cost borne by the IFC team (TE, pg. 46). Despite the added levels of project governance, the approval process was deemed to be relatively fast (TE, pg. 46).

The TE indicates that delegated authority, which allowed IFC to interact directly with the private sector, in the end "reduced contacts between the IFC team in charge of managing the project and the GEF to an inadequate degree," which improved with some changes at IFC, however interviews suggested that the communication problems persisted (TE, pg. 47).

The EBFP management team, comprised entirely of IFC staff, was effective at meeting their responsibilities, and the TE indicates no evidence any deviations (TE, pg. 47).

7.2 **Quality of Project Execution**	Rating: Satisfactory

See above.

8. Assessment of Project Impacts

Note - In instances where information on any impact related topic is not provided in the terminal evaluations, the reviewer should indicate in the relevant sections below that this is indeed the case and identify the information gaps. When providing information on topics related to impact, please cite the page number of the terminal evaluation from where the information is sourced.

8.1 Environmental Change. Describe the changes in environmental stress and environmental status that occurred by the end of the project. Include both quantitative and qualitative changes documented, sources of information for these changes, and how project activities contributed to or hindered these changes. Also include how contextual factors have contributed to or hindered these changes.

Based on the Project Completion and Supervision reports, the achieved environmental impacts are:

- Greenhouse gas emissions reduction: 861,433 Mt of GHG per year, plus the unmeasured emissions reduced through one biodigester in Egypt
- Energy production savings: 2,464,939 MWh per year
- Protected land: 142,527 ha (TE, pg. 56)

Furthermore, the project in China is still under implementation and will continue to produce significant environmental impacts, considering that 688,365 of the 861,433 Mt of reduced greenhouse gas emissions came from the project in China.

8.2 Socioeconomic change. Describe any changes in human well-being (income, education, health, community relationships, etc.) that occurred by the end of the project. Include both quantitative and qualitative changes documented, sources of information for these changes, and how project activities contributed to or hindered these changes. Also include how contextual factors have contributed to or hindered these changes.

Only projects directly financed by IFC (not through a financial intermediary) reported on job creation, which are as follows:

- Egypt: creation of 560 jobs, 432 of which were women
- Conservation International: created 1,560 permanent direct jobs in the peak year
- Tanzania: The project did not establish a target or baseline, though the anticipated primary impact of the project was the creation of jobs. The lodge now operates commercially, is owned by the Village Council, and has created local jobs through the assets created by the project (TE, pg. 26).

No other socioeconomic changes were reported.

8.3 Capacity and governance changes. Describe notable changes in capacities and governance that can lead to large-scale action (both mass and legislative) bringing about positive environmental change. "Capacities" include awareness, knowledge, skills, infrastructure, and environmental monitoring systems, among others. "Governance" refers to decision-making processes, structures and systems, including access to and use of information, and thus would include laws, administrative bodies, trust-building and conflict resolution processes, information-sharing systems, etc. Indicate how project activities contributed to/ hindered these changes, as well as how contextual factors have influenced these changes.

a) Capacities

The TE indicates that, as a result of significant capacity building focused on the financial intermediaries, the project's activities improved lending processes in some countries, and the effectiveness of including capacity building at financial intermediaries as part of core staff training was demonstrated in Indonesia, Mongolia, and China (TE, pg. 32).

b) Governance

There was no evidence of governance impacts.

8.4 Unintended impacts. Describe any impacts not targeted by the project, whether positive or negative, affecting either ecological or social aspects. Indicate the factors that contributed to these unintended impacts occurring.

There were no unintended impacts.

8.5 Adoption of GEF initiatives at scale. Identify any initiatives (e.g. technologies, approaches, financing instruments, implementing bodies, legal frameworks, information systems) that have been mainstreamed, replicated and/or scaled up by government and other stakeholders by project end. Include the extent to which this broader adoption has taken place, e.g. if plans and resources have been established but no actual adoption has taken place, or if market change and large-scale environmental benefits have begun to occur. Indicate how project activities and other contextual factors contributed to these taking place. If broader adoption has not taken place as expected, indicate which factors (both project-related and contextual) have hindered this from happening.

The TE provides significant evidence of adoption of EBFP activities at scale, particularly through continuation or replication of lending activities. Financial intermediaries supported by the EBFP program in the participating countries have continued lending in GEF focal areas after project completion (TE, pg. 28). In Peru, BBVA Continental disbursed at least additional USD 20 million on eligible SEF projects after the completion of the project; in Mongolia, Xac Bank has continued eco-banking; and the Conservation International Verde Ventures resulted in the design of a second phase, Verde Venture 2, supported by IFC given the demand for finance from companies producing sustainable products, which disbursed USD 50 million in the first year (TE, pg. 28).

Lending to SMEs in GEF focal areas is also being taken up by financial institutions in Brazil, Dominican Republic, Colombia and Mexico (TE, pg. 36). Furthermore, some have even entered the sustainable agriculture space through Conservation International (TE, pg. 37).

Furthermore, the Sustainable Energy Finance (SEF) portal, created to facilitate capacity building and awareness raising activities at the global level, leveraged the creation of two subsequent climate knowledge sharing platforms (iCollaborate-Climate and FIRST for Sustainability), which have proved to be comprehensive resources for SEF audiences (TE, pg. 33).

9. Lessons and recommendations

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

The TE presents a comprehensive list of lessons learned, below are some of the key lessons (TE, pg. 58-61):

- Focal areas such as biodiversity, land degradation or POP are challenging to address through private sector initiatives. These areas are traditionally taken on by governments, donors and NGOs. As a result, they might not be the most relevant areas of intervention to focus on for a private sector program such as EBFP. Climate change on the other hand, and more particularly energy efficiency projects, proved to be much easier and targeted for the private sector to engage on.

- The project selection process turned out to be a more bottom up process, based on opportunities arising directly from FIs or SMEs. From that perspective, the program benefitted greatly from having the opportunity to build on IFC network of FI partners.
- A considerable number of workshops were organized in the countries on different issues, mainly for FIs. Although the attendants were satisfied, the process would have benefited from more proactive follow up to further support sustained changes in the lending processes.
- In terms of management, a delegated authority agreement allowed IFC to interact directly with the private sector, the EMT being entirely composed of IFC staff. Although this structure achieved tremendous time efficiency in the short term, it limited the ability of the program to contribute to more efficient processes in the medium and long term.
- Careful selection of partner banks is always of critical importance for the implementation of energy efficiency/renewable energy financing facilities. Different banks can have very different motivations to participate in the facility and this motivation needs to be assessed and aligned with the objectives of the facility.
- The project highlighted the importance of using a strong/experienced Investment Services/Advisory Services team in the structure of the project in order to tailor it to the market context; avoid overly optimistic expectations and mis-judgement of the interest of financial intermediaries at the design phase; and limit the possibility of skewing of the disbursement focus of the facility in the implementation phase due to locally led implementation or mismatch with the market momentum.
- As suggested above, in the design of the facility several non-financial aspects need to be carefully considered, evaluated and reflected in the design, starting with the central bank regulations, especially those related to risk and quality ratings of collaterals.

9.2 Briefly describe the recommendations given in the terminal evaluation.

The TE presents a comprehensive list of recommendations, below are some of the key recommendations (TE, pg. 61-62):

- The effectiveness of similar programs would benefit from:
  - Being more careful when designing SME targets in non-mature markets, realizing that there is an important gap between supporting FIs and actually lending to SMEs. In this sense, it would benefit from aligning targets at the FI and SME levels;
  - Engaging a wide range of stakeholders in the design of projects and project components. Platforms have to be multi-purpose and favor social interaction. However, physical regular interaction must be promoted at project level;
  - Ensuring that the knowledge gained through capacity building is institutionalized. Ensuring, to that end, that decision-makers participate to the workshop, so that they promote the required structural changes in the lending processes; and
  - Ensuring that niches are identified. Although the growth of the market cannot be attributed to the program, it proved the importance of contributing to innovative processes. To that end, engaging FIs already in the Environmental Business area working with SMEs helps scaling up the market effectively. Starting with one FI and opening a sustainable energy finance product requires gauging the market from their client's perspective including policy environment factors.
- The efficiency of such programs would benefit from:
  - Being cautious regarding the time and geographical scope of the program, not to be affected by structural changes, and being realistic on management potential;

    - Providing a set of indicators that is as common and stable as possible, as well as a common methodology to estimate targets and potential impacts of projects. Ensure baseline studies are conducted.
- The impact of a program such as EBFP would benefit from:
    - Focusing on a single well defined thematic area - such as climate change - in order to concentrate the efforts, expertise and capacities to strategically engage the private sector in this area of focus in each country; and
    - Establishing country-specific methodologies to account for the environmental impacts of the projects. Although a common methodology can prove useful, this has to be fine-tuned in each country in order to ensure that the targets are realistic.

10. 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 IEO 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 TE provides a detailed assessment of outcomes and impacts, however it would benefit from reorganization to align with the outcome indicators set out in the project document.	**MS**
To what extent is the report internally consistent, the evidence presented complete and convincing, and ratings well substantiated?	The report provided substantial convincing evidence to back up the project's achievements.	**S**
To what extent does the report properly assess project sustainability and/or project exit strategy?	The report provides no assessment of project sustainability, though assumptions can be made based on other evidence, (e.g. on broader adoption).	**U**
To what extent are the lessons learned supported by the evidence presented and are they comprehensive?	The lessons learned are comprehensive and supported by evidence.	**S**
Does the report include the actual project costs (total and per activity) and actual co-financing used?	The report includes actual project costs (total and per activity) and actual co-financing, however it is not broken down by co-financer.	**S**
Assess the quality of the report's evaluation of project M&E systems:	The TE provides sufficient detail on the challenges and weaknesses of the M&E system.	**S**
Overall TE Rating		**MS**

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

No additional sources of information were used.