

Terminal Evaluation Review form, GEF Independent Evaluation Office, APR 2015

1. Project Data

| Summary project data | | | |
|--|---------------------------|--|------------------------|
| GEF project ID | | 2618 | |
| GEF Agency project ID | | 523359 | |
| GEF Replenishment Phase | | GEF 3 | |
| Lead GEF Agency (include all for joint projects) | | World Bank & International Finance Corporation | |
| Project name | | Biodiversity and Agricultural Commodities Program (BACP), Phase 1 | |
| Country/Countries | | Brazil, Cote D'Ivoire, Ghana, Indonesia, Malaysia | |
| Region | | Global | |
| Focal area | | Biodiversity | |
| Operational Program or Strategic Priorities/Objectives | | BD2- Mainstreaming Biodiversity in Production Landscapes and Sectors. BD4- Generation and Dissemination of Best Practices OP 2- Coastal Marine and Freshwater Ecosystems; OP 3- Forest Ecosystems; OP 12- Integrated Ecosystem Management; OP 14- Persistent Organic Pollutants; OP 15- Sustainable Land Management | |
| Executing agencies involved | | World Bank & International Finance Corporation | |
| NGOs/CBOs involvement | | EcoAgriculture Partners, Rainforest Alliance, the WWF (several country chapters), Conservation International, and The Nature Conservancy. There was significant NGO involvement. | |
| Private sector involvement | | The project will work with private sector producers, traders and buyers or agricultural commodities, and with industry initiatives that seek to influence the markets of these commodities. Chemonics International was part of the Program Managing Unit. There was significant and important private sector involvement. | |
| CEO Endorsement (FSP) /Approval date (MSP) | | June 2007 | |
| Effectiveness date / project start | | July 2007 | |
| Expected date of project completion (at start) | | 2012 | |
| Actual date of project completion | | Jan 2014 | |
| Project Financing | | | |
| | | At Endorsement (US \$M) | At Completion (US \$M) |
| Project Preparation Grant | GEF funding | .399 | .399 |
| | Co-financing | .087 | NA |
| GEF Project Grant | | 7 | 8.632 |
| Co-financing | IA own (IUCN) | 1 | NA |
| | Government | 0 | NA |
| | Other multi- /bi-laterals | 12.6 | NA |
| | Private sector | 0 | NA |
| | NGOs/CSOs | .262 | NA |
| Total GEF funding | | 7.399 | 9.031 |
| Total Co-financing | | 12.95 | 12.256 |
| Total project funding (GEF grant(s) + co-financing) | | 20.35 | 21.287 |
| Terminal evaluation/review information | | | |
| TE completion date | | May 22, 2014 | |
| Author of TE | | Bruce Wise | |
| TER completion date | | January 25, 2016 | |

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| TER prepared by | Dania Trespalacios |
| TER peer review by (if GEF IEO review) | Molly Watts |

2. Summary of Project Ratings

| Criteria | Final PIR | IA Terminal Evaluation | IA Evaluation Office Review | GEF IEO Review |
|---|-----------|------------------------|-----------------------------|----------------|
| Project Outcomes | 4* | S | N/A | S |
| Sustainability of Outcomes | L | L | N/A | L |
| M&E Design | NR | NR | N/A | S |
| M&E Implementation | NR | NR | N/A | S |
| Quality of Implementation | NR | S | N/A | S |
| Quality of Execution | NR | S | N/A | S |
| Quality of the Terminal Evaluation Report | -- | -- | -- | S |

* IFC PIR rating uses 0-4 scale

3. Project Objectives

3.1 Global Environmental Objectives of the project:

The Global Environmental Objective of this project is to reduce, in an innovative and large-scale manner, the threats posed by agriculture to biodiversity of global significance. The project will preserve global genetic, species, and ecosystem diversity within agricultural production landscapes. (PD p. 2) The initial five countries selected for the project contain high levels of biological diversity and/or endemism, some of which is in biodiversity hotspots that overlap with areas of commodity production.

3.2 Development Objectives of the project:

The Development Objective of this project is to transform markets for target agricultural commodities by integrating biodiversity into the production landscape, and by moving sustainably-produced commodities from niche markets into the mainstream. (PD p. 2) This project will target commodities whose production threatens biodiversity of global significance, and which offer the potential for using market forces to reduce these threats. During the first phase of five years, the target countries and commodities were Indonesia (palm oil, cocoa), Malaysia (palm oil), Ghana and Côte d'Ivoire (cocoa, palm oil), and Brazil (sugarcane, soybeans, cocoa and palm oil).

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

There were **no changes** to the Global Environmental and Development Objectives of the project. However, during the course of the project, the target agricultural commodities were reduced from four to two, and a fifth major outcome was added. (TE pg. 1)

4. GEF IEO assessment of Outcomes and Sustainability

Please refer to the GEF Terminal Evaluation Review Guidelines for detail on the criteria for ratings. Please justify ratings in the space below each box.

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| 4.1 Relevance | Rating: Satisfactory |
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This project seeks to preserve global biodiversity hotspots that are affected by agriculture. It will work in five biodiversity rich countries, and target four commodities (palm oil, cocoa, sugarcane, soybeans) that have a huge effect on the biodiversity of the surrounding land. This project directly responds to the GEF 3's Strategic Priorities of Mainstreaming Biodiversity in Production Landscapes and Sectors, and of Generation and Dissemination of Best Practices. The project is also in line with five Operational Programs: Coastal Marine and Freshwater Ecosystems, Forest Ecosystems, Integrated Ecosystem Management, Persistent Organic Pollutants and Sustainable Land Management

The project is relevant to the five countries where it was implemented. In Indonesia, the expansion of oil palm production areas threatens globally significant biodiversity. In recognition of the importance of preserving biodiversity, the Indonesian Government has adopted the Indonesian Biodiversity Strategy and Action Plan 2003-2020, and has assured the World Bank that it would proceed on policy reform in the forestry sector, a sector interdependent with cocoa, palm oil, and other agricultural production. Oil palm producers and supply chain stakeholders have started to take into account the impact of their activity on environment and are implementing better management practices and promoting sustainable agriculture, as evidenced in the Letter of Intent from the Indonesian Palm Oil Producers Association and by the increasing membership of Indonesian partners of all kinds in RSPO. (TE p. 47)

In Malaysia, future expansion of oil palm plantations will occur mainly in Sabah and Sarawak, located in the Sundaland biodiversity hotspot that stands to lose biodiversity of global significance. The Malaysian government has identified the threats from oil palm agriculture, and has started to address them. The Malaysian Palm Oil Association (MPOA) has written a Letter of Intent to partner with this project. (TE p. 47)

In Brazil, expected expansion of sugar and soybean production may result in the loss of globally significant biodiversity. The Government of Brazil recognizes that the limited inclusion of biodiversity issues in agriculture, weakened institutions, lack of capacity, and unsustainable production standards are causing the further loss of biodiversity. The project will partner with the Brazilian Corporation of Agricultural Research (Empresa Brasileira de Pesquisa Agropecuaria - EMBRAPA) and the Brazilian Association of Vegetable Oil Industries (Associação Brasileira das Indústrias de Óleos Vegetais - ABIOVE). The project will also build upon the overall World Bank/IFC strategy in Brazil that aims to support the growing momentum towards socially responsible activities within the Brazilian private sector, and in particular in certain biomes such as the Amazon, the Cerrado and the Mata Atlantica. The project is also consistent with Brazil's National Biodiversity Strategy, particularly with respect to its related agriculture programs that seek to promote integrated sustainable rural development and that prioritize the implementation of Better Management Practices. Brazil also has had a strong presence in the meetings of the Roundtable for Responsible Soy, and has signaled a particular interest in supporting the engagement of the private sector in the implementation of the Convention on Biological Diversity. (TE p. 49-50)

In both Ghana and Cote d'Ivoire, cocoa production is likely to expand further into habitats with globally significant biodiversity. Governments in the region recognize the importance of biodiversity, and wish to find ways to optimize biodiversity whilst maintaining or increasing income. In Cote d'Ivoire, the national strategy seeks to protect the environment while

increasing the standard of living of individuals and the profitability of enterprises. The promotion of better agricultural production methods, the adoption of sustainable agriculture techniques, and the promotion of biological fertilizers are included in the national work program. The Government of Côte d'Ivoire acknowledges that knowledge about, and sensitivity towards, environmental management is low, that institutional capacities are limited and that further research is needed. In Ghana, Better Management Practices such as the control of use of agrochemicals, sustainable land use, agro forestry practices, control of bushfires, and zero tillage agriculture are already being promoted in some areas to mitigate negative impacts on biodiversity. This project's Market Transformation Strategy is fully consistent with the World Bank's Country Assistance Strategy for Ghana which acknowledges the importance of enhancing marketing and processing of agricultural commodities, improving land use, and fostering environmentally-friendly agronomic practices, and which points to the need for agricultural development strategies to be guided by market demand and by their environmental soundness. In addition, the Ghana Cocoa Board (Cocobod) has expressed interest in this project. (TE p. 48)

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| 4.2 Effectiveness | Rating: Satisfactory |
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The TE rates the output achievement and development effectiveness of this project as Satisfactory. It reports that most outputs and outcomes and 50% of the expected impacts were achieved. The percentage of sustainable commodity production has significantly increased, and there is clear progress towards market transformation. The TE states that the project clearly met expectations and all these strong positive aspects compensate for any shortcomings. (TE p.3) The TER evaluator agrees, and rates Effectiveness as Satisfactory.

The objective of this project was to contribute to the preservation of globally significant biodiversity within agricultural production landscapes by supporting global market transformation efforts and the adoption of biodiversity related Better Management Practices. (PD p. 146) At the start of the project, there were four target commodities- palm oil, soybean, sugarcane and cocoa- and four major objectives (PD p.21-22, TE p. 1):

- 1- A strong enabling environment that supports the integration of cost-effective biodiversity preservation opportunities at all levels of the value chain. This includes international multi-stakeholder commodity dialogues and supportive government policies.
- 2- The implementation of biodiversity-friendly practices into production and on-farm processing that will lead to a measurable decrease of the farm's impact on biodiversity.
- 3- An increased mainstream demand from traders, off-takers, processors, and other purchasers for commodities produced using biodiversity-friendly techniques. For example, products that meet the Roundtable on Sustainable Palm Oil's Principles and Criteria, or products that meet specific biodiversity protection criteria.
- 4- The recognition by financial institutions of the economic benefits of biodiversity-friendly production methods and practices, and the subsequent integration of this factor in their investment procedures. For example, financial institutions could integrate biodiversity concerns into their investment screening processes or could develop financial instruments specifically designed to help level the playing field for biodiversity-friendly practices.

Two years into the project, the target commodities were reduced to two- palm oil and soybeans- and a fifth major objective was added (TE p. 1):

- 5- The availability of a simple methodological tool to link the use of a given commodity certification system to its actual impact on biodiversity.

The project funded 21 specific projects, implemented by private sector, NGO, and other partners, focusing on cocoa, palm oil and soy. The outputs and output indicators in the Logical Framework of the Project Document are reproduced in the TE with greater specificity. (PD p. 146-155, TE p. 5-6) The TE lists greater than expected results achieved for every single indicator, for each of the four original main objectives of the project.

The achievements in the palm oil market included reduced policy-related barriers to the adoption of biodiversity-friendly better management practices MPs in Indonesia (Objective 1), and improved criteria for the certification of sustainable palm oil plantations (Objective 3). The project’s achievements in the soy market included the inclusion of biodiversity criteria in Roundtable for Responsible Soy standards (Objective 1), improved planning and management of native habitats and non-native species in Alianca da Terra’s Registry on Social-Environmental Responsibility (Objective 2), and the development of a smallholder self-assessment tool for Solidaridad. (Objective 2). The project’s achievements in the cocoa market included the revision of the common biodiversity indicators for cocoa plantations by Bioversity International in collaboration with Armajaro and Geotraceability Ltd. (Objective 2), and the increase of supply of biodiversity-friendly cocoa, particularly in Indonesia (Objective 3). The TE reports that less progress was made in Objective 4, Supporting Financial Services. (TE p. 6)

The hectares of sustainable managed land was underachieved by 50%, and the number of small holders benefiting from the project was overachieved by 40%. For each of the three commodities- palm oil, soy and cocoa- there is progress toward the long-term goal of reducing threats to biodiversity, change in land management practices, market transformation, and improved livelihoods. This progress is confirmed by the doubled industry wide totals for roundtable certified soy between 2011-2013, and for palm oil between 2010-2012.

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| 4.3 Efficiency | Rating: Satisfactory |
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The project provided \$5.8 million in grant funds, which leveraged more than \$12 million in parallel contribution for a total of almost \$18 million in sub-project implementation. The total costs for IFC’s management, supervision and direct implementation are close to \$4 million. The TE claims that these ratios justify a Satisfactory efficiency rating. (TE p. 8) The total funding provided by the main donor, GEF, was used as expected and results are measurable to the expense. Co-financing and parallel contributions from grantees met expectations of 2:1 for the GEF \$5.8 million Grants Fund. The total budget was used as expected. (TE p. 13)

The TE explains that the project was extended from 5 to 6.5 years, which is why the efficiency rating was marked down to satisfactory. (TE p. 9) The Mid Term review reports that the project was operated and managed very efficiently and was considered effective by stakeholders at all levels. There were some communication issues between PMU, M&E Unit and IFC, and some time lags in the project approval process, that were resolved early in the process. (TE p. 9) Efficiency for this project is rated Satisfactory.

Financial Sustainability- Likely

The TE reports that the Roundtable on Responsible Soy and the Roundtable on Sustainable Palm Oil are considered the main vehicles for mainstream commodity transformation in their respective industries and World Cocoa Foundation has established itself as the cocoa industry's key global association focused on cocoa sustainability. IFC has helped to establish each of these organizations and they are now in a position of financial sustainability that enables them to carry on their mission. (TE p. 3)

Sociopolitical Sustainability - Likely

The TE does not report any sociopolitical risks to the achievements of this project.

Sustainability of Institutional Frameworks and Governance - Likely

This project was the first phase of an intended two phase project. The TE states that if the second phase is not implemented, the project may not reach its intended impacts. In the first five years of the project, policy changes were defined but need to be adopted widely; new practices were developed but need refining and rolling out; financial institutions need to adopt sustainability procedures. The TE reports that a new contract was signed with Chemonics that would continue the implementation structure set from project start. (TE p. 10) However, it is clear from the TE that the private and NGO sector institutions that this project helped to strengthen are robust and count on widespread support to continue their work. There is also evidence that the countries involved in the project will continue to give governmental support for improved agricultural practices. It is likely that the gains made in this project will continue after project end.

Environmental Sustainability- Likely

The project does not pose environmental risks, but rather works to combat them. The TE reports that environmental risks are unlikely.

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?

Co-financing was extremely important for this project, as it represented almost 64% of the project's total budget. Almost all of the co-financing expected for this project materialized.

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?

The TE explains that the project was extended from 5 to 6.5 years. (TE p. 9) A complex grant program approach requires significant administration and management. While the Grant Program model and management systems took some time to develop during the first few years of the project, they worked very well during the last few years of the project. This led however

to a project extension of 1.5 years so that all of the grant funds could be deployed. It seems that this project extension did not negatively influence the project's outcomes or sustainability.

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:

It seems that ownership for this project was high, particularly among the private sector and NGO sector players that are important for the success of the project's objectives. The contribution of foundations, international non government organizations (NGOs), local research institutions, and the private sector is significant and above expected at program design. For example, in Indonesia, the Rainforest Alliance is developing a biodiversity assessment methodology for cocoa. The team trained students from Hasanuddin University to undertake the survey and worked closely with Mars Symbioscience as both a funding partner and a potential certified cocoa buyer. The Ford Foundation contributed US \$560,000, achieving the 2:1 matching grant criteria that the project set. In almost every grant there was a private sector player involved either as a funding or testing partner- an indication that the work was valued by industry. (TE p. 4)

6. Assessment of project's Monitoring and Evaluation system

Please justify ratings in the space below each box.

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|------------------------------------|-----------------------------|
| 6.1 M&E Design at entry | Rating: Satisfactory |
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The Project Document detailed an M&E plan for the project that included a specific budget, baseline and mid-term evaluations, project-, landscape- and institutional-level monitoring activities, and identified the responsible parties for these tasks. (PD p. 42-44, 120-145) The Project Document allocates US \$762,000 to M&E activities, and another US \$1,700,000 to Project Management. (PD p. 62) M&E outputs and outcomes are included in the Logical Framework of the project. (PD pg. 155)

The project's objectives and specific indicators were a big vague, since this project would provide grants to other projects that would then specify measurable details. The TE reports that IFC expected that each of the grants would have similar output, outcome and impact indicators. The tracking and aggregation of project results was complicated by the lack of standardized indicators from the beginning of the project. A standardized set of indicators to measure the project's success was lacking. In general, M&E design was satisfactory.

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| 6.2 M&E Implementation | Rating: Satisfactory |
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The TE reports that the project's M&E Unit developed an effective system for managing the data coming in from the suite of projects in a manageable framework and this allowed a streamlined approach for reporting and to feedback to project grantees which was appreciated. The 17 expected reports or studies assessing the impact of management practices and standards on biodiversity were all completed. The TE reports that some metrics were not measured (i.e. participants reporting satisfaction from training, workshops), and some were not collected under the system, however the TE states that these would have provided stronger evidence of

output overachievement. (TE p. 5) When IFC realized that a more standardized set of indicators to measure the project’s success was lacking and necessary, it adapted the M&E system. (TE p. 15) M&E implementation is rated Satisfactory.

7. Assessment of project implementation and execution

Please justify ratings in the space below each box.

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| 7.1 Quality of Project Implementation | Rating: Satisfactory |
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See section below.

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| 7.2 Quality of Project Execution | Rating: Satisfactory |
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The implementing and executing agency for this project were the World Bank and the International Finance Corporation. The TE rates the IFC’s role and contributions as Satisfactory, and this TER agrees. (TE p. 3)

Responsibility for managing the project grant facility was shared among the World Bank, the International Finance Corporation, and the Program Management Unit, which included Chemonics International and EcoAgriculture Partners. A Program Steering Committee, with representation by the GEF Secretariat, World Bank, IFC, and other international experts, reviewed and approved the Project Selection Criteria, and program targets. Program Management was complemented by a Monitoring and Evaluation Unit, supported by a grant from IFC. (TE p. 9) There is no indication that these multiple organizations failed to cooperate effectively for successful results, which is a feat in and of itself.

IFC staff reviewed 35 grant proposals submitted that met the necessary requirements, approved 21 proposals, and passed them to the Project Management Unit to proceed to the grant award phase. IFC also developed the market triggers that were approved by the project’s Steering Committee and were used as the basis of review for the mid- term review. (TE p. 4) The IFC considered the options of implementing the project with core staff, but after a financial analysis concluded that outsourcing the grant management facility was the most cost-effective method, and chose the private company Chemonics to manage the facility. (TE p. 9) The IFC made use of already existing global multi-stakeholder groups, in particular the commodity roundtable processes. By engaging with the roundtable initiatives at an early stage (as early as 2004), IFC helped to establish early legitimacy for these processes. (TE p. 9)

8. Assessment of Project Impacts

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.

The TE reports various instances of changes in environmental stress or status, including:

- In Indonesia, two district governments revising their spatial plans to conserve 200,000 hectares of land and three companies conserving and appropriately managing 27,000 hectares. (TE p. 6)
- 2.74 million hectares of palm oil plantations have been certified under the revised criteria of the Roundtable on Sustainable Palm Oil. (TE p.6)
- Alianca da Terra's Registry on Social-Environmental Responsibility improved planning and management of native habitats and non-native species in its registry. The registry was used as a step-wise approach to get producers engaged in the Roundtable for Responsible Soy process. AT members produced 120,000 tons of certified soy with a further 2.1 million tons of production closer to international certification. (TE p. 6)
- Bioersivity International in collaboration with Armajaro and Geotraceability Ltd, refined their common biodiversity indicators for cocoa plantations, and tested over 10,000 farms in Ghana. (TE p. 7)

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.

The TE does not report any changes in human well-being attributable to the project activities.

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 reports the following changes in capacity:

- Projects and platforms initiated by the project have continued to develop and grow post completion of their grant. For example, the World Resource Institute's Forest Analyzer Cover tool, funded by IFC, became the foundation of WRI's work in developing their Global Forest Watch tool. (TE p. 3)
- IFC worked to move producers towards sustainable production practices as codified by international voluntary sustainability standards such as RTRS, RSPO and Rainforest Alliance. In total, 2,262 entities (producers, mills, companies) implemented changes. Of these, 168 achieved certification, with more than 1000 producers on the path to achieve certification in 2014. While the project's first phase is over, the work that has commenced will yield further results regarding more sustainably produced commodities into the future. (TE p. 3)
- The RTRS and the RSPO are considered the main vehicles for mainstream commodity transformation in their respective industries and World Cocoa Foundation has established itself as the cocoa industry's key global association focused on cocoa sustainability. IFC has helped each of these organizations to establish and they are now in a position of financial sustainability that enables them to carry on their mission. (TE p. 3)
- In Indonesia, the Rainforest Alliance is developing a biodiversity assessment methodology for cocoa. The team trained students from Hasanuddin University to undertake the survey

and worked closely with Mars Symbioscience as both a funding partner and a potential certified cocoa buyer. (TE p. 4)

- The capacity of Round Tables, particularly that of the RSPO, has been built to strengthen certification bodies and High Conservation Value assessor trainings, and to support the Principles and Criteria review process as a result of program activities. The project directly supported the biodiversity coordinators at the roundtables by providing training on the M&E system developed. The Roundtable on Sustainable Palm Oil's Biodiversity Technical Committee became the Biodiversity and High Conservation Values Working Group and included project grantees such as World Resources International, Zoological Society of London and FFI as members. (TE p. 8)
- The mapping, monitoring, certification and supply chain verification tools are all being taken into the way Round Tables do business. The Roundtable on Sustainable Palm Oil has formally endorsed WRI's forest cover analyzer and there has been other integration of tools via their website. WRI's forest cover analyzer has now developed into their Global Forest Watch tool, as part of a partnership launched in Feb 2014 with Google. In addition, because they were developed with GEF funds and co-financing, these tools are open-source and therefore potentially available to a wide range of stakeholders. Zoological Society of London's sustainable palm oil platform developed as part of their project grant also continues to evolve, and now includes a transparency tool with the aim of providing independent data to investors and financial institutions to support their environmental, social and governance due diligence processes. (TE p. 8)
- FFI trained three private sector companies on High Conservation Value assessment processes that resulted in these firms conserving 27,000 hectares of HCV forest adjacent to palm oil concessions and the Gurung Palang National Park in West Kalimantan, Indonesia. (TE p. 8)

b) Governance - The TE did not report changes in governance.

- Policy-related barriers to the adoption of biodiversity-friendly BMPs in Indonesia were reduced. Flora and Fauna International (FFI) trained industry and government stakeholders on High Conservation Value (HCV) spatial planning and palm oil concession management that led to two district governments revising their spatial plans to conserve 200,000 hectares of land and three companies conserving and appropriately managing 27,000 hectares. (TE p. 6)

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.

The TE does not describe any 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.

- **Replication- Adopted.** A multi-stakeholder process was established to determine how best to develop high conservation value maps produced for the Roundtable on Responsible Soy Association, and maps were developed for Cerrado region in Brazil. Subsequent to the Brazil mapping project, RTRS has initiated the mapping process for Paraguay following the lessons learnt and approach developed from the Brazil experience. (TE p. 3) Participatory High Conservation Value maps and guidance for soy production in Brazil is being replicated in Paraguay. (TE p. 6)
- **Mainstreaming- Adopted.** Projects and platforms initiated by the project have continued to develop and grow post the completion of their grant. For example, the World Resource Institute's Forest Analyzer Cover tool, funded by IFC, became the foundation of WRI's work in developing their Global Forest Watch tool. (TE p. 3)
- **Mainstreaming- Adopted.** The RTRS and the RSPO are considered the main vehicles for mainstream commodity transformation in their respective industries and World Cocoa Foundation has established itself as the cocoa industry's key global association focused on cocoa sustainability. IFC has helped each of these organizations to establish and they are now in a position of financial sustainability that enables them to carry on their mission. (TE p. 3)
- **Mainstreaming- Adopted.** Solidaridad developed their smallholder self-assessment tool, which has been widely adapted to the sugarcane and cotton sector. (TE P.6)

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 lists the following lessons learned (TE p. 15-16):

- IFC designed the project to deal with the transformation of 4 commodities in 10 years, focusing initially on 2 commodities (palm oil and soy) for the initial 5 years. This has proven to be the right approach.
- IFC designed an initial phase of 5 years. However, the commodities chosen (palm oil and soy) have proven to be riskier as an investment sector than initially thought. IFC had to adapt the duration of the program to allow for additional risk reducing activities to occur.
- IFC expected that each of the grants would have similar output, outcome and impact indicators. The project's results are the aggregation of outputs, outcomes and impacts from the portfolio of grants. The tracking and aggregation of those results was complicated by the lack of standardized indicators from the beginning of the project. Having now completed the first phase with 21 grantees, it is clear that a standardized set of indicators to measure the project's success is necessary. The adaptation of our M&E system is an early success and lesson for future replication. A program of this magnitude should have an M&E system and standard indicators defined before implementation.
- IFC expected that the review and approval of grant deliverables would be straightforward and not time consuming. However, grant administration and supervision, which includes review and approval of all grant deliverables and reports, was time consuming and labor intensive. For IFC to run a successful program with as many sub-project components, the supervision of those has to be designed with efficiency and cost- awareness from the start.
- IFC expected that Requests for Proposals would yield a balance of projects across all components in the market transformation strategies. The number and spacing of RFAs released under each commodity was generally a reflection of the quality and number of applications received. This system allowed for new ideas and initiatives to be discovered

and considered by IFC. Unfortunately, the system meant that not all components of the Market Transformation System were address by the grantees and Components 4 and 5 had less progress and interest by the applicants. The balance between a pre-determined strategy and open-door for innovation is difficult to attain, therefore a program should choose the implementation design based on the primary objective.

- The overall plan was to leverage the grant pool of USD5.8 million by 2:1. This target was surpassed. Some innovative projects were not able to be pursued due to the lack of a sufficient co-funding match, which was also an inhibitor for smaller groups (researchers, NGOs, companies) to be involved.
- Branding of the program was developed that would differentiate the program from IFC's existing advisory services branding. Stakeholders identified with the project brand and often did not realize that the program was executed by IFC as the day- to-day grant management and that M&E was done by external consultants. Should a second phase commence it is recommended that the branding is changed to reflect IFC's executing agency role, and that some of the roles (e.g. M&E) are done internally.

9.2 Briefly describe the recommendations given in the terminal evaluation.

The TE lists the following recommendations (TE p. 15-16):

- Moving forward, IFC would need one person allocated strictly to one commodity in the management team.
- For IFC to run a successful program with as many sub-project components, the supervision of those has to be designed with efficiency and cost- awareness from the start.
- The balance between a pre-determined strategy and open-door for innovation is difficult to attain, therefore a program should choose the implementation design based on the primary objective.
- Take an overall portfolio approach to the grantee pool with more flexibility at the specific grant level to provide a waiver if the project is sufficiently innovative to be recommending a more significant up-front investment from GEF.
- Should a second phase commence it is recommended that the branding is changed to reflect IFC's executing agency role, and that some of the roles (e.g. M&E) are done internally.

10. Quality of the Terminal Evaluation Report

The Final PIR and the Summary of Achievements are treated jointly as the project's TE.

| 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 adequately reports on the project's relevant outcomes, outputs and the achievement of objectives. | S |
| To what extent is the report internally consistent, the evidence presented complete and convincing, and ratings well substantiated? | The TE is internally consistent, and the evidence is convincing. The ratings are well substantiated. However, more information was needed on the quality of the World Bank's performance, and the quality of the M&E design. | MS |
| To what extent does the report properly assess project | The TE's report of financial sustainability was insufficient. The TE detailed an exit strategy. | S |

| | | |
|---|--|-----------|
| sustainability and/or project exit strategy? | | |
| To what extent are the lessons learned supported by the evidence presented and are they comprehensive? | The lessons learned are comprehensive, directly supported by evidence and immediately understandable. | HS |
| Does the report include the actual project costs (total and per activity) and actual co-financing used? | The TE includes the expected and actual project costs, and co-financing, by source and per activity. | S |
| Assess the quality of the report's evaluation of project M&E systems: | The TE does not rate M&E design or implementation, and addresses M&E throughout the report but insufficiently. | U |
| Overall TE Rating | | S |

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 in the preparation of this TER, other than PIRs, TE, and PD.