

1. Project Data

Summary project data			
GEF project ID		2670	
GEF Agency project ID		3368	
GEF Replenishment Phase		3	
Lead GEF Agency (include all for joint projects)		UNDP	
Project name		<i>Central American Markets for Biodiversity (CAMBio): Mainstreaming biodiversity conservation and sustainable use within micro-, small, and medium-sized enterprise development and financing</i>	
Country/Countries		Guatemala, El Salvador, Honduras, Nicaragua, and Costa Rica	
Region		Latin America and Caribbean	
Focal area		MSMES	
Operational Program or Strategic Priorities/Objectives		Biodiversity Promoting sustainable use of biodiversity, mainstreaming biodiversity in national and sectoral programs, and building capacity on access to genetic resources and benefit sharing	
Executing agencies involved		Central America Bank of Integration (CABEI)	
NGOs/CBOs involvement		No involvement	
Private sector involvement			
CEO Endorsement (FSP) /Approval date (MSP)		03-20-2006	
Effectiveness date / project start		07-18-2006	
Expected date of project completion (at start)		December 2013	
Actual date of project completion		December 2015	
Project Financing			
		At Endorsement (US \$M)	At Completion (US \$M)
Project Preparation Grant	GEF funding	-	-
	Co-financing	-	-
GEF Project Grant			
Co-financing	IA own		
	Government	.32	
	Other multi- /bi-laterals	17	56.4
	Private sector		.78
	NGOs/CSOs		
Total GEF funding		10.23	10.20
Total Co-financing		17.32	57.18
Total project funding		27.55	67.38

(GEF grant(s) + co-financing)		
Terminal evaluation/review information		
TE completion date	July 22, 2016	
Author of TE	Desiree Elizondo	
TER completion date	November 2016	
TER prepared by	Spandana Battula	
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	NA	MS	NR	MS
Sustainability of Outcomes		L	NR	UA
M&E Design		MS	NR	MU
M&E Implementation		MU	NR	MU
Quality of Implementation		MS	NR	MS
Quality of Execution		MS	NR	MS
Quality of the Terminal Evaluation Report		-	NR	MS

3. Project Objectives

3.1 Global Environmental Objectives of the project:

- The Global Environment Objective “is to ensure that micro, small- and medium-sized enterprises in Central America increasingly contribute to sustainable development and environmental protection by incorporating biodiversity concerns in their products and services.” (PD pg 34). The purpose of the project is to mainstream biodiversity conservation and sustainable use of production landscapes in five Central American countries – Guatemala, Honduras, El Salvador, Costa Rica and Nicaragua.

3.2 Development Objectives of the project:

- The Development Objective of the project is “to remove barriers in banking, business, and enabling environment to catalyze biodiversity-friendly investments in micro-, small-, and medium-sized enterprises (MSME) in Central America.” (PD pg 34)

The main expected outcomes are (PD pg 70 and 75):

- To provide loan financing to MSMEs for development of biodiversity-friendly business activities by the Central American Bank for Economic Integration (CABEI) and its Financial Intermediaries;
- To enable MSMEs to develop biodiversity-friendly business ventures and access new markets for their products and services;
- To facilitate and support policy and sector initiatives to foster the development of BF MSME within national economies; and
- To collect and evaluate lessons learned from the implementation process so as to generate an adaptive management model.

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

- As per the TE, there were no changes to the global environmental and development objectives during implementation.

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
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- The project outcomes are consistent with the GEF’s biodiversity focal area. The project aims to generate biodiversity benefits by encouraging transformed productive and service sector practices and related investments through small, micro- and medium-sized enterprises that can positively impact biodiversity. (PD pg 33). The project objectives and outcomes are aligned with GEF’s operational strategies of (a) integrating the conservation and sustainable use of biodiversity within national and regional sustainable development plans and policies; and (b) helping to protect and sustainably manage ecosystems through targeted and cost-effective interventions. It is in conformity with Operational Program -2, 3 and 4 - Coastal, Marine, and Freshwater Ecosystems, Operational Program, Forest Ecosystem, and Mountain Ecosystems. It is also consistent with Strategic Priority II – Mainstreaming Biodiversity in Production Landscapes and Sectors (PD pg 32).

In addition, the project outcomes are consistent with the priorities of the Central American countries of Guatemala, Honduras, El Salvador, Costa Rica and Nicaragua. As Central American communities’ depend on agricultural commodities for livelihood, the CAMBio business model financially assists in producing agricultural goods and commodities in a biodiversity friendly and sustainable manner. (TE pg 27).

4.2 Effectiveness	Rating: Moderately Satisfactory
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- The final evaluation rates effectiveness of the project as Moderately Satisfactory and this TER gives the same rating. The project had many shortcomings in its implementation due to the complexity and ambitiousness of its goal. However, the project is a pilot initiative in the Central American region and for its novelty, the achievements are noteworthy. The project outlines four outcomes and the following is an assessment of targets achieved per planned outcomes:

Under Outcome 1, there were seven outputs with ambitious targets to set-up a risk guarantee facility, biodiversity reward facility, and develop a bio-score loan approval tool.

The project established a partial-risk guarantee facility but the mechanism was difficult to implement. The target of this output was to leverage loans of USD 11,000,000 and, as per the TE, 12 guarantees of only USD 223,000 were issued (PD pg 71, TE pg 20). By end of 2011, CABEL returned the unused funds to UNDP to be reassigned to other project components. However, in April 2012, an operational manual was drafted and according to the TE, “the fact that the instrument was operationally closed, but an operational manual was drafted afterwards, reflects contradictions within the executing agency with respect to promotion of the instrument” (TE pg 20). In regard to bio-award facility, the project set-up a tool “to track loan investments and impacts on biodiversity via the adoption of best practices” amongst micro and small enterprises and financial intermediaries (TE pg 23). The aim was to “drastically increase interest in BD-friendly activities”, thus, incentivizing improvements in environmental performance on farms (PD pg 72). But, in practice, the rules for issuing the bio-award were based on the size of the loan instead of environmental performance. The approval procedure for issuing the awards was cumbersome due to involvement of all levels of CABEL and financial intermediaries management and so, this slowed down the process of award disbursement. For example, Genesis Empresarial (a microfinance institution) disbursed only 1,885 awards out of a pool of 9,529 potential beneficiaries because of the cumbersome process of approvals (TE pg 24). The bio-score eligibility tool was developed but it contained large number of variables and so, it was not easy to follow-up loan progress and tracking of impacts on biodiversity (TE pg 8). However, it is noteworthy, that this outcome exceeded its minimum loan generation target. The plan aimed to generate a minimum of USD 11,000,000 in loans and, as per the TE, there was a disbursement of loans up to USD 56,000,000, which is a threefold increase (PD pg 71, TE pg 13).

Outcome 2 intended to develop biodiversity-friendly business ventures through micro-small, and medium-enterprises and thereby, giving access to new markets for their products and services. The project intended to develop and improve technical capacity of micro-, small and medium enterprises through implementation of technical assistance programme. The project was able to develop a technical assistance fund that executed 155 disbursements (TE pg 20). However, the rules for awarding technical assistance funds depended on the amount of credit taken (TE pg 20). Technical assistance should be based on the technical capacity and skills needed to support business ideas and not on the amount of the loan, which defeats the purpose of the outcome. In regard to other targets, as per the project document, there were seven outputs designed, however, after the mid-term evaluation five of the outputs were eliminated (PD pg 73-74, TE pg 4 and 8).

Outcome 3 aimed to modify enabling environments to create greater incentives for biodiversity friendly sub-sectors of national economies. As this was difficult to implement, during the mid-term evaluation this was reformulated to facilitating and supporting policy and sector initiatives to foster development of biodiversity friendly micro-, small and medium enterprises. The TE states that the “component that seemed most ambitious from the start is the goal of achieving policy reforms, which has proven to be very complex and time consuming”. It also finds that there has been insufficient participation of national institutions in the regional project (TE pg 4 and 7).

Outcome 4 intended to ensure that all elements of this ambitious project will be closely monitored, including the achievement of the project’s indicators, in order to facilitate management decisions, including adjustments when necessary. But one of the shortcomings is that the monitoring modality was constructed around project deliverables, with little attention given to project results and expected impacts.

Therefore, considering the moderate achievements but also the shortcomings, the TER gives a moderately satisfactory rating to the effectiveness of the project.

4.3 Efficiency	Rating: Moderately Unsatisfactory
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- The TE gives moderately unsatisfactory rating to the cost efficiency of the project. The TE reports that the project procedures demanded an overwhelming amount of paper work and administrative support. For example, contractual tender procedures for technical assistance and mechanisms for providing bio-awards required writing more than 3,000 checks, following loan approval processes. Administration costs represent around 63% of the non-refundable funds, which is a very high ratio (TE pg 26).

The project was also delayed considerably due to lack of approval. Later, at the mid-term evaluation stage, due to changes in the M&E plan there were further adjustments and delays in the implementation. However, as activities were still to be conducted and there have been moderate achievements in the outcomes, the TER gives a moderately unsatisfactory rating.

4.4 Sustainability	Rating: Unable to Assess
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- The TE gives a likely rating to sustainability but the TER is unable to assess project sustainability due to a lack of information and assessment of crucial factors. The following are factors assessing the sustainability criteria:
 - a) Financial resources: The TE finds that the financial sustainability is likely, because the institutional financing mechanism set up by CAMBio for the biodiversity-friendly micro-, small, and medium enterprises product, as part of the overall credit lines between CABI and FIs, remain even after the project end. The credit line that was opened with the CAMBio project continues operating as a revolving credit line, and remains operational to the extent that there is demand from the FIs. Thus, this TER gives a likely rating to financial sustainability.
 - b) Socio-political: There is no information on socio-political risks and hence, the TER is unable to assess risk for this dimension.
 - c) Institutional framework and governance: There is no information for this factor in the TE, this this TER is unable to assess risk for this dimension.

- d) Environmental: Due to lack of information on environmental risks, the TER is unable to give a rating.

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 amount of co-financing in the project was significant. CABEI provided \$55 million as co-financing which was a threefold increase from its pledged funds. It lent to biodiversity friendly MSMEs through credit lines and that reinforced the importance of environmentally friendly practices (TE pg 33).

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?

- TE reports that there were project delays in the first few years. The delays were due to lack of approved procedures for disbursement and that affected deliveries of project outcomes in 2007, 2008 and 2009, especially in the technical assistance component, and the provision of partial guarantees.

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:

- CAMbio was implemented as a pilot scheme but it was not fully integrated into CABEI's institutional set-up. The TE reports that the weak anchoring and ownership limited the internalization and adjustment of developed instruments, which would have better grounded processes (TE pg 35). However, the tools and workable model produced can be used for introducing for future practices and routines within FIs to mainstream biodiversity in a cost-effective and sustainable way.

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: Moderately Unsatisfactory
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- The TE gives a rating of moderately satisfactory to the M&E design at entry but this TER revises the rating to be moderately unsatisfactory. This is due to significant flaws in the indicators, baseline and timeframe.

The goal and objective in the project document are consistent throughout the project design. The M&E design also includes a baseline assessment and provides tools to take advantage of the current lack of MSMEs in the area of biodiversity through the project (PD pg 14). However, the TE finds that certain baseline assertions are not accurate. For example, the project baseline states that at the start of the project, no financing was being channeled by CABEL and its FIs to BF investments. This assertion is not accurate as most of the interviewed clients already had credit with FIs. The other baseline assumption that proved difficult to test was that few loans were awarded to micro-enterprises for BF activities. This assumption might be true for private banks, but not for microfinance institutions that specialize in rural clients. Project findings show that the great majority of micro financing was already targeting BF micro enterprises, as proven by the case of Nicaragua and Guatemala. In the case of El Salvador, the findings demonstrate that FIs were already lending to BF-enterprises, but were classified differently, according to other bank lending categories (TE pg 8).

The project design lacks measurable indicators, however, the TE notes that due to the project's complexity and the unpredictability of credit demand, it would not have been appropriate to define quantifiable indicators in the design phase, so the logical framework contains broad definitions of outcomes, outputs and indicators. It also highlights that such a clarification is necessary to avoid an inadequate rating of project design (TE pg 7). The TER finds that, although identifying clients for credit needs could have been difficult at the design stage, identifying and quantifying BF businesses and potential lenders could have been possible to incorporate in the M&E design. It is to be noted that after the mid-term evaluation, major changes in the project strategy were adopted. There was elimination of many outputs, which meant in practice, a significant decrease in the project's overall ambitiousness, and also its anticipated impacts (TE pg 12).

Lastly, the M&E design does not provide a time-frame within which the project plans to achieve its objectives.

6.2 M&E Implementation	Rating: Moderately Unsatisfactory
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- The TE finds the M&E plan implementation to be moderately unsatisfactory and this TER finds the rating to be appropriate.

The TE states that an important aspect missing in the monitoring process was a more

comprehensive discussion analyzing project progress towards the technical assistance and biodiversity impacts. This is despite the fact that the project staff included a biodiversity and monitoring expert, and several case studies and consultancies were dedicated to this goal. The 2015 PIR report acknowledges the need to better assess and demonstrate the impacts that the loans and the technical assistance to MSME have had on biodiversity conservation prior to this final evaluation. This major consideration is particularly relevant, due to the potential negative environmental impacts that loans to agribusiness and animal husbandry can have (TE pg 14).

The TE reports that there was a tendency to rely on future consultancy studies to provide a better assessment of project results and impacts, focusing on a result-driven management style. There was little demand for a more process-oriented learning practice to delve further into data findings and provide recommendations for improvement (TE pg 13). The TE also states that there were many discrepancies found in the field related to procedures used for application of the biodiversity indicator-monitoring tool (TE pg 12). The TER finds that due to the inherent lack of good components in the project design, the implementation and expected outcomes were affected due to lack of indicators to measure results as part of the monitoring system.

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: Moderately Satisfactory
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- The TE gives a Moderately Satisfactory rating to the quality of project implementation and the TER gives the same rating.

The UNDP Regional Office for Latin America in Panama and the Honduras UNDP Country Office served as the GEF implementing base for this Project, and provided the necessary support for project implementation activities, including monitoring and evaluation, budget revisions and GEF disbursements. The TE reports that financial supervision and audits were performed according to plan. The project external audits were procured by UNDP which were used for follow-up and producing reports for the PSC. The TE also notes that there was effective coordination between the project Regional Coordinators, the GEF regional expert in Panama and the Tegucigalpa UNDP office. Project governance depended to a high degree

on this communication. UNDP supervision was focused on results and responsive to approval requests from the PIU. However, there were project delays due to lack of disbursement of funds which affected project outcomes.

7.2 Quality of Project Execution	Rating: Moderately Satisfactory
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- The TER gives Moderately Satisfactory rating to the quality of project execution, which is the same rating given by the TE.

CABEI was the executing agency for the CAMBio project. CABEI provided day-to-day operations, the accountability of project funds, the management of the Project Implementation Unit (PIU), and led the Project Steering Committee (PSC). A positive element introduced during project implementation was the hiring of country facilitators. These operational liaisons between CABEI, FIs and MSME in each country were crucial for the placement of incentives and the use of the technical assistance fund (TE pg 12).

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.

- The TE reports that an assessment of CAMBio project’s benefits to biodiversity is beyond the scope of the evaluation and, in fact, an evaluation of the benefits was conducted by the firm Ecoagriculturepartners (TE pg 31). But annexures attached to the TE do not include the findings of such evaluation.

However, as the TE states, according to CAMBio’s final reports, the project “paid for the certification (or renewal of certification) of 996 landholdings, covering a total area of 21,799 hectares and the production of 6,183,068.1 quintals of harvested coffee. By promoting best practices, they have successfully protected over 200 species of trees both on and off of coffee plantations, and have supported comprehensive approaches to outbreak management, positive changes in the use of soil and water, and increases in the production yields and competitiveness of MSMEs” (TE pg 31). Due to lack of availability of data, no negative impacts have been assessed especially in regard to land reconversion within MSMEs.

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 reports that the empirical evidence collected during the evaluation shows that the delivery of cash incentives provided an additional cash flow that producers used to repay interest on credit, or invested in education, health care, sales, or the purchase of land or food. Also, some of the cooperatives used the award to invest in infrastructure, pay for certification or permits, or to pay employees. The microfinance institutions reaching the majority of CAMBio beneficiaries clearly helped families in their livelihood strategies, providing cash flow to meet immediate needs (TE pg 29).

Additionally, CABI had targeted coffee, cardamom and cacao producers which benefitted the small-scale farmers for whom cash crops are the primary source of cash income. The availability of small cash flows played a crucial role in the livelihoods of poor farmers. Moreover, microfinance institutions also provided funding to small commercial activities, diversifying the cash income of households even more (TE pg 30).

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.

- Capacities: The TE reports that around 20% of the funds were disbursed for technical assistance to FIs or sectorial recipient organizations. Microfinance institutions were able to use these funds to improve skills on productive farms. Banks, on the other hand, paid for coffee certification processes, training events and outreach activities. Sectorial organizations sponsored training courses, regional workshops, and other activities aimed at building institutional capacities using their own technical or promoter networks (TE pg VI). This shows that skills and knowledge were developed through the project.
- Governance: There is no information provided in the TE on any changes in governance.

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 list any unintended impacts by the project.

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 project has had national replication in certain countries. KFW, a German Development Bank, has utilized several aspects of the CAMBio model and funded CABEI Green MSMEs which loan finances in the energy sector with non-reimbursable funds for studies and technical assistance to FIs. In El Salvador, BANDESAL (second tier bank) is providing a credit line similar to MSME-BF, sponsored by KFW. In Costa Rica, as part of the technical assistance component, the project facilitated a dialogue within Forest Coffee Foundation to include coffee trees as part of Payment for Environmental Services incentives. Other sectorial initiatives were also strengthened in Guatemala, El Salvador and Nicaragua (TE pg 28).

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 from the project (TE pg 37):
 - a) CAMBio defines coffee, cacao and cardamom as biodiversity- friendly crops. However, depending on management practices and technologies, these crops can also be the source of losses in biodiversity and ecosystem services. The tradeoffs that may occur must be acknowledged and integrated into the project intervention models. CAMBio promoted the afforestation of farming systems through improved agroforestry, but it was not found to provide sufficient mechanisms to enhance the protection of existing forests on farms.
 - b) A project of the scale and complexity of CAMbio requires better institutional anchoring and active stakeholders very embedded in project implementation, such as farmer organizations and commercial anchor firms.
 - c) It is not reasonable to employ bank loan procedures for the delivery of incentives, if these are intended to reach an ample clientele. A good lesson is provided in the section on bio-awards.
 - d) The cost effectiveness and the roles of a PIU, including technical experts, must be carefully determined.
 - e) Future programs following similar purposes should invest more time in acquiring baseline information and developing more robust databases for impact assessments.

9.2 Briefly describe the recommendations given in the terminal evaluation.

- Recommendations provided by TE are (TE pgs 35-37):
 - a) FI target groups: A new UNDP/CABEI initiative must encourage FIs to target small farmers and to define potential project beneficiaries. Also, CAMbio lending portfolio concentrated on two very extreme groups of farmers. A new initiative must stay away from such polarized clientele to be effective and to produce impact. In Guatemala, the microfinance organization invested considerable effort trying to reach subsistence agriculture clients. In the case of very small credits, the CAMbio loan approval and follow-up processes posed a severe limitation to the scalability and effectiveness of its model.
 - b) Productive sectors: New initiatives must clearly define a typology of farmers and productive systems as target groups. A clear target group will allow lending to be effectively integrated with technical assistance and anchor market chains. CAMbio demand was in the coffee sector. But within this sector, there are substantial differences in production technologies, and in levels of vulnerability faced by farmers for sustaining livelihoods. To insure consistency with UNDP development strategies, a new initiative must be firmly anchored among small-scale farmers. Also, before any new initiative, profound assessment is required to better understand sector niches and opportunities.
 - c) Value chain approach: Commercial sectors and sustainable food chains must adopt inclusive models and integrating markets, such as pulling small farmers into the value chain. New initiative must avoid the small grant model of technical assistance, and should fine-tune a more strategic methodology.
 - d) Defining sustainable practices: To obtain positive biodiversity externalities, a much more comprehensive ecosystem approach is needed. To reduce deforestation, additions at the farm and landscape levels must be carefully assessed with an agro-ecology perspective. Conservation management strategies must also be part of the picture. Also, the causalities and additions achieved with the introduction of best management practices in regard to biodiversity require careful assessment.
 - e) Use of incentives and cash awards: If requirements are not clearly defined and if the selection processes are not competitive and transparent, a new initiative should steer clear of this type of award. Better loan rates might, in fact, be an easier alternative to providing incentives

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 presents relevant outcomes as per the context of the focal area but the impacts of the project have not been assessed.	MS
To what extent is the report internally consistent, the evidence presented complete and convincing, and ratings well substantiated?	The report is not very internally consistent. The explanations given per various criteria contradict the ratings.	MU
To what extent does the report properly assess project sustainability and/or project exit strategy?	Project sustainability assessment lacks relevant information, for example, there is no evidence of environmental sustainability and governance risks. The TER was unable to access important information for the sustainability criterion and project exit strategy.	U
To what extent are the lessons learned supported by the evidence presented and are they comprehensive?	The lessons learned are presented well but need elaboration to support the evidence.	MS
Does the report include the actual project costs (total and per activity) and actual co-financing used?	The TE includes the actual co-financing amounts, however co-financing amounts are inconsistent throughout the report. The report does not provide the actual project costs per activity.	MU
Assess the quality of the report's evaluation of project M&E systems:	The TE did a good job on assessing the M&E design and implementation and provided sufficient information.	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 in the preparation of this TER, other than PIRs, PD and TE.