Terminal Evaluation Review form, GEF Evaluation Office, APR 2015

1. Project Data

Summary project data			
GEF project ID		2996	
GEF Agency project ID		P551945	
GEF Replenishment Phase		GEF-3	
Lead GEF Agency (include all for joint projects)		World Bank	
Project name		Portfolio Approach to the Distributed Generation Opportunity (PADGO)	
Country/Countries		Sri Lanka	
Region		South Asia	
Focal area		Climate Change	
Operational Program or Strategic Priorities/Objectives		GEF OP 5: Removal of Barriers to Energy Efficiency and Energy Conservation; OP 6:Promoting the Adoption of Renewable Energy by Removal of Barriers	
Executing agencies involved		IFC (International Finance Corporation)	
NGOs/CBOs involvement		N/A	
Private sector involvement		one of the beneficiaries; through consultations	
CEO Endorsement (FSP) /Approval date (MSP)		1/31/2008	
Effectiveness date / project start		2/12/2008	
Expected date of project completion (at start)		11/01/2014	
Actual date of project completion		02/28/2015	
Project Financing			
		At Endorsement (US $M)	**At Completion (US $M)**
Project Preparation Grant	GEF funding		**NA**
	Co-financing	0	NA
GEF Project Grant		3.6	NA
Co-financing	IA own	17.28	NA
	Government	1.5	NA
	Other multi- /bi-laterals		NA
	Private sector		NA
	NGOs/CSOs	N/A	NA
Total GEF funding		3.6	NA
Total Co-financing		18.78	NA
Total project funding (GEF grant(s) + co-financing)		22.38	NA
Terminal evaluation/review information			
TE completion date		05/29/2015	
Author of TE		Nugegodage Dona Anne and Shanuki Gunasekera	
TER completion date		11/26/2015	
TER prepared by		Chenhao Liu	
TER peer review by (if GEF EO review)		Molly Watts	

2. Summary of Project Ratings

Criteria	Final PIR	IA Terminal Evaluation	IA Evaluation Office Review	GEF EO Review
Project Outcomes	PS(Partly Satisfactory)	NR	NR	MU
Sustainability of Outcomes	NR	NR	NR	ML
M&E Design	NR	NR	NR	HS
M&E Implementation	NR	NR	NR	MS
Quality of Implementation	NR	NR	NR	NR
Quality of Execution	NR	NR	NR	MS
Quality of the Terminal Evaluation Report	-	-	-	MS

3. Project Objectives

3.1 Global Environmental Objectives of the project:

To reduce CO2 emissions through displacing central fossil fuel based generation, by making possible the sustainable financing of a portfolio of renewable and clean CHP based fossil DE generation (Project Executive Summary, p22)

3.2 Development Objectives of the project:

The project's development objectives at its start is as follows (PAD, 01/23/2008, p.7-8)

"The project's objective is to reduce CO2 emissions through displacing central fossil fuel based generation and to improve access to cleaner and more reliable source of energy for underserved population thus removing the impediment for further economic growth. The Portfolio Approach to Distributed Generation Opportunities (PADGO) provides a framework under which the various parties (manufacturers, developers, operating companies, banks, rural communities, beneficiary companies, etc.) are provided tools to lower transaction cost such as template agreements and contracts, performance standard for equipments, and financing opportunities to encourage entry into the market while maintaining quality of service provided. The framework is designed to be flexible to address the various local constraints and available energy resources to allow for replication in other countries/regions. The objective of the TA assignment will be to develop the components (legal agreement templates and technology performance standards) of the framework and to develop the markets and sub-projects to be implemented under the PADGO project.

The first phase of this initiative will focus on Sri Lanka, and will have three specific goals:

(1) Releasing lending capacity at local banks for financing < 10 MW type mini-hydro and other DG technologies through the establishment of a replicable framework, and a risk sharing product,
(2) Introducing new fossil and biomass based DG generation technologies and new private sector players (Original Equipment Manufacturers (OEMs), entrepreneurs etc.) to Sri Lanka through one or more clean energy pilot projects, and
(3) Taking the first steps towards a portfolio approach to promoting a diverse mix of clean DG generation technologies."

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

There have been a few changes to the Development Objectives since its original version.

In July 2009, the project's original objective was upgraded by adding the following sentence "Specifically, it aims at motivating at least three FI (Financial Institution)s in Sri Lanka to finance new, non-hydro clean DG projects by providing them with advisory services and investment services." (PIR 2009, Q4, p.1). , to the end of the sentence "The objective of the Portfolio Approach to Distributed Generation Opportunities (PADGO) project is to improve access to cleaner and more reliable sources of energy for underserved populations". (PIR 2009, Q4, p.1) In the project's original objective, the approach of the project is defined to "develop a framework under which the various parties (manufacturers, developers, operating companies, banks, rural communities, etc.) are provided tools such as template agreements and contracts, performance standards for equipment, and financing opportunities to encourage entry into the market while maintaining quality of service provided, to lower transaction costs". (PIR 2009, Q4, p.1) Amendment of July 2009 added the sentence "it is the aim that at least 3 projects will be developed leveraging these tools in other countries within IFC within 2 year of project completion." (PIR 2009, Q4, p.2) to the end of the original objective.

The project further modified its objectives in June 2010. The original objective to "improve access to cleaner and more reliable sources of energy for underserved populations" was changed to "to develop market for generation of electricity from renewable energy sources as an alternative to fossil fuels." This would be achieved "through targeted support provided to financial intermediaries, project developers, investors, equipment suppliers, and other stakeholders to develop, finance, and implement renewable energy project on commercial terms." (PIR 2013, p.3) This change was due to a substantial increase in the electricity grid coverage ratio, from 60% to 85% of the population, which would supply electricity to the underserved populations originally targeted by the project. (PIR 2013, p.3).

In June 2011, the project's objectives were further expanded to increase targets for key objectives. Finally, according to the TE, "the original objectives of the project was refined (without any major change to the initial objectives) in consultation with M&E in 2014 to provide more clarity as requested by RHAS during PSRs. "(TE, p.3)

4. GEF EO assessment of Outcomes and Sustainability

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

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

Please justify ratings in the space below each box.

The Final PIR in 2015 didn't give a comprehensive rating for project outcome. Instead, it rated respectively the four dimensions regarding the project outcome: Strategic Relevance (Satisfactory); Output Achievement (Satisfactory); Outcome achievement (Partly Unsatisfactory); Impact Achievement (Partly Unsatisfactory). Plus its rating on the IFC's role and contribution, the project's overall rating under the title "Development Effectiveness" is "Mostly Unsuccessful". This TER will not adopt the Final PIR's rating since the rating scale and criteria are not identical, but the Final PIR's rating and its supporting analysis will be a major source of reference for this TER's rating.

This TER will rate the project as "Moderately Unsatisfactory", the project's outcome is strategically relevant, its implementation is cost-effective and efficient, but it only partly achieved its expected outcomes/goals/impacts. The rating is based on criteria and formula for calculating overall project outcome rating as referred in the TER guideline, (APR approach paper 2015, p.25) as well as independent assessment results of the three key dimensions of project outcomes as follows:

4.1 **Relevance**	**Rating: Satisfactory**

The TE rated the "Strategic Relevance "as "Satisfactory". Although the definition of "Strategic Relevance" is not identical as that in this TER, this TER still rates the relevance of project outcome as "Satisfactory".

According to the project brief, the project's expected outcomes are closely linked to two strategic priorities for the climate change (CC) focal area. The approach is consistent with the following GEF strategic priorities: CC-1 Market Transformation for High Volume Products and Processes and CC-2 Increased Access to Local Sources of Financing for Renewable Energy and Energy Efficiency. (Project Brief, p.13)

The TE also mentioned the relevance of project to the country's development priorities: "The project remained aligned with the Government's policy on climate change, in exploring the potential for clean and renewable energy sources. Even through the recent changes in political leadership in the country (towards the end of the project) the project remains relevant to the new government's need to develop renewable energy as an alternative to fossil fuels (where the government targets 20% generation of electricity from renewable energy by 2020)." (TE, p.4) "This project is directly aligned with IFC South Asia priorities in building market capacity to deliver clean energy investments. "(TE, p.4) "The project is also well-aligned with the strategic priorities of the WBG's CPS for Sri Lanka (SL) given its emphasis on climate change which includes support for renewable energy (hydro, solar, biomass, and wind) and energy efficiency, which are expected to result in reduced carbon footprints." (TE, p.3)

Overall, the project's outcomes show a high-level relevance to development strategies/goals at national, regional and global level proposed by relevant entities. A rating of "Satisfactory" is well justified.

4.2 **Effectiveness**	**Rating: Moderately Unsatisfactory**

Are project outcomes commensurate with the expected outcomes (as described in the project document) and the problems the project was intended to address (that is, the original or modified project objectives)?

The TE gave ratings for three areas related to the outcome effectiveness of this TER's concern: 1. Output Achievement (Satisfactory) 2. Outcome Achievement (Partly Unsatisfactory)" 3. Impact Achievement (Partly Unsatisfactory). This TER will rate the project outcome effectiveness as "**Moderately Unsatisfactory**" based on the following analysis:

For each of the three areas for which rating was given, the TE substantiated its ratings through listing in detail the **comparison between the expected target and results**. In rating the output/outcome achievements, the TE divided project activities into two components: (TE, p5-7)

a. Capacity building training, seminar, conferences, FI s (Financial Institutions) Receiving Capacity Building Support, Financing of DG (Distributed Generation), projects by PFIs (Participating Financial Institutions), Market need assessment, RE (Renewable Energy) manuals, Set up RSF (Risk Sharing Facility) with Bank;

For component a, it is expected to have the following outputs: a number of PFI entities receiving concessional investment and advisory services; a number of capacity-building workshops, seminars and conference held with sizable participants and high-level satisfaction of participants; a number of relevant policy documents developed. As a follow-up of the capacity-building efforts, the following outcomes are expected: A number of entities will implement recommend changes; a number of DG projects will be developed which are financed by RSF after the AS; a number of new financial products will be launched, and a number of SEF loans will be disbursed.

A number of indicators are selected to measure the expected outputs/outcomes. The project's actual achievements in **component a** have met/exceeded all of the expected outputs and outcomes.

b. Advisory services for the development of Energy Efficiency market.

For component b, it is expected to have the following outputs: a few new financial products designed; a number of entities receiving advisory services; a number of workshops/seminars/conferences are held, with sizable participants and high-level customer satisfaction; a number of procedures/firm-level policies/ practices/standards developed as recommendation. As a result, the following outcomes are expected: a number of entities will implement recommend changes; a number of new financial products will be launched, and a number of SEF loans will be disbursed.

A number of indicators are selected to measure the expected outputs/outcomes. The project's actual achievements in **component b** have met majority of expected outputs and outcomes, but the following facts stand out: **Number of participants providing feedback on satisfaction for the advisory services, and Number of participants reporting satisfied or very satisfied with workshops, trainings, seminars, conferences, etc., are significantly lower than ex-ante expectation; No new financial products/SEF loans**

were launched after the advisory services. These facts well indicate the limited success of component b.

In rating the project's impacts, the TE chose 3 indicators for measurement: 1. Value of financing facilitated (US$; 2. GHG emissions expected to be reduced (metric tons/year); 3. Renewable energy expected to be produced (MWh/year); 4. Energy use expected to be avoided (MWh/year). **Their final results were compared with preset targets, and it was clear that value of financing facilitated and energy use expected to be avoided exceeded expectations, but the GHG emission reduction and renewable energy expected to be produced is less than expected.**

From the above information, it is clear that 1. Component b of the project's key activities, which is the advisory services for the development of Energy Efficiency market, didn't bring customer satisfaction and have no real impact which is measured by new financial products developed. 3. Although there was some progress made, the project was unable to fully meet its preset target for GHG emission reduction and production of renewable energy.

Overall, although with satisfactory outputs, the gap between project's ex-ante expectation of outcome/impact and actual outcome/impact is significant. A rating of "Moderately Unsatisfactory" is well justified.

4.3 **Efficiency**	**Rating: Satisfactory**

Include an assessment of outcomes and impacts in relation to inputs, costs, and implementation times based on the following questions: Was the project cost-effective? How does the project's cost/time versus outcomes equation compare to that of similar projects? Was the project implementation delayed due to any bureaucratic, administrative, or political problems and did that affect cost-effectiveness?

The TE rated the project's efficiency as "Satisfactory", this TER will adopt the same rating of "Satisfactory".

The project was implemented in a cost-effective manner. According to the PIR, "IFC managed funds was USD 1,651,140 (this includes committed funds of USD 53,752 relating to post implementation budget for the final evaluation).Budgeted cash fees was at USD 120k of which actuals was USD 99,983 (at 83% of budgeted) through advisory engagements in RE (with CBC and Dendro One) and EE (SLSEA and JAAF). "(TE 2015,p.7) The actual total project cost (USD 1,651,140) is less than the budget of USD 1,671,157. (TE 2015, p.1) The TE also reported "On the implementation side, the team was efficient in their use of resources. The local or regional consultants were hired as much as possible for market studies/training/workshops etc, and final contract values arrived at through negotiations ensured best possible cost for work contracted. The GEF guarantee of USD 3Mn was also not required to be utilized by PFIs indicating zero default rate in the portfolio maintained." (TE, p.8) Overall, the PIR gave the conclusion that there were no less costly ways to achieve objectives. (TE, p.8)

4.4 **Sustainability**	**Rating: Moderate Likely**

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This TER will rate the project's sustainability as "Moderate Likely".

The TE didn't give rating for the project's sustainability. However, it provided detailed analysis of risks associated with the project, on which an analysis can be developed in assessing the project's sustainability. In the risk analysis, the TE considered the following category of risks: 1. Environment and social risks 2. Client or Stakeholder risks 3. Internal IFC risks 4. External to IFC risks; and the TE rated these risks on a 3-point scale (low, medium, and high). (TE, p.8-9) Specifically, the risks which are rated "medium/high" are the ones of particular interest of this TER, and they may affect the project's sustainability. This TER will evaluate them categorically as follows:

Financial Risks – Sustainability "Likely "

This TER will rate the project's financial sustainability as "Likely". The TE didn't discuss any risks to the project's sustainability in this regard. But with current evidence, it would be reasonable to argue that financial risks are less likely to affect the project's sustainability. From FY 2013 to FY 2015, The TE rates the dimension of "secured funding" under project implementation constantly at "4" (the highest positive rating), which indicates sufficient funding for this project. (TE, p.10) Plus, sufficient evidence presented in the earlier sections of this TER has already confirmed the high-level cost-effectiveness of the project, the project's strategic relevance, and the project's positive impact on environment. Thus, it would be not difficult in future to garner additional financial resources under the banner of this project for any scale-ups.

Socio-political Risks – Sustainability "Moderate Likely"

The long-term political conflict in Sri Lanka wrapped up only recently, which has already affected the efficiency of project implementation, and can't be ignored when discussing the socio-political risks to the project's sustainability. The Annual Project Implementation Report in 2010 has clearly identified that political conflict in Sri Lanka has made the project delayed for 1 year. (PIR 2010, p.2) At present, the political situation in the country is stable, thus it will not affect any immediate scale-up of the project if applicable. But it should be always noted of Sri Lanka's long-time history of intra-ethnical conflict when assessing the project's sustainability in the country, as the historical intra-ethnical feud may plant the seed for future turmoil.

Environmental Risks- Sustainability "Likely"

Environmental risks will not affect the project's sustainability. The TE constantly rated the "Environmental and Social Risks" to the project as "Low", from FY 2013 to FY 2015.(TE, p.8) The TE also specifically mentioned the project's positive impact on environment, which in fact provides rationale for further scaling up the project.

Institutional Risks – Sustainability "Moderate Likely"

Overall, there are some identifiable risks associated with the project, but they are not posing significant barriers to the project's further scale-up. Thus a rating of "Moderate Likely" for the project's sustainability is well justified.

There are some institutional risks associated with the project, but they are unlikely to significantly affect the project's sustainability as long as the executing agency (IFC) is committed to mitigating them. The TE has identified the following related institutional risks: 1. Impossibility to start cooperation with partners who do not meet Integrity Due Diligence (IDD) criteria, which is a fact necessitates extra efforts of IFC in screening the project's partners. 2. Lack of demand for the utilization of IFC Risk Sharing Facility and related AS (Advisory Service) due to a noncompetitive pricing resulting in underutilization of funding, which calls for the IFC to hear and respond to the need of clients (participated financial institutions) via intensive dialogue and consultations with the PFIs to address their needs and to react to the market changes. 3. Financial sector consolidation in Sri Lanka was ongoing during the late stage of project, and it may affect the short-term behavior and decision-making of financial institutions related to the project. 4. If IDA continues to fund new hydro projects in Sri Lanka on concessional terms, the transition to more commercial financing will be more difficult. Regarding this risk, the project team has already initiated discussion with IDA/IBRD representatives and agreed on the need of transition to more commercial financing. Overall, there are some risks associated with the project that may affect the short-term sustainability of the project, but they are with remedies and solutions well-prepared. It is clear from the TE's statement that, solutions and measures for mitigating the risks have been already in place or identified, thus these risks are the key points for the project implementer's alertness but not the ones who are posing immediate difficulties for the project's further scale-up. But, more evidence in the form of concrete actions from the implementer's side are required to show that these risks are in fact mitigated before drawing the conclusion that they are not risky to the project's sustainability.

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?

Although at the baseline, the project proposal provided certain information regarding co-financing (Such as PADGO Project document 04/26/2006, p.22, PADGO Project Executive Summary 04/26/2006), the PIR didn't report any detail in the execution of co-financing. Therefore it is unable to assess.

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 project was expected to complete within 7 years (84 months) at the baseline (Project Executive Summary, 04/26/2006, p.1), and the actual length of project implementation is 88 months (11/01/2007-02/28/2015). A one-year delay of project implementation due to political conflict was explicitly confirmed in 2010 by the PIR (PIR 2010, p.2). Apart from delays due to external factors, the PIR has also identified some delays during the project implementation, such as the PIR 2009 reported a delay in reaching advisory agreement with Commercial Bank of Ceylon (CBC) due to a renegotiation of the terms (repricing due to financial crisis and volatile political situation in Sri Lanka) of the parallel IFC investment in the Bank (PIR 2009, Q2, p.2); and a delay (by 6 months) in signing of the second investment agreement with the NDB (National Development Bank of Sri Lanka) due to lengthy approval by the central bank (PIR 2010, p.3); and

a delay in forming a local implementation team for AS (Advisory Service) due to the monopoly of HQ team in designing the implementation plan, and its weak coordination with the field team thereof. (TE, p.14) In the end, administrative delays had a partial impact on the project's overall efficiency, and it is only the political conflict has had significant impacts on the project cycle.

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 TE did not discuss country ownership. However, according to relevant project documents it is evident that the project was led by the IFC/World Bank, with significant role of participation of leading firms/government authority of relevant industries, including National Development Bank – NDB, Commercial Bank of Ceylon-CBC, Joint Apparel Association Forum – JAAF, Sri Lanka Sustainable Energy Authority – SLSEA, and Dendro One. In the project's design phase, extensive consultations were also held with the participation of relevant government entities including the Ministry of Power& Energy, the Ministry of Environment & Natural Resources, and the Public Utilities Commission of Sri Lanka.

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: Highly Satisfactory**

a) **M&E design**. Project should have a sound M&E plan to monitor results and track progress in achieving project objectives. An M&E plan should include a baseline (including data, methodology, and so on), SMART (specific, measurable, achievable, realistic, and timely) indicators and data analysis systems, and reporting and evaluation at specific times to assess results. The time frame for various M&E activities and standards for outputs should be specified. Dedicated funding for M&E should be provided in a project's budget. Responsibilities for undertaking M&E activities should be specified. Questions to guide this assessment include: In retrospect, was the M&E plan at entry practicable and sufficient (sufficient and practical indicators identified; timely baseline; targets created; provisions made for the effective use of data collected; analysis systems specified including studies and reports; practical organization and logistics set forth in terms of responsibility for, and scheduling of, M&E activities)?

The TE didn't rate the Monitoring and Evaluation of Project. This TER will rate the M&E design at the baseline as "Highly Satisfactory".

According to the project description, the IFC will fulfill its role as the chief executing agency by managing the entire M&E activity. (Project Executive Summary, 04/26/2006, p9)

The project's objectives were set up in the project logic framework to be monitored by a group of expected outcomes/outputs which are "performance indicators" of the objectives. In addition, data sources and underlying assumptions for different objectives were also specified. The expected outcomes/outputs are specific, measurable, achievable, realistic and timely.

For example, in achieving the "Component Objective (1): To develop a framework of performance benchmarks for assessing the existing lending portfolio of local banks into the mini-hydro sector, and using it to develop and implement a new risk sharing product in conjunction with the banks, IFC and GEF", the logic framework proposed the following expected outcomes: a. Conclusion of agreements with banks, OEMs and IFC-GEF on the risk sharing products b. Release of new lending capacity for local banks to lend into the RE-DE generating technology space c. Capacity in the banks is "freed up" and number of new projects done increases. In addition, an annual plan for realizing these three outcomes were also specified: Year 1: MOU w/ 1-2 banks; Year 2: Risk Sharing Framework for 5 MW; Year 3: Risk Sharing Framework for 10 MW; Year 3: Risk Sharing Framework for 15 MW; Year 4: Risk Sharing Framework for 17 MW/. The expected outputs are: i. a number of banks approached and negotiated with; ii. development of the risk-sharing product deployed in Stage 1. The source of data could be: i. Participating banks, OEMs and developers; ii. Program records; iii. CEB Statistics. The underlying assumptions for realizing the Component Objective is: i. Willingness of firms to engage with IFC in a risk sharing product ii. There will be takers for longer tenure risks on DE generation in Sri Lanka iii. Sufficient spread between the GoSL lending rate to local banks and the on-lending rate from banks to mini-hydro projects for risk sharing deal to be possible. (Project Executive Summary, 04/26/2006, p.23-24)

Also, the M&E plan also envisaged the data collection of some more indicators in order to measure the project impact, including but not limited to: "number of banks that interact with IFC on this program", "the number of training hours or TA sessions associated with the TA funds deployed in PADGO", and "the number of unique firms receiving capacity building as a result of the activities in this Program", and the data will be collected on an ongoing basis. (Project Executive Summary, 04/26/2006, p9)

The M&E Plan set up the plan for a mid-term review and final evaluation, and specified the practical organizations and logistics (such as hiring of consultants).

Overall, the M&E design was specific and well-rounded. A rating of "Highly Satisfactory" in this domain can be well justified.

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

b) **M&E plan implementation**. An assessment will be made on the quality of M&E implementation over the project's lifetime, as well as the extent to which provisions were made for continuing M&E following project closure where warranted. Such an assessment will cover whether the M&E system was in place and allowed the timely tracking of results and progress toward project objectives throughout the project; whether annual project reports were complete, accurate, and with well-justified ratings; whether the information provided by the M&E system was used to improve and adapt project performance; and whether proper training was provided for parties responsible for M&E activities to ensure that data will continue to be collected and used after project closure. Question to guide this

assessment include: Did the project M&E system operate throughout the project? How was M&E information used during the project? Did it allow for tracking of progress toward project objectives? Did the project provide proper training for parties responsible for M&E activities to ensure data will continue to be collected and used after project closure?

The TE didn't rate the M&E Implementation. This TER will rate the M&E Implementation as "Moderately Satisfactory". The M&E implementation has some evident shortcomings, but it is largely appropriate.

A noted feature of this project is the frequent adjustment of project objectives/outcomes, which entails corresponding adjustment of project logic framework on which the M&E activity crucially relies as major source of reference. Despite periodic adjustments to M&E framework, M&E rules/policies set up at the baseline were strictly followed. Periodic reviews and timely monitoring were in place, in the form of the Mid-Term Review (MTR) Report and Annual Project Implementation (PIR) Reports. Constant use of project logic framework in monitoring the outcomes/objectives is ensured, and outcomes/impacts are evaluated with periodic reviews through comparing the target/baseline with current/cumulative status. However, one evident shortcoming is that the project logic framework utilized in each periodic review was not consistent overtime, and it is a reflection of the ongoing change of project objectives/activities. Also, there was no place in the TE where any M&E related trainings were mentioned.

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: Unable to Assess**

The TE didn't give sufficient information on the actual roles/responsibility and performance of the World Bank, the project implementing agency. Therefore it is unable to assess this indicator.

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

The TE didn't rate the overall quality of project implementation/execution, but it rated the IFC's role and contribution as "Partly Unsatisfactory" without specifying the evident shortcomings of project execution. This rating is relevant to the project implementation/execution, since the IFC is the chief execution agency. This TER, however, will rate the project implementation as "Moderately Satisfactory".

Although there is no comprehensive rating for project execution, the TE gave rating separately for a few dimensions related to the project execution: Throughout the periodic rating of 5 times from FY 2013 to FY 2015, the TE constantly rated "Financial-Secured Funding" as "4" (Highest positive grade); "Financial – Client Cash Fee Collection" received three "3" and two "4"; "Financial -Expenses/Budget Variance" constantly received "4"; "Staffing" constantly received "4"; "Implementation Timeline" received two "4" and three "3". (TE, p.10) The high-rating in general regarding above dimensions of project execution well indicated the effective and efficient financial, programmatic, and human resource management of the executing agency. The legitimacy of the above rating could be further added strength by the low-rating on average of project's output/impact indicators, in which "1" and "2" take the dominance, (TE, p.10) which has been already proved and analyzed in earlier chapters of this TER.

There were also the evident shortcomings during the project execution, such as: 1. Limited communication and coordination between investment staff in the region and advisory staff in the headquarters 2. Hiring of IFC staff from other region with relevant experience led to the project implementation delays. 3. Due to the failure to coordinate with WBG who has already developed similar products, one of the major components of the project objectives at the baseline "to help with development of standard contractual documents" became no longer useful. 4. There has been a delay in forming a local implementation team for AS (Advisory Service) due to the poor coordination between the HQ team and the field team in designing the implementation plan.(PIR 2015, p.14) The shortcomings mentioned above have well indicated the inefficiency of the IFC in project execution, but these problems are typical bureaucratic inefficiency within a reasonable extent, and they didn't have significant impacts.

Thus, considering both the evident success and mentioned shortcomings of the project's execution, the rating of "Moderately Satisfactory" is justified.

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 primary objective of the project is to mitigate GHG emissions which has positive environmental impact. (TE, p.8) The immediate environmental change in this regard is: Energy use can be expected to be avoided at 80 MWh/year; GHG emissions can be expected to be reduced at 227K metric tons/year (whereas target was 272 K); Renewable energy can be expected to be reduced at 350K MWh/year (target was 351K). (TE, p.3)

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 didn't indicate any socioeconomic change.

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 IFC's Risk Sharing Facility improved the ability of local banks (NDB and CBC) to fund projects in emerging RE technologies. The EE (Energy Efficiency) interventions (in the form of EE advisory services) enabled 5 tea factories to implement 46 of the relevant recommendations and 7 garment factories to implement 27 of the relevant recommendations, (TE, p.3) therefore created awareness and enhanced the capacity of efficient energy use in the tea and garment sector.

b) Governance

No change in governance was identified by the TE.

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 didn't indicate 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.

The TE reported only two cases of scaling-up/replication at the current stage:

i. “The replication of the project was attempted in Bangladesh through proving support to two existing projects in SEF product development for a commercial bank and a poultry biogas project (in cooperation with the then SBA business line). These were minor interventions and no structured efforts were made for replication.” (TE, p.8) ii. “As discussed during the final PSRs, new advisory opportunities in the SEF (Sustainable Energy Finance) space beyond PADGO will be addressed under a separate project.” (TE, p.11)

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 rolled out the lessons for the future based on a comparison between what the IFC expected and what actually happened: (TE, p.14)”

- Lack of coordination between IS (Investment Service) and AS (Advisory Service) upfront led to providing the clients only with partial solution. A close coordination between the both types of IFC services is necessary in order to capture synergic effect of investment and advisory products.

- Delays in the project implementation were caused by objective and subjective factors. While objective factors like internal conflict in the country and resulting macroeconomic uncertainty could not be obviously mitigated (except of allocating more time for implementation/startup phase), the subjective factors like delays in hiring project staff could be addressed upfront with longer term HR planning system in place.

- Adjustments in the project objectives, outputs, and implementation schedule are necessary to keep the project strategically relevant from the market and implementation point of view. The adjustments do not necessarily mean a decrease in the original impact targets but just enable its efficient implementation.

- Close coordination within the WBG starting in the project design phase is a must to capture potential synergies.

- In projects of this nature, even if the RSF from investment side intends to cover only risks for distributed generation, this should not hold back the AS interventions for a broader SEF (Sustainable Energy Finance) agenda.

- As from this project's experience, we have learned the lessons from many other projects as well, that we do need implementation resources onsite and close to the market and the clients.”

9.2 Briefly describe the recommendations given in the terminal evaluation.

The TE didn't provide any recommendations. However, the MTR (Mid-Term Review) spent some paragraphs making recommendations, which are as follows: (Mid-term Evaluation Report, p.6-7)

"Recommendations

Our review sets out a number of initiatives that could be considered by IFC for promotion of renewables in the country. Our key recommendations are listed below:

Investment Services

- Diversification of the RSF portfolio to include upcoming renewable energy sources such as biomass and waste to energy projects should proactively be explored since the country has significant potential for such sources. PFIs perceive financing such projects as a risk due to their limited knowledge and the operational track record of such projects. IFC can play a key role by supporting such investments under the RSF or related financial product, as it was done for wind projects earlier.
- The fee applicable for RSF is considered to be on the higher side by the PFIs. PFIs are therefore concerned about their competitiveness in the market and they may lose interest in RSF in the future. Hence, the option for moderating the fee structure should be considered so that enhanced and effective participation by PFIs can be established.
- IFC can also consider adopting a dynamic risk sharing facility with slab-wise RSF ratios, depending on the quantification of risk on project-to-project basis. Low risk level projects may have a RSF ratio of 25:75; moderate risk level projects 50:50; and high risk level projects 75:25. This may lead to optimum utilization of funds within the portfolio, moderation of the RSF fee for PFIs and levelisation of the overall risk basket. This can also empower PFIs to take efficient decisions and help in the overall development of the PFIs and the market, simultaneously.
- To accommodate to the additional fund requirement in the renewable energy sector, IFC can provide a credit line to PFIs, which would help in catering to more renewable energy projects at a competitive lending rate.

Advisory Services

- During the review, PFIs expressed their concerns over their lack of hands-on experience in biomass sector financing. To reduce the risk for the PFIs, IFC can explore options for joint investments with the banks for certain demonstration projects and help the employees and the management of PFIs in capacity building and gaining experience in financing such upcoming renewable energy sources.
- As discussed earlier, inclusion of other PFIs, FIs, and developers under the advisory services can share the cost among larger participants and will address the concerns. This will not onlylead to wider impacts and higher efficiency of the program, but can also help IFC to effortlessly achieve the remaining targets under the Advisory Services. "

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 EO comments	Rating
To what extent does the report contain an assessment of relevant outcomes and impacts of the project and the achievement of the objectives?	The TE listed in detail the targeted outcomes/outputs/impacts and compared them with the achieved outcomes/outputs/impacts	**Highly Satisfactory**
To what extent is the report internally consistent, the evidence presented complete and convincing, and ratings well substantiated?	The TE is internally consistent and convincing, however some ratings such as "the role of IFC and its contribution are not well-substantiated with sufficient evidence	**Moderately Satisfactory**
To what extent does the report properly assess project sustainability and/or project exit strategy?	The TE didn't include an assessment of project sustainability, however it included project exit strategy	**Moderately Unsatisfactory**
To what extent are the lessons learned supported by the evidence presented and are they comprehensive?	Lessons learned are sufficiently discussed and supported by strong evidence	**Satisfactory**
Does the report include the actual project costs (total and per activity) and actual co-financing used?	Financial information (costs/budgets, total/per activity) was reported in detail, however co-financing was not mentioned	**Moderately Satisfactory**
Assess the quality of the report's evaluation of project M&E systems:	The TE (PIR 2015) didn't include an assessment for M&E	**Highly Unsatisfactory**
Overall TE Rating = 0.3 × (a + b) + 0.1 × (c + d + e + f) = 0.3 × (6 + 4) + 0.1 × (3 + 5 + 4 + 1) = 3+ 1.3= 4.3		**Moderately Satisfactory**

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

In the preparation of this TER, no additional documents were referred to as the source of information apart from PIRS, TE, and PD.