

GEF EO Terminal Evaluation Review Form

1. PROJECT DATA				
GEF ID: 466		Review date:		
		at endorsement (Million US\$)		at completion (Million US\$)
Project Name:	Promotion of Biodiversity conservation within Coffee Lanscapes	GEF financing:	0.750	0.750
Country:	El Salvador	IA/EA own:		
		Government:		
		Other*:	3.085	2.022
		Total Cofinancing	3.085	2.022
Operational Program:	3	Total Project Cost:	3.815	2.772
IA	WB	<u>Dates</u>		
Partners involved:	PROCAFE	Work Program date		?
		CEO Endorsement		05/15/1998
		Effectiveness/ Prodoc Signature (i.e. date project began)		07/06/1998
		Closing Date	Proposed: 07/31/2001	Actual: 12/2001
Prepared by: Lee Risby	Reviewed by: DRAFT	Duration between effectiveness date and original closing: 3 years	Duration between effectiveness date and actual closing: 3 years and 5 months	Difference between original and actual closing: 5 months
Author of TE: No author		TE completion date: 03/2004	TE submission date to GEF EO :09/21/2005	Difference between TE completion and submission date: 1 year and 6 months

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

2. SUMMARY OF PROJECT RATINGS

GEF EO Ratings for project impacts (if applicable), outcomes, project monitoring and evaluation, and quality of the terminal evaluation: Highly Satisfactory (HS), Satisfactory (S), Moderately Satisfactory (MS), Moderately Unsatisfactory (MU), Unsatisfactory (U), Highly Unsatisfactory (HU), not applicable (N/A) and unable to assess (U/A). GEF EO Ratings for the project sustainability: Highly likely (HL), likely (L), moderately likely (ML), moderately unlikely (MU), unlikely (U), highly unlikely (HU), not applicable (N/A), and unable to assess (U/A). Please refer to document "Ratings for the achievement of objectives, sustainability of outcomes and impacts, quality of terminal evaluation reports and project M&E systems" for further definitions of the ratings.

	Last PIR	IA Terminal Evaluation	Other IA evaluations if applicable (e.g. IEG)	GEF EO
2.1 Project outcomes		N/A	N/A	S
2.2 Project sustainability	N/A	N/A	N/A	L
2.3 Monitoring and evaluation		N/A	N/A	S
2.4 Quality of the evaluation report	N/A	N/A	N/A	S

Should this terminal evaluation report be considered a good practice? No Why? Unfortunately, although the ICR for the MSP contains good information on the project outcomes, M&E system and

prospects for sustainability, it does not provide ratings according to Bank or GEF EO guidelines.

Is there a follow up issue mentioned in the TE such as corruption, reallocation of GEF funds, etc.? No

3. PROJECT OBJECTIVES, EXPECTED AND ACTUAL OUTCOMES

3.1 Project Objectives

- **What are the Global Environmental Objectives?**

The objectives were to (i) stabilize and potentially increase the extent of coffee plantations under biodiversity-friendly shade-forest regimes to serve as habitats for globally significant biodiversity; (ii) initiate the establishment of a biological corridor of shade coffee habitats linking the *El Imposible and Los Volcanes (Cerro Verde)* protected areas; and (iii) foster a biodiversity friendly coffee export industry in El Salvador.

Any changes during implementation? No

- **What are the Development Objectives?**

Same as above

- **Any changes during implementation?** No

3.2 Outcomes and Impacts

- **What were the major project outcomes and impacts as described in the TE?**

1) Strengthening of **Extension Service** by training on the concept of shade-grown, biodiversity-friendly coffee:

This objective was fully met. Not only was the official PROCAFE extension service strengthened by direct training in this concept, but also a number of private extension agents and many farmers and cooperative members were also trained.

2) Development of **certification** for “biodiversity- friendly coffee” and training of the certifiers

Fully met. The certification methodology and its indicators were developed and tested during the project. One measure of their success is that they are now in use in seven other countries throughout the region.

3) **Marketing study** for shade-grown, biodiversity -friendly coffee; domestic and public awareness campaign; and international promotion campaign for certified biodiversity-friendly coffee.

- Substantially but not completely met.
- One market study was conducted in cooperation with a U.S. supermarket chain (Wild Oats Markets) with 80 stores in 30 states. The allotted funds were deemed insufficient for a national marketing study. U.S. regional promotions were conducted on the West Coast and in the Washington D.C. area.
- Markets for “biodiversity-friendly” coffee were developed in Japan.
- Project staff participated in the US Specialty Coffee Trade Shows. In San Francisco (2000) project objectives and implementation process were publicly presented and the project won second place in a contest for the sustainable category. In the other conference in Miami (2001) the project, together with seven certified coffee farmers, took part in the official Salvadoran stand to promote and sell “certified shade grown coffee in harmony with biodiversity”.
- Actual sales proved to be lower than the project’s optimistic estimates but the project helped to generate considerable awareness as gauged by considerable media coverage. Its pioneering lessons helped a subsequent GEF project in Mexico to refine its approaches and enjoy considerable market success.

4) **Biological and Socio-economic monitoring**, including but not limited to: area cultivated with shade grown coffee; value of different production regimes as biodiversity habitat; variation in yields, profits, employment opportunities by regime; quantities of “biodiversity- friendly” coffee certified and exported.

- Substantially met.
- One ecological study completed. Species of conservation concern were documented utilizing shade coffee vs. sun coffee farms and the former were recognized as important habitat for a number of species
- One socioeconomic study completed noting variations in different cultivation regimes.
- One Map of the total area of the project (27,000 hectares) was digitized based on image interpretation showing the different shade gradients and production regimes. This SIG Program was established in PROCAFE’s Farm Land Measure Office. GPS equipment was bought and used for field measurements. More than 100 farms requested this measurement service and all requests were fulfilled.
- Through UNEX (private coffee exporter) and UCAPROBEX (cooperative coffee exporter) more than 7,600 bags (46 kgs) of “biodiversity-friendly” coffee were sold to Japan, with a premium that ranged from US\$6 to US\$13 per bag in the last 3 harvests.

4. GEF EO ASSESSMENT	
4.1 Outcomes	: Overall 16 / 5 = 5.33
A Relevance	Rating: HS
<ul style="list-style-type: none"> In retrospect, were the project's outcomes consistent with the focal areas/operational program strategies? Explain 	
<p>The ICR states - this project is one of the first to address the possibility of maintaining the productive landscape of coffee cultivation within a biodiverse forest setting as an economic anchor for the preservation of biodiversity. It also addresses more global environmental objectives through the maintenance of biodiversity-friendly habitats that are intricately connected to the region's biological corridors beyond El Salvador's national borders. Hence, it is relevant to OP3 / SP2 in biodiversity and sustainable land management (OP15).</p>	
B Effectiveness	Rating: S
<ul style="list-style-type: none"> Are the project outcomes as described in the TE commensurable with the expected outcomes (as described in the project document) and the problems the project was intended to address (i.e. original or modified project objectives)? 	
<p>The ICR states - The project had established an indicator that 200 farms would be certified as eco-friendly producers by the end of the 3 year implementation period. However this indicator was changed to 200 farms "in process of certification" due to the actual field conditions during the implementation process. This was primarily because the development of certification procedures that was still in its infancy and largely tested during the course of the project. The project actually achieved 44 fully certified farms, with 180 in process of certification¹, for a total of 224 farms. PROCAFE extension agents completed a further 324 farm diagnostics, that were being directly followed up by the certifying partner (SALVANATURA) at the end of the project.</p> <p>The original project area was planned in the El Imposible National Park in Ahuachapan state and the area of The Three Volcanoes in Santa Ana and Sonsonate States, which include 14 municipalities. However the project actually reached eight additional states with certification. Out of 14 Salvadoran states, the project was directly responsible for training and certification work done in 11 states, and 47 municipalities. The original plan was to influence change in approximately 4,000 hectares. The project actually covered a total of 8,623 hectares (1,008 certified and 7,615 in process of certification). Including the farm diagnostics that were conducted as a precursor to certification at the invitation of landowners (324 farms), a total of 11,809 hectares can be considered to have been directly influenced to change by the project.</p> <p>Overall the project was a little over-optimistic in terms of the number of farms that would achieve certification over a relatively short time period. However, if the project had been of a longer duration the original target of 200 farms would have been met (and probably exceeded). Since, the project closed PROCAFE have continued operations and furthermore, the Government of El Salvador has adopted the bio-friendly coffee approach as part of its national strategy for production and export of coffee. There is also a permanent office for biodiversity friendly coffee in Salvanatura – the countries largest environmental organization, and this continues to operate. The international partner – Rainforest Alliance has directly benefited from partnership with the project is now applying the lesson to other countries in order to strengthen marketing of eco-friendly coffee. For these reasons the project is rated – satisfactory.</p>	
C Efficiency (cost-effectiveness)	Rating: S
<ul style="list-style-type: none"> 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 cost-time Vs. outcomes compare to other similar projects? Was the project implementation delayed due to any bureaucratic, administrative or political problems and did that affect cost-effectiveness? 	
<p>The project was cost-effective in terms of modest GEF input of 0.750\$m which leveraged approximately 2\$m in co-finance. The projects timing was perhaps somewhat optimistic given the rather challenging objectives in terms of the number certifications required. But the ex-post project situation has maintained the momentum of the project and laid the conditions for sustainability. At the time the project was developed there were few other coffee projects to compare to, hence cost-comparison is not possible. However, the GEF could consider a more detailed and focused evaluation of such projects in the future (e.g., as part of</p>	

¹ certification is a multiyear process requiring an initial and sometimes ongoing financial commitment. These 180 farms, having already made significant resource commitments, are considered very likely to participate in the benefits of certification

the Biodiversity Program Study) which could address the issue of cost-effectiveness more broadly. Overall the project was satisfactory.

Impacts

- **Has the project achieved impacts or is it likely that outcomes will lead to the expected impacts?** Based on the ICRs description of the ex-post situation and prospects for replication within and outside of the El Salvador it is likely that in the longer term outcomes will lead to permanent impacts on the character and practice of coffee production.

4.2 Likelihood of sustainability. Using the following sustainability criteria, include an assessment of risks to sustainability of project outcomes and impacts based on the information presented in the TE.

A Financial resources	Rating: L
<p>The ICR provides some analysis of risks to involvement of civil society, communities and individual farmers in bio-friendly coffee production, the main financial risk is lack of access to credit as most financial institutions are unfamiliar with this type of coffee production. However, the project did produce research demonstrating the profitability and financial attractiveness of operations and this has been shared with financial institutions. Secondly, the project developed a marketing study / strategy and this was important, although work needs to be continued nationally and internationally to raise the profile and demand for bio-friendly coffee. The ICR states - A marketing study for shade-grown, biodiversity -friendly coffee is much more difficult to replicate. As a means of capturing and channeling consumer willingness to pay for conservation, shade-grown coffee is still a very new mechanism. The experience of the project shows very clearly that the operation of such projects requires a strong demand orientation and market expertise. An early shortcoming in project design was to assume that outsourcing support on the marketing side as needed would be sufficient. This was quickly corrected with the integration of a marketing professional to the World Bank team. A subsequent project (also GEF financed) in Chiapas, Mexico utilized the same marketing advisor and was able to apply El Salvador's lessons to its early project design thereby substantially improving both its execution and outcome.</p> <p>The risk of market uncertainty and investing in certification is also a risk, however, since the project ended there has been an investment made in more market analysis looking at supply chain constraints to help further develop distribution and marketing strategies for farmers.</p>	
B Socio political	Rating: L
<p>The project has been based on partnership between public – private sectors at many scales national to international. The project has demonstrated that there is a international market for bio-friendly coffee which is profitable, although more work is required on the marketing side. On the political aspects, the project gained and maintained the full support of the Government of El Salvador as demonstrated through their incorporation of the approach into policy for coffee exports.</p> <p>The ICR states - By the end of 2003, there is evidence that both sales and price premiums for shade-grown coffee are much improved and the potential for expansion is quite significant. The most important potential is clearly in other coffee-producing areas and yet there are also other commodity production systems that can utilize relatively high levels of forest cover and biodiversity, and which could benefit from similar approaches. Several researchers have noted that shade-grown cocoa production has very similar characteristics to shade-grown coffee as do other nontimber forest products like decorative palms and nuts.</p>	
C Institutional framework and governance	Rating: L
<p>The primary counterpart agency PROCAFE was professional and diligent throughout implementation, the agency worked with extension agents who were used to and trained in normal high intensity coffee production methods. Thus it could not be expected that all would adopt new extension practices, however, many acknowledged the potential benefits of eco-friendly coffee and incorporated them into their work with farmers. By the project end field visits confirmed that extension agents had substantially incorporated bio-friendly production options into their work with farmers. Furthermore, the good institutional structure and support from the Government during the ex-post project period has contributed to a more sustainable institutional climate for eco-friendly coffee production and export.</p>	
D Environmental	Rating: L
<p>The only major risk to environmental aspects of the project are the local economic incentives to produce eco-friendly coffee – in essence while this type of product remains profitable then more farmers are likely to adopt improved conservation practices. So the main risk is actually a market risk – which in turn may lead to less replication or even reversal. However, at present with increased international interest and demand for eco-friendly coffee such a risk seems low.</p>	

Provide only ratings for the sustainability of outcomes based on the information in the TE: **overall: 16 / 4 = 4**

A Financial resources	Rating: L
B Socio political	Rating: L
C Institutional framework and governance	Rating: L
D Environmental	Rating: L

4.3 Catalytic role

<p>1. Production of a public good - See comments below</p>
<p>2. Demonstration - The project demonstrated the potential of eco-friendly coffee on over 44 farms with many other farms in the process of certification – this was entirely done at the individual farms expense. Hence, demonstration and replication was strongly led by the market. The public awareness campaign within El Salvador that publicized eco-friendly coffee production and along with the strong extension agent participation facilitated the process of demonstration. The main factor that contributed toward demonstration was strong public – private partnership in this project. The ICR states - It received the recognition of being commissioned to write about the project for the Latin America and the Caribbean Civil Society Team's "Thinking Out Loud" publication² as an exemplary public-private effort incorporating different levels of civil society. For example, the Association of Women Biologists was asked to establish a pilot program of environmental education for resident and migrant farm workers. Other organizations such as FUSADES, RUTA, ProArca, CLUSA, FIAES, CATIE, University of Kansas, Consejo Salvadoreno del Cafe', Sustainable Harvest, and of course both the ministries of Agriculture and Environment all participated. On the market side, associations and exporters such as La Cafetalera, UCAFES, UCAPROBEX, ABECAFE, and UNEX were involved in the project's success. The local communities were involved directly through the Salvadoran Coffee Cluster group, individual farmers, farmers' cooperatives, local schools, and even park rangers that were trained to disseminate basic information about eco-friendly techniques.</p>
<p>3. Replication – The ICR states - The project lends itself to replicability both in and out of El Salvador. The Bank has received a number of requests for scaling up and replication of this project model even before the project ended. Development of a certification methodology for "biodiversity- friendly coffee" and training certifiers was done to international standards and will be acceptable to many certifying agencies and buyers. The project required substantial efforts in terms of selecting and testing certification criteria, reaching remote farmers, and developing training materials. With these pioneering lessons learned, new projects should find it substantially easier to establish similar models. This model is now being used by the international partner (Rainforest Alliance) to expand eco-friendly certification work in a number of Latin American countries.</p>
<p>4. Scaling up – Government of El Salvador have adopted a coffee export policy that recognizes the importance of eco-friendly coffee, and has further proposed export tax incentives for eco-friendly coffee.</p>

4.4 Assessment of the project's monitoring and evaluation system based on the information in the TE: overall 15 / 3 = 5

<p>A. In retrospect, was the M&E plan at entry practicable and sufficient? (Sufficient and practical indicators were identified, timely baseline, targets were created, effective use of data collection, analysis systems including studies and reports, and practical organization and logistics in terms of what, who, when for the M&E activities)</p>	Rating: S
<p>The ICR states - To help ensure that all the stakeholders shared a common understanding of the project's goals and objectives, a Logical Framework was constructed with broad participation and disseminated among a number of the stakeholders. This included clear indicators that could be readily measured to improve the transparency and acceptance of the project's goals.</p>	
<p>The project counterpart, particularly the dedicated coordinator, were responsible for the daily ongoing M & E. As a farmer herself, the coordinator facilitated both the credibility and the dissemination of the project's</p>	

² Giovannucci, Daniele, Peter Brandriss, Esteban Brenes, Ina-Marlene Ruthenberg, Paola Agostini. 2000. Engaging Civil Society to Create Sustainable Agricultural Systems: Environmentally-Friendly Coffee in El Salvador and Mexico. In Latin America and the Caribbean Civil Society Team, Eds. *Thinking Out Loud*. The World Bank: Washington D.C.

<p>message among farmers and helped to ensure the private sector's own informal scrutiny and participation in the project. Regular review meetings among farmers, NGOs, government and other stakeholders – Especially through the Coffee Cluster – were useful sources of ongoing monitor. The World Bank team regularly supervised the project's procedures and steps taken toward the agreed-upon objectives. Specialists in marketing, ecology, natural resource management worked with the team to monitor ongoing processes and provide the local counterparts with regular feedback on their progress. These specialists included CSOs. This was supplemented by on-site World Bank team missions twice each year and also by two visits from the Bank's Washington-based accounting experts.</p>
<p>B. 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 towards projects 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?</p> <p style="text-align: right;">Rating: S</p>
<p>Yes, the M&E system was used to provide feedback to stakeholders during implementation. The Bank and the counterpart agency provided proper support for M&E which included regular review meeting with farmers, NGOs and other government stakeholders. The project utilized a combined biological and socio-economic monitoring system using technologies such as GIS and socio-economic surveys of participating farms</p>
<p>C. Was M&E sufficiently budgeted and was it properly funded during implementation?</p> <p style="text-align: right;">Rating: S</p>
<p>Yes the project originally budgeted – 0.118\$m, but at project end this had increased to 0.164\$m.</p>
<p>Can the project M&E system be considered a good practice? Yes</p>

4.5 Lessons

Project lessons as described in the TE

<p>What lessons mentioned in the TE that can be considered a good practice or approaches to avoid and could have application for other GEF projects?</p>
<p>1. The economic incentives are of primary importance for most stakeholders. Coffee plantations must, first and foremost, be profitable otherwise farmers will not grow coffee leading to probably less favorable use of the land i.e. grazing or slash/burn farming. Profits at a farm level are important to help and maintain the more than ten million shade trees planted in the coffee area in which many species of fauna and flora remain and live.</p> <p>2. This project's success was market oriented and, as such learned that: a) the express willingness of a consumer to pay for environmental benefits did not necessarily translate into actual sales; and b) it is vital to first clearly understand the demands of the market. Issues like quality were not initially identified is critical but turned out to be so. The quality differentiation, although not initially contemplated, was adopted later into the project in order to respond to the market's demand. International caliber advice on the market was a critical component that was not conceived in the original project design. Developing sound market mechanisms and clear business channels is an important area of collaboration with the private sector and with supporting CSOs. These should be identified during evaluation and planning, and must be firmly established early in the project to assure economic viability.</p> <p>3. Developing the capabilities of local organizations to deliver key inputs and manage the work program was a key factor. The project adopted decentralized approaches, with different agencies performing different functions, rather than attempting to create a single agency to undertake all project-related activities. Key lessons about the role of these organizations, particularly CSOs, have emerged:</p> <ul style="list-style-type: none"> • Early identification of supporting partners (especially Civil Society Organizations) and adoption of a deliberately inclusionary process not only can promote participation but also strengthen ownership, enhance project credibility, and improve project management. Although this may cost more and take longer at the preliminary stage, early investments have strong potential for increasing efficiency and actually achieving much greater savings of time and resources. Furthermore, implementation of the project will clearly be more effective and its objectives are likely to be more sustainable as participants guide relevant choices and take ownership at the local level. • One of the best reasons for inviting established CSOs to assume project ownership is their creativity and initiative. Their enthusiastic execution of project functions greatly enhances cost-effectiveness.

CSOs, because of their ground level understanding, may be able to reduce supervision time and management efforts while avoiding potential pitfalls resulting from incomplete local or cultural knowledge.

- Another clear value is the added credibility that the project enjoys as a result of being implemented by well-respected CSOs. This in turn facilitates staff retention and satisfaction, acceptance in the target communities, the cooperation and support of other CSOs, and leveraging of additional participation and funding.
- Building trust through communication and even informal social contacts is a critical first step that can help prevent alliances from becoming strained during complex and demanding projects.

4. As with many agricultural activities, particularly new ones, an **amenable and effective extension system is necessary**. In this case, not only was extension vital in order to help farmers adapt their agricultural practices but also to publicize and explain criteria for certification and to provide technical assistance in meeting them. Such a system is particularly important if meeting the certification criteria requires changing a long-standing production system.

Economic cost-benefit analysis needs to be clearly presented and available to decision makers. Although yields per hectare are lower for shade coffee than for sun coffee or monoculture plantations, production costs are also lower because shade coffee requires less fertilizer, pesticides, and fungicides. Lower production costs, the potential price premium for shade coffee, and the non-coffee products that can be harvested from the same land mean that net profits per hectare may be higher and the financial risks are typically lower for shade regimes than for sun plantations.

4.6 Quality of the evaluation report Provide a number rating 1-6 to each criteria based on: Highly Satisfactory = 6, Satisfactory = 5, Moderately Satisfactory = 4, Moderately Unsatisfactory = 3, Unsatisfactory = 2, and Highly Unsatisfactory = 1. Please refer to the "Criteria for the assessment of the quality of terminal evaluation reports" in the document "Ratings for the achievement of objectives, sustainability of outcomes and impacts, quality of terminal evaluation reports and project M&E systems" for further definitions of the ratings.

4.6.1 Comments on the summary of project ratings and terminal evaluation findings

In some cases the GEF Evaluation Office may have independent information collected for example, through a field visit or independent evaluators working for the Office. If additional relevant independent information has been collected that affect the ratings of this project, included in this section. This can include information that may affect the assessment and ratings of sustainability, outcomes, project M&E systems, etc.

Not applicable

4.6.2 Quality of terminal evaluation report; Overall = 4.8	Ratings
A. Does the report contain an assessment of relevant outcomes and impacts of the project and the achievement of the objectives?	5
B. Is the report internally consistent, is the evidence complete/convincing and are the IA ratings substantiated?	4
C. Does the report properly assess project sustainability and /or a project exit strategy?	5
D. Are the lessons learned supported by the evidence presented and are they comprehensive?	6
E. Does the report include the actual project costs (total and per activity) and actual co-financing used?	5
F. Does the report present an assessment of project M&E systems?	5

4.7 Is a technical assessment of the project impacts described in the TE recommended? Please place an "X" in the appropriate box and explain below.

Yes:

No: X

Explain:

4.8 Sources of information for the preparation of the TE review in addition to the TE (if any)

Not applicable

Reviewer's Comment: I agree with this TER