

Terminal Evaluation Review form, GEF Independent Evaluation Office, APR 2016

## 1. Project Data

Summary project data			
GEF project ID		975	
GEF Agency project ID		2042 (PIMS)	
GEF Replenishment Phase		GEF-4	
Lead GEF Agency (include all for joint projects)		UNDP	
Project name		Accelerating renewable energy investments through CABEL in Central America. (ARECA)	
Country/Countries		Regional Programme involving Guatemala, El Salvador, Honduras, Nicaragua, Costa Rica, Panama and Belize.	
Region		LAC	
Focal area		Climate Change	
Operational Program or Strategic Priorities/Objectives		OP-6: Promoting the Adoption of Renewable Energy by Removing Barriers and Reducing Incremental Costs	
Executing agencies involved		Central American Bank for Economic Integration (CABEI)	
NGOs/CBOs involvement		NA	
Private sector involvement		As providers of co-financing/investment	
CEO Endorsement (FSP) /Approval date (MSP)		April 30 <sup>th</sup> , 2007	
Effectiveness date / project start		May 2007	
Expected date of project completion (at start)		May 2012	
Actual date of project completion		June 2016 (proposed at time of TE)	
Project Financing			
		At Endorsement (US \$M)	At Completion (US \$M)
Project Preparation Grant	GEF funding	0.1	0.1
	Co-financing	0	0
GEF Project Grant		6.92	6.92
Co-financing	IA own	0.075	0.075
	Government	0	0
	Other multi- /bi-laterals	26.1	59.83
	Private sector	56.0	179.16
	NGOs/CSOs	0	0
Total GEF funding		7.02	7.02
Total Co-financing		82.18	239.06
Total project funding (GEF grant(s) + co-financing)		89.10	246.08
Terminal evaluation/review information			
TE completion date		April 2016	
Author of TE		Alfredo Caprile	
TER completion date		December 18, 2016	
TER prepared by		Caroline Laroche	
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	HS	HS	--	HS
Sustainability of Outcomes		L	--	L
M&E Design		S	--	MS
M&E Implementation		S	--	S
Quality of Implementation		S	--	S
Quality of Execution		S	--	S
Quality of the Terminal Evaluation Report		--	--	MS

## 3. Project Objectives

### 3.1 Global Environmental Objectives of the project:

Hydropower contribution to the energy mix in Central American has fallen from 80% in 1980 to 50-55% in 2000 (PD p.13). To counterbalance the rise of oil in the region's energy mix, the project's global environmental objective is "the reduction of greenhouse gas emissions in the CA Region through accelerated investment in RE projects under 10 MW to replace energy sector investments based on fossil fuel " (Prodoc p.24).

### 3.2 Development Objectives of the project:

The development objective as stated in the project document is "to remove the main financial, capacity and RE project development barriers to catalyzing investment in small and medium scale RE projects (SMREPs under 10 MW) in CA." (ProDoc p.25). To do so, the project will focus on the following four outcomes:

1. CABEL assumes a catalytic role in strategically promoting increased lending on a project finance basis to SMREPs;
2. CABEL and IFIs have developed the capacity (technical and financial) to finance SMREPs;
3. SMREPs receiving financing through the Partial Risk Guarantee Facility and other innovative financing mechanisms;
4. Evaluating, learning and adaptive management are ensured.

(CEO Endorsement Document, p.2)

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

According to the TE, "during implementation and as a result of the recommendations made by the MTR, the Project took on additional objectives in the form of establishing a US\$ 500,000 fund for technical assistance to develop the final designs of eligible projects (i.e., in the amount of up to US\$ 80,000 per project) and to integrate ARECA with the "Mipymes Verdes" initiative" (TE p.15).

#### 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 <b>Relevance</b>	Rating: <b>Satisfactory</b>
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The TE rates the project as relevant. This TER rates project relevance as satisfactory due to its good alignment with regional priorities and those of the GEF-4 under the climate change focal area.

According to the PD, “most of the Central American Countries have undertaken RE initiatives attempting to involve the private sector. However, national initiatives and private projects have faced financial barriers that have prevented the involvement of the private sector on a larger scale. These barriers include uneven conditions of access to investment capital and financing, and lack of financial tools dedicated to the specificities of the RE market.” (PD p.29) This project aims to build upon those initiatives and support the further development of the RE market. CABEI, a regional institution having proven its ability to provide financing and innovative financial instruments to the private sectors, was chosen as a partner of choice to accelerate the development of renewable energy investments in Central America.

The project is also well aligned to the GEF-4 climate change area, in particular under the operational program 6 (OP-6) - promoting the adoption of renewable energy by removing barriers and reducing incremental costs. Indeed, the project directly aims to remove the financial barriers to the development of renewable energy in Central America, and is therefore directly related to OP-6.

4.2 <b>Effectiveness</b>	Rating: <b>Highly satisfactory</b>
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The TE rates effectiveness as satisfactory as most of the project’s targets were met or achieved (TE pp.27-46) and, as a result of the project, “CABEI is now strategically positioned to participate in the financing of RE investments in the region” (TE p.19). For the same reasons, this TER also rates the project as satisfactory.

The three main objective targets for the program have been achieved. At project end, 52 MW of SMERPs (small and medium sized renewable energy project) have been financed by CABEI, representing \$144 million in over 22 projects; 18 SMERPS with a total installed capacity of 38 MW had been built or were in operation, and 12 partial risk guarantees (PRGs) mechanisms had been issued. In the paragraphs below,

we discuss the extent to which the project successfully achieved the specific outcomes it was set to achieve:

**Outcome 1: CABEL assumes a catalytic role in strategically promoting increased lending on a project finance basis to SMREPs;**

The TE rates achievements under this outcome as highly satisfactory. At project end, CABEL had “developed a comprehensive strategy with sounding policies and procedures to promote the development of SMREPs” in the country (TE p.29), prepared over 20 market evaluations over the region, edited the procedures manual for granting PRGs, and held periodic knowledge exchange meetings with IFIs. (TE pp.29-32)

**Outcome 2: CABEL and IFIs have developed the capacity (technical and financial) to finance SMREPs;**

The TE rates achievements under this outcome as satisfactory. Several capacity building workshops have been held for the benefit of over 700 IFIs and CABEL personnel. Over 80 workshops have been held with project developers, investors and NGO representatives on the topic of SMREP financing. Promotional material has been developed and widely disseminated, and over \$1.4 million has been raised to undertake feasibility studies. (TE pp.32-37)

**Outcome 3: SMREPs receiving financing through the Partial Risk Guarantee (PRG) Facility and other innovative financing mechanisms;**

The TE rates achievements under this outcome as highly satisfactory. As a result of the project, the PRG program is fully operational, and 37 agreements have been signed with IFIs for granting PRGs. An agreement has been made between the Ministry of Foreign Affairs of Finland and CABEL for an initial amount of €1 million, which have been used to further capitalize the PRG fund. (TE pp.38-41)

**Outcome 4: Evaluating, learning and adaptive management are ensured.**

The TE rates achievements under this outcome as highly satisfactory. Achievements under this outcome will be further discussed in the M&E sections below.

4.3 Efficiency	Rating: <b>Unable to Assess</b>
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The TE rates efficiency as satisfactory but does not provide much evidence to that effect beyond the fact that materialized co-financing for the project was very high, and that the level of budget execution at completion was 99.7% as of December 2015 (TE p.66). For this reason, this TER is unable to assess project efficiency.

This TER also notes that the project was scheduled to close in 2011, but received extensions until 2016, noting poor efficiency in the disbursement of funds and the management of the project.

<b>4.4 Sustainability</b>	Rating: <b>Likely</b>
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The TE rates sustainability as likely. This TER also rates it as likely due to the very good financial outlook for the continuation of project activities.

#### **Financial Risks – Sustainability**

At the end of the project, CABEI had successfully mobilized 2 million euros for the project from the Finnish Government in order to re-capitalize the PRG fund (TE p.24). In addition, a financial proposal had been made for the financial continuation of the project. At the time the TE was written, the proposal was yet to be approved by the Project Steering Committee, but things appeared to be on track for approval (TE p.65).

#### **Socio-political Risks – Sustainability**

According to the TE, the program “has been highly successful so far and hence it is assumed that CABEI and the IFIs will remain interested in continuing supporting the ARECA program. Hence, the socio- political risks to sustainability are rated Likely” (TE p.68).

#### **Institutional Risks – Sustainability**

CABEI and IFIs have received extensive training “on how to identify, evaluate and finance SMREPs, as well as, on the implementation of the PRG mechanism” as part of the project. More than 700 CABEI staff members have been trained through seminars, workshops and training programs. Additionally, developers, investors, renewable energy consultants, IFI officials and NGO representatives have also attended training sessions. This will help ensure there is sufficient capacity to maintain project activities and that there is a higher level of knowledge, awareness and capacity related to renewable energy financing in Latin America following project end. (TE p.24)

In addition, the TE describes that the “legal frameworks, policies and governance structures and processes under which the ARECA program has been functioning in the different countries has continued to improve and hence (...) are unlikely to affect the sustainability of the ARECA program” (TE p.68).

#### **Environmental Risks – Sustainability Likely**

There are no reported or known environmental risks to this project. Environmental sustainability is therefore rated as likely.

## **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?

Materialized project co-financing was about \$239 million, much higher than the expected \$82 million. Most of the co-financing came in the form of private sector investments (mostly in the form of credits and equity) in renewable energy. This high co-financing did not contribute to making the project more successful, but instead represents evidence of the project's success.

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 had a slow start-up period. It faced delays in establishing the Project Coordination Unit (PCU), and it took it a long time to obtain all internal approvals at CABI to have the project in a fully operational state. In addition, the project was without a Project Coordinator for some time between 2008 and 2011. Despite the project having been approved in 2007, it was not until 2011 that implementation reached full speed. (TE p.18)

The Mid-Term Review done in 2011 recommended a one-year extension in order to ensure the project had enough time to meet its proposed goals and objectives despite the initial delays. "Since then additional extensions have been granted and the Project is now scheduled to close on June 2016" (TE P.14).

5.3 Country ownership. Assess the extent to which country ownership has affected project outcomes and sustainability? Describe the ways in which it affected outcomes and sustainability, highlighting the causal links:

The project was not implemented by national governments, nor were national governments direct contributors of co-financing. Instead, the Central American Bank for Economic Integration (CABI), a regional development bank, was the executing agency and provider of most of the originally expected co-financing. CABI was, according to the TE, highly involved in the project and committed to supporting the financing of small and medium sized renewable energy projects in the region. (TE p.66)

## **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.

<b>6.1 M&amp;E Design at entry</b>	Rating: <b>Moderately Satisfactory</b>
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The TE rates M&E design at entry as satisfactory. Instead, this TER rates M&E design as moderately satisfactory due to the weakness of some indicators chosen to measure project success and the lack of information about the implementation modalities of this M&E plan.

M&E activities planned and described included the following: project inception workshop followed by inception report, regular monitoring, quarterly meetings with UNDP, Annual Project Report (APR), PIR (PIR), quarterly progress reports, project terminal report, mid-term and final evaluations. The PD lacks details on responsible parties, time frame required, and does not present a budget for those M&E activities. (PD pp.65-67)

The strategic results framework presented in the PD (pp.81-90) is complete, with all output and outcomes being accompanied by indicators and baseline data where relevant. However, the means of verification are under-specified and not all indicators meet the SMART criteria. Indeed, several indicators are not specific enough, and not easily measurable. For instance, the outcome 3 indicator “the market for RE is developing in the region” does not clearly specify how market development is to be measured. Several other indicators do not present clear benchmarks for success, for instance the indicator “constraints imposed on project promoters are in line with their capability to respond favorably” (PD p.86) which makes no mention of how baseline or end line data will be established.

<b>6.2 M&amp;E Implementation</b>	Rating: <b>Satisfactory</b>
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The TE rates M&E implementation for the project as satisfactory. This TER agrees with this rating as M&E activities were implemented as planned and the project used M&E evidence for adaptive management during implementation.

According to the TE, “there has been a systematic monitoring to the progress of activities” (TE p.58). The recommendations made in the mid term review “were articulated in writing and then swiftly discussed among representatives of the Honduras UNDP office and CABEI, the Regional UNDP/GEF coordinator for LAC and the ARECA Coordinator. All of the suggested recommendations were approved with the exception of hiring only one more ARECA facilitator to be based in Honduras” (TE p.54).

No additional information about M&E implementation is provided in the TE.

## 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.

<b>7.1 Quality of Project Implementation</b>	Rating: <b>Satisfactory</b>
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The implementing agency for this project was the UNDP. In the TE, the UNDP's quality of implementation for this project is rated as satisfactory. This TER also rates it as satisfactory despite the very limited information provided in the TE about UNDP performance. Indeed, the TE mentions that "the support that CABEL and the Project Team received from UNDP is considered acceptable in spite of the fact that the interaction of the different UNDP-CO with the Project team have varied across the region" (TE p. 59), but details regarding the specific ways in which UNDP supported the project were not provided.

<b>7.2 Quality of Project Execution</b>	Rating: <b>Moderately Satisfactory</b>
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The executing agency for this project was the Central American Bank for Economic Integration (CABEL). While CABEL was the Executing Agency, it delegated its responsibility to the Department of Development and Competitiveness, which was directly in charge of overseeing and coordinating all aspects of the Project. In the TE, the CABEL's quality of execution for this project is rated as satisfactory. This TER instead rates it as moderately satisfactory due to the organizational issues that caused important delays at the beginning of the project and that required the need for a project extension.

As mentioned above, the project had a slow start-up period. It faced delays in establishing the Project Coordination Unit, and it took a long time to obtain all internal approvals at CABEL to have the project in a fully operational state. In addition, the project was without a Project Coordinator for some time between 2008 and 2011. While the project was approved in 2007, it was not until 2011 that implementation reached full speed. (TE p.18)

However, the TE also describes CABEL as having displayed great operational flexibility as and having been able "to adapt to the specific needs of each target market" (TE p.71). For example, initially, "the PRG coverage was set at 35% for all eligible products but this coverage ratio was later on increased to 75% in order to promote investments in off-grid" (TE p.71), which demonstrates good adaptive ability from CABEL. CABEL was also able to engage in proactive dialogue with IFIS "to identify and quantify the type of risks that should be covered by the PRG and the terms that will be realistic and acceptable to the market" (TE p.71).



Overall, leaving aside the initial organizational issues that affected the project, CABEI appears to have provided excellent support to the project, as evidenced by the highly satisfactory outcomes achieved.

## 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 project successfully generated large investments in renewable energy projects. Over \$144 million were invested, “with an estimated reduction of CO<sub>2</sub> of 167,931 tons per year corresponding to 52MW of installed capacity.” (TE p.69)

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.

According to the TE, the project provided technical assistance “to indigenous communities that do not have access to electricity to install off-grid RE systems for productive uses that will generate income and social benefits to the population.” (TE p.26)

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

CABEI and IFIs have received extensive training “on how to identify, evaluate and finance SMREPs, as well as, on the implementation of the PRG mechanism” as part of the project. More than 700 CABEI staff members have been trained through seminars, workshops and training programs.

Additionally, developers, investors, renewable energy consultants, IFI officials and NGO representatives have also attended training sessions. This will help ensure there is sufficient capacity to maintain project activities and that there is a higher level of knowledge, awareness and capacity related to renewable energy financing in Latin America following project end. (TE p.24)

## b) Governance

The TE describes that the “legal frameworks, policies and governance structures and processes under which the ARECA program has been functioning in the different countries has continued to improve. Some examples of changes in legal and regulatory frameworks that took place over the life of the project include:

### **Panama**

- Law No. 57 from October 2009, modifying various articles of Law No.6 from 1997. [L] [SEP]
- Law No. 69 from 12th October 2012, establishing general guidelines of the national [L] [SEP] energy policy for the rational and efficient use of energy in the country [L] [SEP]
- Law No. 37 of 10th June 2013 which established the incentive regimes for the [L] [SEP] promotion of the construction, operation and maintenance of RE generation plants and / or the installation of solar PV panels across the country

### **[L] [SEP] Costa Rica [L] [SEP]**

- 2014-2018 Energy Policy Revision of the Electricity Contingency Law and Tariff analysis
- 2014-2018 Energy Policy- Agreement with the Costa Rica Industrial Chamber for the [L] [SEP] implementation of Law No. 7447 [L] [SEP]
- Distributed generation pilot plan for self-consumption promoted by ICE from October [L] [SEP] 2010 until February 2015. Originally, the pilot plan was designed to end in 2012 and had a target of 5MW. Due to high level of acceptance the pilot plan was extended until February 2015 and the maximum installed capacity was raised to 10MW 14 By comparison, according to the PRODOC the total annual emission reductions were targeted at about 172,000 tons of CO2 per year on the assumption that the Project would be reaching the target of 34MW RE installed capacity by 2011 [L] [SEP]

### **Nicaragua**

- To protect the final consumer and increase the transparency in the administration of the electricity sector, Law No. 554 (Energy Stability Law) was passed on September 13, 2012. [L] [SEP]
- Also in 2012, Law for the distribution and responsible use of the electricity public service was passed.

## Honduras <sup>[L]</sup><sub>[SEP]</sub>

- A law to Promote electricity generation with renewable energy was approved by Decree 70-2007 and published in the Official Gazette as No. 31422 on October 2, 2007.
- Revisions to such law were made by Decree No. 138-2013 <sup>[L]</sup><sub>[SEP]</sub>
- Agreement No. 1562-2011 for Regulating the licensing of electricity generation <sup>[L]</sup><sub>[SEP]</sub> projects of less than 3,00 kW <sup>[L]</sup><sub>[SEP]</sub>
- General Law for the Electricity Industry was passed by Decree No.404-2013 <sup>[L]</sup><sub>[SEP]</sub> Knowing the relevance and importance of this law for the development of the country and the sector itself, ARECA has organized in conjunction with Honduras Association of Renewable Energy Producers a series of activities

## El Salvador

- Action Plan for the Saving and rational use of energy in El Salvador was approved by Decree No 404 <sup>[L]</sup><sub>[SEP]</sub>
- Law for creating the National Energy Council to promote the rational use of energy and necessary actions for growth
- Energy Policy for the period 2013-2017 <sup>[L]</sup><sub>[SEP]</sub>
- Technical norms for the interconnection, operation, control and commercialization of <sup>[L]</sup><sub>[SEP]</sub>distributed generation (NTGDR) and self-generators with energy surpluses were issued on October 2014 <sup>[L]</sup><sub>[SEP]</sub>

(TE pp.69-70)

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.

Not unintended impacts were reported as part of 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.

Not applicable.

## 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 report presents the following lessons learned:**

- 1) ARECA is a clear example of a good practice of a successful collaboration between UNDP and development banks and has the potential to be extended into a second phase in the Central American region where there is still potential for the implementation of SMREPs and /or replicated in other regions. [L] [SEP]
- 2) Implementation has been much slower than expected and hence the duration of similar projects should be increased [L] [SEP]
- 3) Based on the poor performance of ARECA during the early years the MTR should have been done earlier. [L] [SEP]
- 4) Lack of supporting regulatory frameworks and highly bureaucratic procedures to obtain the required licenses and PPAs together with limited collateral and security capacities of project developers continued to be the greatest barriers faced by SMREPs across the region.
- 5) The design and pricing of credit guarantee products should ensure that the transfer of credit risk from the lender to the guarantor does not lead to excessive risk-taking. Otherwise, IFIs will not have incentives to carry out proper risk screening and credit monitoring and would rather be encouraged to take on high-risk borrowers that are willing to pay interest rates with relatively low risk to them. [L] [SEP]
- 6) Monitoring and evaluation will continue to be a top priority to guarantee ARECA's sustainability and success. A program like ARECA needs to be continuously evaluated (and, if need be, re-calibrated and / or redesigned) in order to ensure that it will be fully responsive to the changing conditions of the marketplace in each of the countries where is being offered. Parameters that have to be monitored include changes in: technology, RE resource availability, legal and regulatory frameworks, electricity demand and supply conditions, skills knowledge of project developers and IFIs, in country capital and financial markets, type and number of market participants, as well as, changes in other economic, political or social barriers. [L] [SEP]

(TE pp.9-10)

9.2 Briefly describe the recommendations given in the terminal evaluation.

**The report makes the following recommendations:**

- 1) UNDP and CABEL need to agree on the operational rules for the remaining funds before Project termination together with the evaluation of a proposal to ensure the continuity of the PRG program. [L] [SEP]
- 2) The structure of the new organization that will be in charge of taking the ARECA program forward and the new set of rules under which ARECA will operate should be defined ASAP. [L] [SEP]
- 3) The gearing ratio of 1:3 which has been set for the PRG fund initially should be revised with the objective of determining how much higher it could be set at based upon the current conditions. [L] [SEP]
- 4) The conditions upon which the TA funds are being granted should be revised in such a manner that those Projects that have obtained TA and have been able to reach financing closing should be asked to return the TA funds to help maximize the use of the funds that have been allocated for TA. [L] [SEP]
- 5) In order to scale up investment in SMREPs more aggressively, the combination of the TA programs and the PRG scheme should be combined with other financial products designed to address specific market needs in each of the countries [L] [SEP]
- 6) Continuation of the dissemination of best practices and lessons learned by the early takers of PRGs will be key to increase the use of the PRG scheme in the region. [L] [SEP]
- 7) Aside from working with IFIs, ARECA should also consider working with National Development Banks across the region. [L] [SEP]
- 8) Widening the range of eligible SMREPs to include energy efficiency projects and ESCOs is another aspect that ought to be considered to widen the eligibility of projects that could applied for PRGs. [L] [SEP]
- 9) The possibility of offering different coverage rations and/ or fee structure depending on the characteristics of the project should be evaluated in order to better promote investments in SMREP that would best meet the specific needs of each country. [L] [SEP]

(TE p.9)

## 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 project clearly describes the assessment of project outcomes and objectives, and provides clear evidence to support its claims.	<b>S</b>
To what extent is the report internally consistent, the evidence presented complete and convincing, and ratings well substantiated?	The report is consistent, but insufficient evidence is provided on M&E implementation and the performance of the UNDP.	<b>MS</b>
To what extent does the report properly assess project sustainability and/or project exit strategy?	Sustainability is assessed and described with sufficient detail. Project risks and exit strategies are adequately assessed.	<b>S</b>
To what extent are the lessons learned supported by the evidence presented and are they comprehensive?	Lessons learned are supported by evidence and appear comprehensive.	<b>S</b>
Does the report include the actual project costs (total and per activity) and actual co-financing used?	Total costs and overall co-financing tables are provided, but detailed costs and co-financing information is lacking.	<b>MU</b>
Assess the quality of the report's evaluation of project M&E systems:	The evaluation of the project's M&E is superficial and lacks detail.	<b>MU</b>
<b>Overall TE Rating</b>		<b>MS</b>

## 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.