Terminal Review of the Environmental Business Finance Program

Final Evaluation Report

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EXECUTIVE SUMMARY

The International Finance Corporation (IFC), the private sector arm of the World Bank Group, launched the Environmental Business Finance Program (EBFP) in 2004. The EBFP aimed to create a sustainable market for SME projects that achieve long term results in the Global Environmental Facility's (GEF) focal areas of climate change, biodiversity, land degradation and Persistent Organic Pollutants (POPs). The program was designed to respond to SME's lack of access to financing, management, technical and environmental capacity, as well as the general lack of a supportive business environment for GEF-eligible products and services.

EBFP was financed through GEF funds blended with IFC's own investments. During ten years, until its end in mid-2014, the program financed a set of 8 projects. At approval, USD 8,116,574 was allocated to advisory services and USD 13,593,000 was allocated to investment services. If co-financing from IFC and other sources is considered, funds for advisory services amounted USD 16,374,225 and funds for investment services amounted USD 498,944,219.

This report presents the program's terminal review. The objective is to assess EBFP's progress towards achieving expected results. To do so, the review has been structured around 4 of the 5 criteria to evaluate public policies, namely: (i) relevance, (ii) effectiveness, (iii) efficiency and (iv) impact. The sustainability criterion has been adapted to look at the leveraging effect and lessons for future similar programs as set out in the ToRs. A set of evaluation questions, sub-questions and indicators were defined to inform each evaluation criteria, as shown in Annex 1. The evaluation has involved thorough documentation review and phone interviews with a wide range of stakeholders.

Relevance

The program can be considered relevant to the GEF climate change focal area, and to a lesser extent to the biodiversity and land degradation focal areas. Although less important for the program from the outset, EBFP didn't prove to be relevant to the POP focal area, as no projects were funded on this theme. The concentration of climate change-related projects could result from both a structural issue as well as a design caveat. In addition, the precise set of eligibility criteria could have limited the program window of opportunity, leading to some challenges in identifying and funding projects.

With respect to GEF OPs, EBFP is relevant to 7 of the 12 targeted OPs. The program is in particular well aligned with OP5 (Removal of Barriers to Energy Efficiency and Energy Conservation) and OP6 (Promotion of the Adoption of Renewable Energy by Removing Barriers), and their related activities.

With respect to IFC priorities, EBFP is well aligned with two of IFC's objectives, namely (i) increase access to financial services for SME clients and (ii) reduce greenhouse gas emissions. At the project level, it can be considered that all the initiatives financed under EBFP, providing financing for SMEs in the areas of climate change or biodiversity, are aligned with and relevant to IFC's overall priorities.

Overall, the program is also relevant to SMEs as one its first objective is to address SMEs expressed and well known need for access to finance to implement environmental activities.

With respect to country priorities, EBFP can be deemed relevant to the priorities of its countries of intervention, aligning with stated national priorities. However, the country selection as well as country endorsement processes were not precisely reported upon at program and project levels.

In terms of distribution of portfolio, EBFP shifted away from country programs overtime as wide country assessments were found ineffective compared to sector specific assessments. This made the original portfolio distribution target by project type obsolete. Another distinction can be used to differentiate projects based on whether they worked through intermediaries or directly financed SMEs. This distinction clearly shows that the majority of EBFP's funding went towards projects working with intermediaries, which is relevant to EBFP's original focus.

Effectiveness

The evidence available shows that the support to FIs was effective. The target regarding the number of supported FIs (6) was met and the targeted type of support was provided. FIs in Peru and Mongolia and Conservation International explicitly highly appreciated the support received from the program. However, the target on the number of supported FIs seems to be modest, in particular in view of some other program and project level targets. The program started negotiations with a significant number of FIs originally, without being able to materialize collaboration agreements. Some barriers were external, such as structurally challenging cultural and policy environments and non-structural economic crisis. However, some barriers were internal, such as the narrow approach of the program as defined by its design.

The performance at SME level is still pending final assessment given on-going investments that have yet to yield their full results. To date the program has not yet reached its target on the number of GEF-eligible SMEs (500), and the number of loans. Three of the projects (Peru, Mongolia and Conservation International) met all their targets. Indonesia did not meet its targets. At the time of this evaluation, the targets are not met yet in China, although program supervision reports expect them to be met by the end of the investment cycle. Based on this expectation, one of the latest program supervision reports argues that the target on the number of SMEs is still likely to be reached at the program level. IFC also expects to meet targets in terms of number of loans upon completion of the CHUEE-SME project.

The program was not successful in changing policy environment in cases where the business environment was less conducive to environmental SME projects. While the approach to support local actors who would potentially influence domestic policy was reasonable, it did not appear to have had much success in achieving this goal.

EBFP-supported projects were very successful, however, in introducing a new product line (sustainable energy financing) to the partner banks that were lending to SMEs. Most of the partner banks and the private equity fund (Verde Ventures) supported by the EBFP program are continuing to their lending in the GEF focal areas after project completion.

The program has helped increase the supply and demand for GEF-eligible goods and services in the target country markets. Above all, EBFP has been very successful in enabling SMEs to access financing for environmental/climate change mitigation projects.

Overall, the program contributed towards enhancing the awareness and technical capacity of market players. Their engagement was mainly induced through capacity building and awareness raising activities, and in almost half the countries (Indonesia, China and Egypt) formal partnerships with national authorities were also signed.

Capacity building and awareness raising activities were conducted at global and national levels. At the global level the efforts were channelled through the SEF Portal. Although the portal was limited in scope and functionality as a pilot, in part due to engaging a small range of stakeholder in the design phase, it provided useful information and contributed to the development of more mature tools later on.

Most of the capacity building and awareness raising work was conducted at the project level. Efforts were particularly significant in China, Indonesia and Mongolia, and were weaker in Peru. Although some specific training was provided to SMEs in Indonesia, Egypt and through Conservation International, to a significant extent capacity building focused on FIs. These activities improved lending processes in some countries. Effectiveness of including capacity building at FI as part of core staff training programs is confirmed in Indonesia and evident in Mongolia where they already had dedicated staff and China where a large volume of green SEF lending is occurring.

To a great extent, EBFP consisted of promoting innovative products. Specifically, innovative financial products were developed in China, Mongolia and Peru. In China, Mongolia and Peru evidence shows that lending on GEF-eligible activities was profitable for the engaged FIs. In the case of the investments with Siwa and the other investments, the profitability of their activities is less clear. Building on the experience and momentum created by EBFP, environmental business is now being taken up by FIs in Brazil, Dominican Republic, Colombia and Mexico. This seems to be the case also in China and Mongolia. Interviews suggest that some FIs have entered the sustainable agriculture space with the assistance of Conservation International.

Available information shows that the leverage target on both Investment Services and the Technical Assistance/ Advisory Services related co-finance was exceeded overall with variations project by project. A common approach cannot be identified regarding the players that actually provided additional funds and the types of activities to which leveraged funds were allocated.

Efficiency

The Program Document established a rather complex process of selecting countries and designing the projects to be implemented in each one of them. The review of the evaluative evidence shows significant deviations from this. Learning from its early experimentation, by 2008 the program had modified its approach, substituting global and in-depth country assessments for a more opportunistic, bottom up process, focusing on countries where interest already existed, and conducting in them sector specific assessments in conjunction with either/both IFC staff and the FI. Although this shift meant that the global assessment and in-depth country assessments on which resources were already spent proved of limited use, the change nevertheless resulted in a more efficient process overall. The removal of GEF Focal point approval in more recent projects contributed as well to efficiency gains. Although the process was less efficient than that of a regular IFC project in terms of intensity of work, given that the combination of funds from different sources (IFC and GEF) implied two levels of management approval, this extra layer of regulation did not imply time delays.

In terms of management, a delegated authority agreement allowed IFC to interact directly with the private sector, the management team being entirely composed of IFC staff. This structure achieved tremendous time efficiency in the short term. No changes were observed between approval and completion regarding the role of the financial intermediaries, the Investment Review Committees and the Advisory Panel, which seems reasonable. Local environmental experts were not engaged to the extent envisioned. Review of evidence indicates the program did not prove so successful at involving qualified local organizations, except in Peru.

The program design presented a clear M&E plan, indicating the activities that had to be followed. It also established that SME borrowers would be required to monitor and report on some indicators of their environmental performance and that FIs would be able to cancel the loan and demand repayment if an SME failed to achieve… the environmental targets or failed to report. The program management team was supposed to develop tools and monitor closely the initial transactions.

In terms of implementation of this M&E plan, semi-annual supervision reports were produced according to the Development Results Monitoring and Evaluation Plan at both program and project levels and completion reports were produced at project level in most cases. However, there is no evidence of baseline studies apart from the market assessments, the set of indicators was changed twice during the program's lifetime, and these were not comparable in all cases, compromising the aggregation of data. There are also important inconsistencies between program and project supervision reports. At project level reporting of environmental impacts was affected by the methodology developed by IFC to estimate targets and potential development impact, particularly for climate mitigation. There is no evidence of the use of scorecards.

The evaluation team found that the program spent as planned on management and operation. At project level, overall 1% less than originally planned was spent. Interviews suggest that EBFP's management and administration costs were a bit higher than those of similar projects today, given that it was a pioneer program and a lot had to be learned. The costs were also higher than non-SMEs focused projects, because SMEs require significant technical assistance.

Two main internal variations took place during the implementation of the program. The first change consisted in reallocating funds from technical assistance to the investment facility. The second consisted in developing an IFC standard methodology to account for project environmental impacts. The latter proved crucial to improve reporting, and suggests this should be a pre-requisite for future programs of this nature. There was also an important external variation during project implementation. As already noted above, the requirement of GEF Focal point approvals was removed for private sector engagement – related projects in GEF fifth and sixth funding cycles, which is likely to make future programs and projects more efficient. Apart from this, the structure and cost of similar programs and projects are very similar.

Impact

The achievement of the environmental objectives of the program cannot yet be fully assessed at the time of this evaluation, given that one large project remains under implementation. Although there are areas of weakness, a number of targets are well on their way to being reached or exceeded. Overall, the program did not provide benefits in terms of POPs, and the benefits in terms of biodiversity conservation seem to be limited to avoiding land degradation. On the other areas originally targeted, according to programme reporting, the program achieved 152% of its land degradation target, 19.6% of its GHG emissions target and 44.3 % of its energy production avoided target so far. The China project is however critical in these results. If it achieves its targets, the program could achieve 89.4% of its GHG target and exceed its target (reach 115.5% of achievement) on energy production avoided by 2018. When broken down at the project level, it should be noted that of the seven initiatives that had direct environmental objectives, two (Mongolia and Conservation International) fully achieved them, one (China) is in the process of achieving its targets, two (Indonesia and Egypt) had mixed results and two (Peru and Tanzania) did not meet their targets.

Key lessons regarding the program, and how they may apply to future similar programs are presented in section 2.5 of this report.

Key Recommendations

The relevance of similar programs would benefit from:

- On the one hand, focusing on a single well defined thematic area - such as climate change - in order to concentrate the efforts, expertise and capacities to strategically engage the private sector in this area of focus in each country. A single thematic area would also simplify the preliminary analysis of market and SME needs in each country to make each project as relevant as possible to specific contexts; and
- On the other hand, keeping some flexibility in the portfolio distribution and eligibility criteria for each project to avoid narrowing down the scope of intervention of the program, making the project identification easier, and ensuring the relevance of the program for a variety of projects.

The effectiveness of similar programs would benefit from:

- Being more careful when designing SME targets in non-mature markets, realizing that there is an important gap between supporting FIs and actually lending to SMEs. In this sense, similar projects would benefit from aligning targets at the FI and SME levels;
- Engaging a wide range of stakeholders in the design of projects and project components. Platforms have to be multi-purpose and favour social interaction. However, physical regular interaction must be promoted at project level;
- Ensuring that the knowledge gained through capacity building is institutionalized. Ensuring, to that end, that decision-makers participate to the workshop, so that they promote the required structural changes in the lending processes; and
- Ensuring that niches are identified. Although the growth of the market cannot be attributed to the program, it proved the importance of contributing to innovative processes. To that end, engaging FIs already in the Environmental Business area working with SMEs helps scaling up the market effectively. Starting with one FI and opening a sustainable energy finance product requires gauging the market from their client's perspective including policy environment factors.

The efficiency of such programs would benefit from:

- Designing from the outset a focused and opportunistic pre-implementation process, and budgeting it appropriately at both the global and project level;
- Being cautious regarding the time and geographical scope of the program, not to be affected by structural changes, and being realistic on management potential;
- Recognizing that innovative, blend-funded and SME-focused programs are likely to be more resource intensive than conventional, single-source funded and big enterprise-focused programs;
- Ensuring that GEF is associated with the management of the program through a more extensive formal and informal information exchange on lessons learned during program implementation in particular, to the extent that it can gain capacity from the implementation of the program even if a more efficient organization, such as IFC, is ultimately in charge of managing it; and
- Providing a set of indicators that is as common and stable as possible, as well as a common methodology to estimate targets and potential impacts of projects. Ensure baseline studies are conducted.

The impact of a program such as EBFP would benefit from:

- As noted in the relevance section, focusing on a single well defined thematic area - such as climate change - in order to concentrate the efforts, expertise and capacities to strategically engage the private sector in this area of focus in each country; and
- Establishing country-specific methodologies to account for the environmental impacts of the projects. Although a common methodology can prove useful, this has to be fine-tuned in each country in order to ensure that the targets are realistic.

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ACRONYMS

Acronym	Definition
AFD	Agence Française de Développement
AS	Advisory Services
BBVA	Banco Bilbao Vizcaya Argentaria
BD	Biodiversity
BDS	Business Development Services
BHL	Boundary Hill Lodge
CAFI	Climate Assessment for Financial Intermediary Investment
CBRC	China Banking and Regulatory Commission
CC	Climate Change
CEEF	Commercializing Energy-Efficiency Finance
CHUEE	China Utility-Based Energy Efficiency Finance Program
CI	Conservation International
EBFP	Environmental Business Finance Program
EMT	EBFP management team
ESCO	Energy Services Companies
ESS	Environmental and Social Sustainability
FI	Financial Intermediary
GEF	Global Environmental Facility
GHG	Greenhouse Gases
HEECP	Hungary Energy Efficiency Co-financing Program
IFC	International Finance Corporation
IRC	Investment Review Committee
LD	Land Degradation
LEE	Local Environmental Expert
MoU	Memorandum of Understanding
MTR	Mid Term Review
NDRC	China's National Development and Reform Commission
NGO	Non-Governmental Organization
OECD DAC	Organization for Economic Cooperation and Development - Development Assistance Committee
OPIC	Overseas Private Investment Corporation
OPS5	Fifth Overall Performance Study of the GEF
ProDoc	Program/project document
M&E	Environmental and Social Sustainability
OP	Operational Program
POPs	Persistent Organic Pollutants
PRCEE	China Ministry of Environmental Protection
PSR	Program/project supervision report
RET	Renewable Energy Technology
RSF	Risk Sharing Facility
SE	Sustainable Energy
SEF	Sustainable Energy Finance
SME	Small and Medium-sized Enterprises

TA	Technical Assistance
ToR	Terms of Reference
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Program
VV	Verde Ventures
WB	World Bank

1. INTRODUCTION

1.1. Background, Scope and Objective

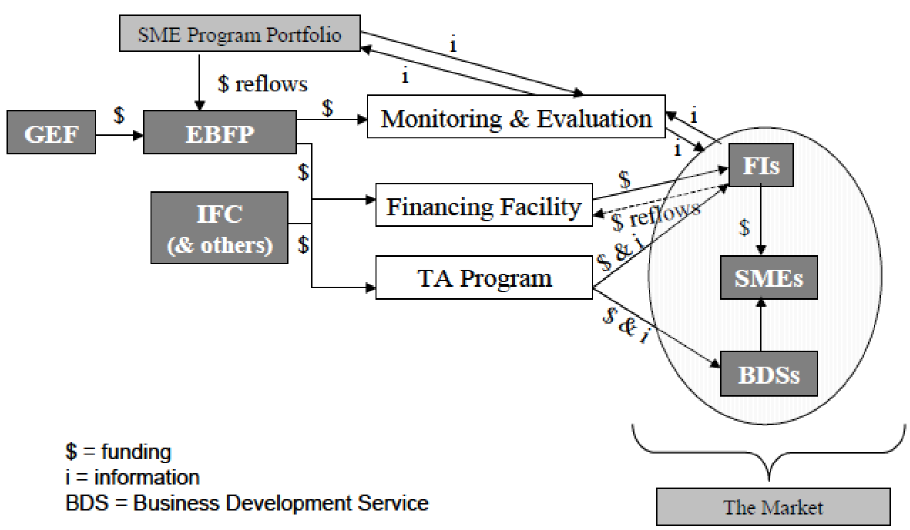
1.1.1. Background on the Program

The International Finance Corporation (IFC), the private sector arm of the World Bank Group, launched the Environmental Business Finance Program (EBFP) in 2004, following and building on the experience of the Small and Medium-sized Enterprises (SME) Program. The EBFP aimed to create a sustainable market for SME projects that achieve long term results in the Global Environmental Facility's (GEF) focal areas of climate change, biodiversity, land degradation and Persistent Organic Pollutants (POPs). The program was designed to respond to SME's lack of access to financing, management, technical and environmental capacity, as well as the general lack of a supportive business environment for GEF-eligible products and services.

EBFP was financed through GEF funds blended with IFC's own investments. The GEF provided USD 20 million for the EBFP, originally housed in IFC's Environmental and Social Sustainability (ESS) Department. In July 2010, after the merging of the Corporate Advisory Department and the ESS Business Line Department, funds were transferred to IFC's Sustainable Business Advisory Department (CSB). Within CSB, the EBFP was managed by FinMech, and an IFC unit managing donor funds for IFC climate-related activities.

The program is structured around three main set of activities: the Financing Facility or Investment Services (IS), the Technical Assistance (TA) or Advisory Services (AS) Program, and EBFP Monitoring and Evaluation (M&E), as presented in the figure below[1].

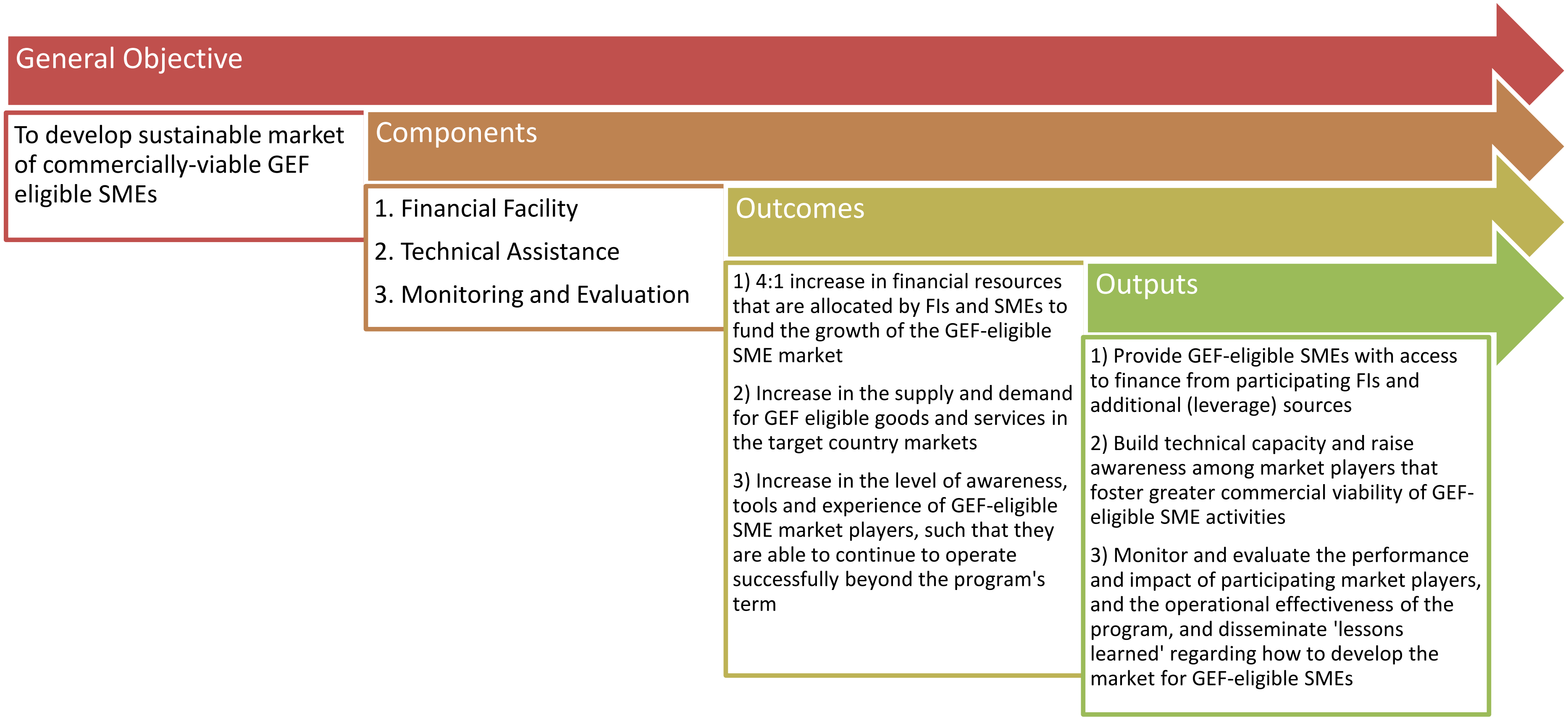
Figure 1: EBFP Structure



The logic of intervention of the program - broken down into Objective, Components, Outcomes and Outputs - is presented in Figure 2 below.

[1] Source: EBFP Project Document

Figure 2: EBFP Logic of Intervention



From 2004 to 2014, the program financed a set of 8 projects in the areas of biodiversity and climate change. Table 1 below presents the approved EBFP funds. At approval, USD 8,116,574 was allocated to advisory services and USD 13,593,000 was allocated to investment services. If co-financing from IFC and other sources is considered, funds for advisory services amounted USD 16,374,225 and funds for investment services amounted USD 498,944,219[2].

[2] After some discussions between IFC and the evaluation team, it was decided to use approved numbers rather than actuals as is common in terminal evaluation exercises.

Table 1: EBFP Project Portfolio (USD)

Project				Advisory Services			Investment Services				Project TOTAL
Name	Country	Focal Area	Project Duration	Approved EBFP Funds	IFC and other co-financing	Advisory Services Total	Approved EBFP Funds	Co-financing IFC	Other Co-financing	Investment Services Total	
Banco Bilbao Vizcaya Argentaria (BBVA) Continental	Peru	Climate Change	2006-2010	430,000	100,000	530,000	2,000,000	28,000,000	0	30,000,000	**30,530,000**
Boundary Hill Lodge (BHL)	Tanzania	Biodiversity	2004-2014	35,500	0	35,500	200,000	200,000	0	400,000	**435,500**
China Utility-Based Energy Efficiency Finance Program (CHUEE-SME) [3]	China	Climate Change	2010-2018 *on-going*	2,185,000	4,064,436	6,249,436	10,000,000	209,026,275	237,387,944	456,414,219	**462,663,655**
Conservation International (CI2) Verde Ventures	Multi-country	Biodiversity	2004-2012	240,000	1,800,000	2,040,000	750,000	0	10,500,000	11,250,000	**13,290,000**

[3] Totals included funds remaining from CHUEE II and World Bank Energy Conservation II.

SIWA	Egypt	Biodiversity	2005-…[4]	466,074	455,579	921,653	643,000	0	237,000	880,000	**1,801,653**
Indonesia Sustainable Energy Finance[5]	Indonesia	Climate Change	2008-2013	405,000	1,534,786	1,939,786	0	0	0	0	**1,939,786**
Mongolia Sustainable Energy Finance	Mongolia	Climate Change	2012-2015	175,000	302,850	477,850	0	0	0	0	**477,850**
Sustainable Energy Finance (SEF) Portal[6]	Multi-country	Climate Change	2008-2011	180,000	0	180,000	0	0	0	0	**180,000**
Umbrella Project	Multi-country	Multi-focal	2004-…	4,000,000	0	4,000,000	0	0	0	0	**4,000,000**
TOTAL				**8,116,574**	**8,257,651**	**16,374,225**	**13,593,000**	**237,226,275**	**248,124,944**	**498,944,219**	**515,318,444**

[4] The SME –EQI's loan repayment has been extended so this project is not closed yet.
[5] Donors funded the Indonesia project with USD 1.5 million when the EBFP funds were withdrawn. In a sense this co-finance was important to the project and contributed to the achievement of environmental benefits, but not to the EBFP objectives specifically.
[6] The EBFP funding was mostly withdrawn and IFC developed several tools to replace and upgrade the portal.

1.1.2. Scope and Objective of the Terminal Review

The EBFP came to an end mid-2014, while some investments will remain active until at least 2023, and this assignment consists in conducting the program's terminal review. The objective of this review is to assess EBFP's progress towards achieving expected results. The review has the four following objectives:

- To assess and report on project level accomplishment and/or progress towards results since some of the projects are still under implementation;
- To identify lessons regarding the mainstreaming of SME financing in Financial Intermediary (FIs) within the context of GEF focal areas that may help improve the selection, design and implementation of future GEF activities;
- To identify lessons regarding the management of similar funds to feed into the development and establishment of similar activities; and
- To contribute to the GEF Evaluation Office databases for aggregation, analysis, and reporting on the effectiveness of GEF operations in achieving global environmental benefits and on the quality of M&E across the GEF system.

As per the Terms of Reference (ToR), the terminal review aims to assess three key aspects of EBFP's performance and results/achievements, namely: progress towards achieving program/project objectives, effectiveness and efficiency of program/project operations and management, and identification of lessons for future similar funds/projects. To do so, the review has been structured around 4 of the 5 criteria to evaluate public policies[7], namely: (i) relevance, (ii) effectiveness, (iii) efficiency, and (iv) impact. The fifth criterion, sustainability, has been adjusted to reflect the nature of this program and the scope of the ToRs and focuses on lessons learned and replicability potential. A set of evaluation questions, sub-questions and indicators were defined to inform each evaluation criteria, as presented in the evaluation matrix in Annex 1.

1.2. Methodology

1.2.1. Methodological steps

The methodology followed to conduct the review was organized around the following step:

- **Inception**

An inception call was organized with IFC on February 19th to agree on the expectations of the mandate. An inception report was then submitted to IFC on February 24th to gather feedback and comments. A final version of the inception report was then shared on March 4th, which validated the methodology and organization of the terminal review, including the evaluation matrix.

- **Documentation Review**

The team reviewed in detail all program and projects documentation and compiled the collected data in the evaluation matrix. The list of documentation that was reviewed is presented in Annex 3. The detailed documentation review allowed the team to get a full grasp of the program and projects,

[7] In particular the evaluation criteria proposed by the Organization for Economic Co-operation and Development's (OECD) Development Assistance Committee (DAC).

inform several indicators presented in the evaluation matrix, and was also the opportunity to identify any data gaps in the available documentation.

- **Phone interviews with key stakeholders**

The team conducted phone interviews with key stakeholders to fill remaining data gaps identified during the documentation review. The list of interviewees is presented in Annex 4, and includes several staff from the 8 projects as well as key stakeholders at the program level.

- **Data analysis and additional interviews**

At the end of the data collection phase, the team analyzed and triangulated the collected data, using the evaluation matrix presented in Annex 1. While conducting the analysis, the team identified other remaining gaps and conducted another round of interviews with some project beneficiaries to shed light on some elements that remained unclear. These additional interviewees are also presented in Annex 4.

- **Reporting**

Based on the analysis and additional interviews, the team developed a draft terminal review report, which was organized according to the evaluation criteria and questions. This report was shared on May 6th with IFC for review and comments. All feedback has been thoroughly reviewed and addressed by the team, and any remaining gaps have been filled and presented in this Terminal Review final report.

1.2.2. Limits of the Terminal Review

The terminal review was conducted without major difficulties. However, the following limitations could be mentioned:

- The documentation made available to the team at the project and program levels were not always consistent, which made it difficult to aggregate results from the project to the program level;
- Some of the projects were completed a long time ago (up to six years for the SEF portal for instance) which made it difficult to track down the relevant persons to interviews. In addition, it proved difficult for some interviewees to answer the questions with precision as it had been so long since the projects were completed.
- Given the private sector nature of the partners in this evaluation, some key data is considered beyond limit and confidential and could not be accessed for analysis purposes and/or quoted.
- To conclude, the evaluation is based solely on desk reviews with the inherent limitations associated with such an approach.

2. Analysis

2.1. Relevance

2.1.1. Relevance of EBFP thematic and geographic focus to GEF and IFC strategic priorities, as well as SMEs and countries local priorities

The program can be considered relevant to the GEF climate change focal area, and to a lesser extent to the biodiversity and land degradation focal areas. Although less important for the program from the outset, EBFP didn't prove to be relevant to the POP focal areas, as no projects were funded on this theme. The concentration of climate change-related projects could result from both a structural issue as well as a design caveat. In addition, the precise set of eligibility criteria could have limited the program window of opportunity, leading to some challenges in identifying and funding projects.

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In terms of distribution of portfolio, EBFP shifted away from country programs overtime as wide country assessments were found ineffective compared to sector specific assessments. This made the original portfolio distribution target by project type obsolete. Another distinction can be used to differentiate projects based on whether they work through intermediaries or directly financed SMEs. This distinction clearly shows that the majority of EBFP's funding is going towards projects working with intermediaries, which is relevant to EBFP's original focus.

2.1.1.1. Relevance to Climate Change, Biodiversity, Land Degradation, and Persistent Organic Pollutants (POP) GEF Focal areas

When the EBFP was first approved in 2003, the GEF provided grants to eligible activities through a system of 15 Operational Programs (OPs) that were distributed amongst different focal areas, namely Biodiversity, Climate change, International waters, Multifocal area, POP, and Land Degradation. From GEF-4 and on, OPs disappeared to be replaced by GEF Focal Areas Strategies.

According to the EBFP Project Document, activities financed by the program were to target 12OPs in the four following focal areas: Biodiversity, Climate Change, Land Degradation and POP. Prior to 2007, the OPs, setting priorities for the four focal areas, were as follows:

Table 2: GEF Focal Areas and Operational Programs[8]

Ops	OPs' Objectives
BIODIVERSITY Focal Area	
OP1. Arid and Semi-Arid Zone Ecosystems	• Protection of systems of conservation areas • Focus on countries in Africa and in the Mediterranean type climatic zone threatened by increased pressure from intensified use, drought, and desertification, which lead to land degradation
OP2. Coastal, Marine, and Freshwater Ecosystems	• Establishment and strengthening of systems of conservation areas and ecosystems • Focus on tropical and temperate costal, marine and freshwater ecosystems areas at risk
OP3. Forest Ecosystems	• Protection of primary/old growth and ecologically mature secondary forest ecosystems, by establishing and strengthening systems of conservation areas • Focus on tropical and temperate ecosystems in areas at risk
OP4. Mountain Ecosystems	• Protection of systems of conservation areas • Focus on Mesoamerican, Andean, East African Himalayan regions and montage regions of the Indochina peninsula as well as mountain chains on tropical islands
OP13. Conservation and Sustainable Use of Biological Diversity Important to Agriculture	• Promote the positive impacts and mitigate the negative impacts of agricultural systems and practices on biological diversity in agro-ecosystems and their interface with other ecosystems • Conservation and sustainable use of genetic resources of actual and potential value for food and agriculture • Fair and equitable sharing of benefits arising out of the use of genetic resources
CLIMATE CHANGE Focal Area	
OP5. Removal of Barriers to Energy Efficiency and Energy Conservation	• To reduce the risk of climate change by reducing net greenhouse emissions from anthropogenic sources and by protecting and enhancing removal of such gases by sinks. • To remove barriers to large-scale application, implementation and dissemination of least economic cost energy-efficient technologies • Promote more efficient energy use
OP6. Promoting the Adoption of Renewable Energy by Removing Barriers and Reducing Implementation Costs	• Remove the barriers to the use of commercial or near-commercial renewable energy technologies (RETs) • Reduce any additional implementation costs for RETs that result from a lack of practical experience, initial low volume markets, or from the dispersed nature of applications

[8] Source: EBFP Project Document – Annex 1. P.42; and https://www.thegef.org/gef/operational_programs

OP7. Reducing the Long-Term Costs of Low Greenhouse Gas Emitting Energy Technologies	• Increased use of "backstop" technologies, such as renewable energy technologies with low emissions of greenhouse gases, so as to stabilize greenhouse gases (GHGs) at levels the will prevent serious anthropogenic interference with the climate system. • Reduce GHG emissions from anthropogenic sources by increasing the market share of low GHG emitting technologies that have not yet become widespread least-cost alternatives in recipient countries for specified applications.
OP11. Promoting Environmentally Sustainable Transport	• Reduce emissions from the ground transport sector in an effort to stabilize GHGs at levels that will prevent serious anthropogenic interference with the climate system.
LAND DEGRADATION Focal area	
OP15. Sustainable Land Management	• Mitigate the causes and negative impacts of land degradation on the structure and functional integrity of ecosystems through sustainable land management practices
POP Focal area	
OP14. Reducing and Eliminating Releases of Persistent Organic Pollutants[9]	• Reduce/eliminate the use/production of POPs
MULTIFOCAL Area	
OP12. Integrated Ecosystem Management	• Widespread adoption of comprehensive ecosystem management interventions that integrate ecological, economic, and social goals to achieve multiple and crosscutting local, national, and global benefits.. • Conservation and sustainable use of biological diversity, as well as equitable sharing of benefits arising from biodiversity use • Reduction of net emissions and increased storage of greenhouse gases in terrestrial and aquatic ecosystems • Conservation and sustainable use of waterbodies, including watersheds, river basins, and coastal zones • Prevention of the pollution of globally important terrestrial and aquatic ecosystems

According to the EBFP Project Document, the program is relevant to all GEF focal areas and OPs as it aims to relieve key strategic constraints on investments in GEF-eligible business activities by SMEs; which is well aligned to one of the GEF's major objective aiming to combine conservation with sustainable use of biological resources[10].

It was initially planned that the majority of EBFP activities would fall into the climate change and biodiversity focal areas. It was anticipated that climate change activities would account for 60 to 65% of the total funding, followed by biodiversity conservation with 25 to 30%, and Land Degradation and

[9] When the program was approved, OP14 was still at the drafting stage
[10] EBFP Project Document. Annex 11: STAP Review. P.107

POP accounting for the remaining 5 to 15%[11]. As described below, this distribution among focal areas ended up being different from what was originally expected.

Interviewees pointed out that the program's objectives were ahead of their time as they identified a tremendous need to engage the private sector, SMEs and a need for finance across all sectors. Even though the initial expectation of covering all focal areas was very relevant, it came out from the interviews that expecting similar results on all of them was not realistic.

Number and type of EBFP funded projects with Climate Change-related activities

Explicitly, the program's climate change priorities were: off-grid and grid-based renewable energy, productive use of renewable energy in agriculture, water and rural industries, more environmentally friendly modes of transportation, and clean vehicle and fuel technologies[12]. Energy efficiency could also be considered a program priority.

Within these priorities, EBFP financed a total of 5 Advisory and Concessional Investment subprojects in sustainable energy finance[13]. These 5 subprojects accounted for 87% of all EBFP approved funds and 97% of all funds if co-financing is included[14], which is more than the 60 to 65% of total funds that was anticipated in the project document.

The concentration of projects on climate change-related activities was already highlighted by the Program Mid Term Review (MTR) in 2011. According to this report,

> *"[It] does not necessarily indicate a failure on the part of the EBFP, but is indicative of the broader challenges associated with encouraging the private sector, and especially SME involvement in some environmental areas. Biodiversity and land degradation, for instance, are two areas that are extremely challenging and are traditionally taken on by governments, donors and non-governmental organizations (NGOs)."*[15]

The Fifth Overall Performance Study of the GEF (OPS5)[16] shows that this concentration of climate change activities is in fact a common characteristic of GEF private sector projects. Even though all focal areas have consistently identified the private sector within their strategy, it is considered easier to engage the private sector in climate change projects. The OPS5 therefore confirms the analysis of the MTR.

However, the concentration of operations on climate change could also come from deficits in the design process[17]. Building projects addressing various thematic areas is a difficult task that couldn't realistically be achieved by the EBFP small program management team. One of the recommendations of the MTR consisted in focusing on a single well-defined thematic area and defining a robust strategy to approach the market in order to help the deployment of the program. This is also supposed to facilitate the identification of the thematic expertise required for the deployment phase and for the marketing of the program[18].

The type of climate change-related activities financed by EBFP are mostly linked to Sustainable Energy Finance, Energy Efficiency (EE) and Renewable Energy (RE), as can be seen in the table below.

[11] EBFP Project Document. §78 and Annex1
[12] EBFP Project Document. P.23.
[13] Namely: BBVA Peru; CHUEE SME; Indonesia EE; SEF Portal; and Mongolia SEF
[14] In particular, they accounted for USD 15,375,000 of EBFP approval funds, and USD495,791,291 if co-financing is included.
[15] Mid Term Review Report. P.5
[16] Fifth Overall Performance Study of the GEF (OPS5) Final Report. At Crossroad for Higher Impact (p. 60). 2014.
[17] MTR Report. P.7
[18] Idem.

It is worth noting that all climate change activities fall into climate change mitigation issues and none of them into adaptation issues.

Table 3: Type of climate change-related activities by EBFP sub-project

Project	Type of Climate change-related activity
BBVA Banco Continental Peru	Energy Efficiency and Renewable Energy (Biodiversity (forestry) but was later dropped as an eligible area)
SEGEF Portal	Sustainable Energy
Mongolia SEF	Renewable Energy and Energy Efficiency
China – CHUEE-SME	Energy Efficiency and Renewable Energy
Indonesia SEF	Energy Efficiency/ Clean Production

Number and type of EBFP funded projects with Biodiversity-related activities

According to EBFP Project document, the program biodiversity priorities include sustainable use activities in both protected areas and buffer zones, and conservation of productive landscapes and seascapes beyond protected conservation areas[19].

The first three EBFP projects were related to biodiversity conservation. Interviewees suggested that IFC was at the time mostly interested in biodiversity conservation activities with SMEs. However, over time, the priority has seemed to shift more towards climate change mitigation.

EBFP ended up financing 3 Advisory and Concessional subprojects in biodiversity conservation. These 3 subprojects accounted for 13% of all EBFP approved funds and 3% of all funds if co-financing is included[20], which is less than the 25 to 30% of total funds that was anticipated in the project document. As noted above, and as highlighted by the MTR report, this points out to a structural problem as well as to a design caveat. It can be noted that the Boundary Hill Lodge project, originally financed by EBFP's predecessor program (SME Program) and absorbed under the EBFP umbrella, is inconsistently referred to as a biodiversity project[21].

The table below gives example of the type of activities that can be financed under EBFP biodiversity subprojects.

Table 4: Type of biodiversity-related activities by EBFP sub-project

Project	Type of Biodiversity related activity
Egypt SIWA Oasis	Preservation of an arid ecosystem through private sector initiatives (ecotourism, women artisanship, sustainable agriculture)

[19] EBFP Project Document. P.23-24
[20] In particular, they accounted for USD 2,334,574 of EBFP approval funds, and USD 15,527,153 if co-financing is included.
[21] Idem. Presented as a biodiversity project p.4; but not counted as such p.5

Conservation International 2 (CI2) – Verde Venture Conservation Finance Program	Conservation Finance
Boundary Hill Lodge – Tanzania	Ecotourism

Number and type of EBFP funded projects with Land Degradation-related activities and POP-related activities

With regards to Land Degradation issues, EBFP was expected to focus on transboundary water issues. This can be found somewhat surprising as transboundary waters would rather fit under the International Waters GEF focal area, with which EBFP is not supposed to be aligned. In the POP focal area, the program was supposed to focus on activities such as sustainably harvested produce retailers or pest control companies using organic substances

As mentioned above, Land Degradation and POP-related activities were supposed to account together for the remaining 5 to 15% of EBFP total funding[22]. In reality, according to the supervision reports, no land degradation nor POP projects as such were funded by EBFP.

Although not explicitly categorized as land degradation-related projects, two projects can be considered having an impact towards Sustainable Land Management: the Siwa and Boundary Hill projects respectively led to 214 ha and 58,680 ha of sustainably managed land. While the contribution of these activities is small in comparison to climate change and biodiversity related activities, it is not surprising given the main focus of the EBFP-funded projects have been in the climate change focal area.

EBFP Objectives

According to EBFP project document, the general objective of the program is to "Develop a sustainable market for commercial GEF-eligible SMEs"[23]. According to its approval document, the program's specific objectives are as follow:

i. Increase the access to finance of market players engaged in GEF-eligible activities;
ii. Build technical capacity and raise awareness among "participating" market players, so that, by EBFP's end, they finance and/or implement more GEF-eligible SME activities; and
iii. Monitor and evaluate the performance and impact of "participating" market players and of EBFP's operations, and disseminate lessons learned regarding how to develop the market for GEF-eligible activities.

In principle, these objectives could be applicable to any of the four selected GEF focal areas. However, these objectives entail a precise set of eligibility criteria that have to be met to be funded under the program (GEF-eligible activities, targeting SMEs, and working through Financial Intermediaries -FIs). As mentioned in the MTR, the program faced some challenges in identifying and funding projects, which could result from the narrowly defined eligibility criteria that limited to some extent EBFP's scope of intervention[24].

[22] EBFP Project Document.
[23] EBFP Project Document. P.8
[24] EBFP MTR.

2.1.1.2. Relevance to GEF Operational Programs

The program can target a total of 12 GEF OPs (OP1 to OP7 and OP11 to OP15). The Objectives of the eligible GEF OPs are set out per focal areas, in the table presented in Section 1.1.1 above.

The Table 5 below presents the projects activities and the GEF OP they are potentially aligned to.

Table 5: Project activities and related GEF OP

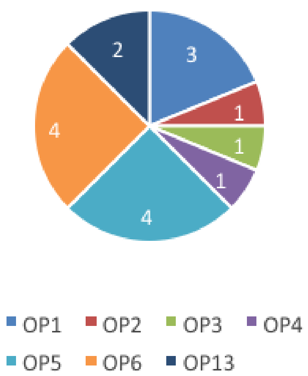
Project	Activities supported by project[25]	Target technology examples	Potential Related GEF OP[26]
SEGEF Portal	• Knowledge sharing platform • Bank networks	Knowledge Sharing	N/A
BBVA Peru	• EE/RE projects	Retrofit investments, Natural gas compressor, Solar panels, Small scale hydroelectric plants	OP5 Removal of Barriers to Energy Efficiency and Energy Conservation OP6: Promotion of the Adoption of Renewable Energy by Removing Barriers
Boundary Hill	• Establishment of a lodge • Set up a private Wildlife Conservation Area	Ecotourism, Tour operator	OP1: Arid and Semi-Arid Zone Ecosystems
CHUEE-SME	• EE/RE projects	EE/RE	OP5, OP6
CI2	• Endangered species • Hunting/poaching • Sustainable livelihood opportunities • Sustainable certification	Diversified edible crop production Natural forests Tour operator	OP1 OP2: Coastal, Marine and Freshwater ecosystems OP3: Forest ecosystem OP4: Mountain ecosystem OP13: Conservation and sustainable use of biological diversity important to agriculture
Indonesia SEF	• EECP projects • RE projects • Market education programs	EE, Clean Production	OP5, OP6
Mongolia SEF	• RE project finance • SME SEF lending • Thermo-technical retrofits projects (buildings) • EE improvement • Eco mortgage	Biodiesel producers, Improved construction material, More energy efficient boilers and housing, RE equipment	OP5, OP6

[25] As set out in each Project PDS Approval report
[26] Based on the list of activities provided in EBFP Project Document. Annex 1 – GEF eligible activities p.42.

Siwa	• Expansion of Shali Lodge (ecolodge) • Sustainable agriculture • Women's artisanship	Ecotourism, Organic farming	OP1, OP13

Based on this analysis, and as presented in the graph in Figure 3, EBFP projects were most relevant to OP5 and OP6, being each in alignment with 4 projects. OP1 and 13 are the second and third most relevant OPs, being aligned with respectively 3 and 2 projects. Finally, for OP2, OP3 and OP4 only one project was aligned with each of them.

Figure 3: Number of EBFP Projects Relevant to GEF OPs



Amongst the 12 eligible GEF OPs, it can be noted that no projects are aligned with OP7, OP11, OP12, OP14 nor OP15.

EBFP target technologies and activities

The target technologies and activities by project are listed in the table presented in the previous section.

According to the project document, EBFP would seek to identify technologies that (i) make a contribution to the improvement of the global environment, (ii) which fall within the GEF strategic priorities, and (iii) have the highest potential for commercial application [27]. In light of the table presented above, the technologies implemented by EBFP projects are in line with at least the first two criteria (contribution to the improvement of the global environment; and within the GEF strategic priorities).

2.1.1.3. Relevance to IFC priorities

IFC priorities and objectives

According to its approval document, the EBFP project concept was developed to build on IFC's strategic direction of incorporating environmental and social issues in all projects as well as its strategic focus on Financial Intermediaries and SMEs. According to the same source, benefiting from the

[27] EBFP Project Document. P.24.

experience of both IFC and GEF, the EBFP was in position to promote the mainstreaming of GEF's global environmental objectives into IFC's operations, especially among financial institutions.

The EBFP originates from the SME program and from a mutually beneficial relationship between the GEF and the IFC. On the one hand, IFC is able to interact directly with the private sector and has a strong reputation for controls and performance standards; and on the other hand, GEF funding allows the development of programs with environmental objectives that often require funding to cover technical assistance and additional financing for the clients[28].

IFC has a set of development goals, as presented in Table 6 below.

Table 6: IFC Development Goals 2015

Goal	EBFP Contribution
Increase or improved sustainable farming opportunities	
Improve health and education services	
Increase access to financial services for microfinance clients	
Increase access to financial services for SME clients	X
Increase of improved infrastructure services	
Reduce greenhouse gas emissions	X

SMEs are amongst IFC's top priorities. IFC's 2013 Annual Report highlights that "SMEs are a critical force for prosperity in developing countries, accounting for two-thirds of employment[29]" and that "nearly 200 million micro, small, and medium enterprises [...] in emerging countries have limited access to financial services and credit[30]". As a result, increasing access to financial services for SMEs is one of the six development goals of the IFC, as can be seen in the table above.

Addressing climate change and ensuring environmental and social sustainability is one of IFC's five strategic priorities[31], and one of its six development goals. According to IFC, climate change is a significant obstacle to ending extreme poverty, and the private sector is essential to face this challenge[32]. IFC aims to unlock private capital for climate-smart projects in order to finance the development of innovative technologies and encourage a shift towards energy efficiency and renewable energy. According to IFC 2015 Annual Report, IFC has made "long-term investments totaling more than $13 billion in climate-related projects. This includes $2.3 billion in 103 projects in 31 countries in FY15. [They have] also mobilized $2.2 billion from other investors[33]".

28 EBFP MTR. P.5.
29 IFC Annual Report 2013. P.45.
30 IFC Annual Report 2013. P.34.

31 IFC 2015 key Areas are: (i) Frontier markets; (ii) Infrastructure, health, education, food supply chain; (iii) Local financial markets; (iv) Climate change, environmental and social sustainability; and (v) Long term Client relationships. (IFC 2015 Annual Report, p.58).

32 IFC Annual Report 2015.
33 IFC Annual Report 2015. P.44.

If SMEs and climate change are well represented within IFC's strategies and objectives, it is worth noting that since 2012, IFC Annual Reports do not mention biodiversity.

At the project level, a number of initiatives under the EBFP framework are built in alignment with IFC global or regional strategies. The table below gives some examples of the strategies within which each project is embedded.

Table 7: IFC Strategy Alignment

Project	IFC Strategy Alignment
Mongolia	• IFC's East Asia and Pacific regional strategy: (i) mitigate climate change; and (ii) promote inclusive growth. • World Bank Group Mongolian strategy by Catalyzing the development of Mongolia's EE/RE markets, Reducing Mongolia's GHG emissions
Boundary Hill	• IFC's Priorities in Sub-Saharan Africa (Tourism, Retail, and Property) • IFC's strategic priorities of supporting sustainable private-sector development
CHUEE-SME	• IFC's strategy in China includes addressing climate change
Indonesia	• World Bank Group's program in Indonesia: one of the six main objectives is enhancing the environment for private sector development to foster accelerated growth and poverty reduction • IFC's Five Pillars within the FY09-11 Road Map: climate change, environmental and social sustainability activities, and developing local financial markets through institution building, the use of innovative financial products, and resource mobilization. • IFC Strategic Priorities in East Asia Pacific: expanding IFC's role in addressing the problems of climate change in the region
SIWA	• IFC priorities in MENA: SMEs; Infrastructure and Renewable Energy; Gender.
BBVA Peru	• IFC's strategy to continue to support sectors that provide the greatest benefit to the Peruvian private sector: (i) the financial sector, including facilities with Banks or specialized financial institutions to aid in the restructuring of the corporate sector; (ii) infrastructure, to enhance competitiveness; (iii) direct investment in the real and service sectors (such as manufacturing, tourism, agribusiness, and the social sectors) to assist in corporate restructuring and investment; and (iv) the natural resource sector, especially in the area of sustainable development.
CI2 Verde Venture	• Project approved under the strategic priorities of Access to Finance for SMEs and Biodiversity Protection (a GEF strategic priority).
SEGEF Portal	• IFC strategic pillar #3 "Addressing Climate Change and Environment and Social Sustainability" and, as part of it, IFC's mandate to mainstream and scale up Sustainable Energy financing through Financial Institutions and the development of knowledge sharing products and tools that support this goal • IFC strategic theme #4 of "Global Public Good" and knowledge management strategy of generating lessons learned from prior project experiences.

2.1.1.4. Relevance to SME priorities

GEF eligible SME priorities

Private sector development is a priority for the GEF. Numerous strategic documents mention the private sector as having a key role to play in sustainable development and bringing change to the global environment[34].

EBFP was built on the assumption that SMEs are a key component to the development of a sustainable market for GEF-eligible products and services[35]. The program aims to respond to these SMEs' lack of access to financing, the general lack of management, technical and environmental capacity among SMEs, and the lack of a supportive business environment for GEF-eligible products and services.

At project inception, EBFP adopted IFC's official definition of an SME which is: "companies with less than USD15 million in assets or revenues and less than 300 employees". In 2006, the definition of SME was changed and defined as "companies with less than USD15 million in assets or less than $15 million in revenues". The amendment to the program claims that this broader definition retain the focus on relatively smaller enterprises while creating a sufficiently large market to justify FI interest in taking on the costs and commitment required, creating lending windows eligible for EBFP assistance.

Even though the GEF does not set specific priorities for SMEs, the EBFP project document presents a number of GEF-eligible activities for SMEs, based on GEF focal areas and OPs. This extensive list is not repeated here but can be found in Annex 1 of the project document. In light Table 7, it can be agreed that EBFP projects promote activities that are aligned with GEF Focal areas and OPs, and therefore GEF-eligible SME priorities.

If the program is relevant to GEF-eligible SME priorities, it can nonetheless be mentioned, as reported in the MTR, that SMEs are generally not the largest contributor to negative environmental impacts. In this sense, targeting them does not always appear as the most efficient mean of addressing environmental challenges[36]. In any case, it cannot be denied that SMEs face challenges in accessing finance for environmental projects; and that blending GEF funds helps address the risk-reward profiles on these project to enable private investors to invest/provided financing to environmentally-oriented SMEs.

Relevance to SME needs

Even though SME beneficiaries weren't interviewed directly, interviews with project coordination showed that EBFP funded projects were able to address some of the challenges faced by SMEs.

For instance, under the CI2 project, interviewees considered that EBFP addressed the financial and technical assistance needs of SME that were too big for microfinance and required longer term loans. Another example can be taken from the Siwa project. Before the start of the project, an overall lack of access to finance for small biodiversity-based companies was reported, together with a lack of seed capital and technical expertise for small companies investing in sustainable activities. It came out clearly from the interviews that the project expanded sustainable agriculture, developed native artisanship and implemented a biogas initiative, none of which could have been achieved by SMEs without EBFP support.

[34] GEF 2020 Vision ; GEF CEO Vision Statement; Fifth Overall Performance Study of the GEF (OPS5). Final Report. At Crossroad for Higher Impact (p.60). 2014
[35] EBFP Project Document p.3.
[36] EBFP MTR. P.5

2.1.1.5. Relevance to country priorities

Countries covered by the program

Originally, the project document anticipated that EBFP would be active in 30 to 40 countries through 10 to 12 country programs, approximately 10 stand-alone projects in select countries and continued support to the intermediaries in some of the 21 countries in which the SME Program was active[37].

The country selection process was to be driven primarily by IFC's assessment of a number of key criteria related to both SME finance and the GEF-eligibility of the proposed activities, as well as the presence of an enabling environment[38]. The criteria included:

- High GEF benefits can be achieved in the country;
- National strategies, including environmental legislation that support and enable GEF and EBFP objectives, along with a strong national commitment to improve both the local and the global environment;
- Conducive and stable economic, political and regulatory framework is present;
- Prevailing GEF strategic interest and existing portfolio;
- Existing market base of performing SMEs;
- Existing local technical assistance and capacity building resource base;
- Existing local FIs committed to developing a GEF-eligible SME portfolio;
- Strong donor support and interests; and
- Strong possibility for replication and sustainability of the program.

Ecuador, Guatemala and South Africa were targeted as the first countries in which EBFP would operate[39].

Ultimately, the EBFP funded:

- 1 global project (SEGEF Portal);
- 1 global project (CI2) covering 15 countries[40]
- 1 project in Mongolia;
- 1 project in Peru;
- 1 project in Tanzania;
- 1 project in China;
- 1 project in Indonesia; and
- 1 project in Egypt.

The selected projects are therefore not very well aligned with the originally targeted country (even if CI2 did support an initiative in Ecuador). The number of countries where EBFP intervened (19) is also below the original target (above 40 countries in total). In light of the conducted interviews, it appears that country and project selection were rather "opportunity-based", for instance when a local bank in a country was willing to push the agenda. The pool of projects rather aimed at generating impacts and creating examples than meeting the targets in terms of countries and number of projects.

[37] EBFP Project Document. P2.
[38] EBFP Project Document P.17
[39] EBFP Project Document. P22.
[40] Specifically the countries are Belize, Bolivia, Chile, Costa Rica, Ecuador, Ethiopia, El Salvador, Ghana, Guatemala, Kenya, Madagascar, Mexico, Mozambique, Indonesia and Peru.

Country's priorities in the private and environment sector

The Project Document states that "recipient country governments, through their GEF Focal Points, will be notified and engaged to ensure a strong country level awareness and endorsement, as well as to ensure that the funded projects are national priorities that are tightly anchored in the local environmental policies and legislations [...]. No countries will be targeted without endorsement"[41]. This showed that the EBFP was developed to be aligned with country priorities. However, the supervision reports at the program level do not consolidate any information on how this was implemented in practice.

Most of the countries where EBFP was active have developed policies regarding sustainable development, environment and climate change with which the projects tend to be aligned. For instance, the BBVA project in Peru is deemed in line with Peru's national environmental policy (*Politica Nacional del Ambiente*) that promotes the efficient use of natural resources and renewable energy sources. In Mongolia, the mitigation of GHG emissions and establishment of a low carbon economy, through the introduction of environmentally friendly technologies and improvement in energy effectiveness and efficiency, is stipulated in the Law. Tanzania has a Strategy for Sustainable Development, a National Environmental Policy, a National Environmental Action Plan, and a National Strategy for Growth and reduction of Poverty. In China, according to it's National Development and Reform Commission (NDRC), the central government had invested ~RMB 210 billion to support energy saving and environment protection projects between 2005 and 2010 in order to reach the 20% energy intensity reduction target. In Indonesia, the government ratified the Kyoto protocol, hosted a Conference of the Parties to the United Nations Framework Convention on Climate Change in Bali in 2007, and has energy policies calling for the development of renewable sources.

2.1.1.6. Distribution of support between large country programs, small country programs, standalone interventions and continued support to SME program

Three type of support were intended when designing the program:

- According to EBFP project document, the program would cover 10 to 12 **country programs**, specifically developed for a country, which can be classified in two categories: large country programs and small country programs. Large programs were intended for countries where there was a market for a range of different activities that would cover for instance more than 2 OPs. Small country programs on the other hand were for countries with a limited set of activities that can be targeted, for instance covering just one or two OPs42.
- In addition to the country programs, EBFP also intended to develop **standalone interventions** that would focus on one activity or one intermediary, in up to another 10 countries.
- Moreover, the EBFP planned to continue to support the **existing intermediaries of the SME program** in 21 countries.

Compared to these initial three categories, the approach slightly changed overtime and this classification between country programs and standalone intervention became obsolete to some

[41] EBFP Project Document. P22
[42] EBFP Project Document. P2

extent. At the MTR stage in 2011, even though 7 out of the 8 projects analyzed in this evaluation had already been identified, no country program had been tested. As the MTR pointed out, this can be explained by the fact that country assessments were found to be ineffective, and that sector specific assessments were found more effective in responding to market needs[43]. In addition, as mentioned above, there was no upfront calculation about portfolio distribution and project selection was rather opportunity based.

As a result, the MTR proposed another distinction between projects, based upon whether they worked through intermediaries or directly financed SMEs. According to this distinction, the EBFP portfolio is structured as follows:

Table 8: EBFP Portfolio by Project Type

Project Name	Project Type
BBVA Peru	Intermediary
CHUEE-SME	
CI2	
Indonesia	
Mongolia	
Boundary Hill Lodge	Direct
Siwa Egypt	
SEGEF Portal	

The majority of EBFP funded projects therefore worked through intermediaries. This is aligned with the EBFP original focus which is to work with FIs on clusters of SMEs undertaking a range of GEF-eligible activities. It is also natural for an organization like IFC, which given its transaction costs finds it difficult to finance SMEs directly.

Regarding standalone interventions with direct financing, the EBFP Project Document indicates that the EBFP will limit the financing for each individual standalone SME to USD300,000, while limiting the portfolio exposure of this type of project to USD2.0 million in total[44].

[43] EBFP MTR. P.18
[44] EBFP Project Document. P.12 §38

2.2. Effectiveness

2.2.1. Level of program engagement with and support to FIs in target countries to support SMEs in GEF-eligible activities

The evidence available shows that the support to FIs was effective. The target regarding the number of supported FIs (6) was met and the targeted type of support was provided. FIs in Peru and Mongolia and Conservation International explicitly highly appreciated the support received from the program. Tensions and discussions with clients arose only in the Boundary Hill Lodge stand-alone project. However, the target on the number of supported FIs seems modest, in particular in view of some other program and project level targets. The program started negotiations with a significant number of FIs originally, without being able to materialize collaboration agreements. Some barriers were external, such as structurally challenging cultural and policy environments and non-structural economic crisis. However, as noted in section 2.1.1.1 above, some barriers were internal, such as the narrow approach of the program by design.

The performance at SME level is still pending final assessment given on-going investments that have yet to yield their full results. To date the program has not yet met its target on the number of GEF-eligible SMEs (500) and the number of loans. Three of the projects (Peru, Conservation International and Mongolia) met all their targets. Indonesia did not meet its targets. At the time of this evaluation, the targets are not yet met in China, although program supervision reports expect them to be met by the end of the investment cycle. Based on this expectation, one of the latest program supervision reports argues that the target in the number of SMEs is still likely to be reached at the program level. IFC also expects to meet targets in terms of number of loans upon completion of the CHUEE-SME project. Only the projects related to biodiversity conservation set targets and/or monitored the number of jobs created. While the target was not met in Egypt, a significant number of jobs were created through the Conservation International project. Some jobs were created also in the Boundary Hill Lodge project.

2.2.1.1. EBFP engagement with and support to FIs

Number of FIs supported by the program

The Program Document (ProDoc) (p.2) and the approval document indicate that the objective was to support at least 6 FIs. This seems however inconsistent with other targets included in the program ProDoc, such as covering 30 to 40 countries. It also seems inconsistent with some ProDocs at project level. At approval, 2 to 4 FIs were targeted in Indonesia, and at least 2 were targeted in Mongolia.

By the end of the program, 8 Financial Intermediaries had been directly supported: 4 in China (Bank of Beijing, Bank of Jiangsu, Bank of Rizhao and another -the Agricultural Bank of China- under negotiation), 1 in Mongolia (Xac Bank), 1 in Indonesia (Permata Bank), 1 in Peru (BBVA Continental), and Conservation International, which provided loans in multiple countries[45]. Although the partner in Egypt, EQI, has a micro credit business, the EBFP project did not involve this, engaging only self-

[45] One of the latest program supervision reports sustains that EBFP has provided financing to 9 FIs, but CHUEE-SME subsequently dropped two FIs for non-participation in the RSF and added another FI.

financed business units, with no lending. In Tanzania, a public trust fund was created under the parallel Lolkisale project to accept private sector payments for use of the protected areas, but no financial intermediary was directly involved.

To date, EBFP support to 6 FIs has resulted in financial or environmental benefits, with two banks in China (Bank of Rizhao and Agricultural Bank of China) yet to be become active, and therefore, not having achieved yet financial nor environmental impacts. The China SME sub-project (CHUEE SME) will remain financially open until 2023, and are expected to generate significant impact as they mature.

In addition to the FIs that received financing and technical assistance from EBFP, the program engaged with several other banks but negotiations did not result in collaboration agreements. One of the key reasons for not some of the discussions not materializing into projects was the challenging cultural, policy and economic environments in some countries. In Indonesia, the difficulty to attract FIs, particularly banks, seems to be associated with both cultural and legal obstacles. For example, in the case of Indonesia, the conservative approach taken by the Central Bank following the Asian Financial Crisis reinforced the commercial banks' traditional reliance on asset-based lending rather than cash-flow based lending. Pure energy efficiency financing was not an attractive asset class for the banks because they did not accept performance/savings guaranty as collateral, preferring to rely on real property or buildings as collateral.

Type of support provided to FIs in target countries

The program ProDoc (p. 15) indicates that the TA for FIs would include:

- The implementation of standardized appraisal and risk management processes and procedures, including credit scoring.
- Information dissemination on sectoral specific risk and appraisal issues.
- The implementation of an effective monitoring and supervision system.

More details of the TA program for FIs are provided in pages 12-13. In particular, this would include the following activities:

- a range of training programs, including training in environmental finance and IFC environmental and social guidelines;
- the hiring of staff with environmental finance expertise (such as an environmental loan officer) to internalize this knowledge and increase the FIs human capital;
- the design of an FI-specific scorecard with both environmental and financial performance measures, and the implementation of a real- time automated M&E system to improve portfolio supervision;
- the introduction of other tools and techniques to aid in the management of the GEF-eligible SME portfolio;
- the development of computer-based expert 'help' systems for the routine use of FI decision makers; and
- capacity building to strengthen the EBFP- related monitoring and evaluation capacity of the FIs.

In addition to TA, FIs would receive support in terms of liquidity and risk (pages 10-11). As developments in financial markets occur, and depending on the local markets and the needs of the FIs, EBFP would potentially be able to offer also other forms of financing. The program ProDoc (p. 15) lists the benefits that FIs can accrue by participating in the program and receiving this support.

The review of the projects shows that this support was provided by the program. According to its completion report, in Peru, the program supported BBVA in building the internal capacity and finding the right consultants needed to implement a new financial product for SEF. Interviews indicate that significant knowledge transfer took place, with one consultant sitting in BBVA's office for a while and training a number of senior staff, as further discussed below.

In Indonesia, the project supervision reports show that the program supported Permata Bank in strengthening its capacity to identify energy projects, assess the risks of these projects, structure energy efficiency improvement projects (including clean production projects) and equipment loans, analyze renewable energy projects, and lend to such projects. The restructured delivery of Advisory Services (AS), the establishment of new SEF work flows, and training of bank relationship officers translated into greater SEF deal flow, improved engagement of Permata staff, and increased awareness of the program within the bank and its clients.

In Mongolia, as discussed in section 2.2.3.1 below, a comprehensive set of training sessions was implemented. This included general training, such as a half day workshop to introduce RE and EE technologies and ESCP models in China; practical training, such as demonstrated financial analysis of projects, energy savings and emissions reduction assessment of projects and energy audit report of projects; and site visits. These activities involved around 60 people, mostly from the FI, but also from 10 SME clients. In addition, in 2013 the IFC team participated in the 30th Asian Banks Association conference hosted by the Mongolian Bankers Association in Ulaanbaatar, where IFC introduced the SEF program to over 200 participants. Moreover, according to its completion report, 3 training sessions were provided in 2013 to 13 bank officers.

In China, the program provided training to 150 bank staff. Capacity building focused on the central and provincial management levels where project approval is conducted. Although there was no specific train-the-trainer program, the training allowed the core teams engaged with green lending delivering mini-trainings to other bank staff. In addition, the program provided support to cover up to 10% of first loss. 154 entities received advisory services (the target was 20).

Regarding Conservation International, the program provided a 25% performance bonus and a grant for technical assistance focused on the monitoring and evaluation activities. In particular, according to its completion report, Conservation International supported this initiative by hiring specialized investment and M&E staff for the fund both in CI's headquarters and in the field. CI headquarters also provided legal and financial management services to their Verde Ventures (VV) fund and its borrowers, and leveraged its field presence from other CI programs to develop the pipeline for VV and to provide AS to its investees.

In addition, the program included the SEF Portal. Although it was beset by important limits in scope and functionality, as discussed in section 2.2.3.1, it provided relatively useful information to practitioners.

FIs' level of appreciation of the support provided by the program

The program was highly appreciated by FIs in Peru and Mongolia, and by Conservation International. According to the corresponding completion report, in Peru, the Client expressed its satisfaction with the deliverables and the overall project and chose to continue working with one of the consultant from the project to continue evaluating EE deals for them. In Mongolia, the president of the Xac Bank wrote that the feedback from his bank peers and the senior management of the holding company was very positive and encouraging. In addition, during a mission XacBank's Deputy CEO expressed his appreciation and mentioned that XacBank's clients were also very happy with the service and advice provided by the IFC SEF team. In addition, Conservation International was highly appreciative of the assistance provided by IFC. According to interviewees, the formulation of grant plus finance allowed them to demonstrate a model that could work even with very high transaction costs whereby viable SMEs could be established and supported to generate global environmental benefits. Information on overall beneficiary satisfaction is not available for Indonesia, China, Egypt and Tanzania. In the latter, however, the legal dispute suggests that the beneficiary was not satisfied. The evidence presented below suggests that participants to workshops were generally satisfied with the training and awareness raising provided by the program.

2.2.1.2. Extent to which the program allowed FIs to support SMEs in GEF-eligible activities

Number of GEF eligible SMEs supported by each FI

At program level, the initial target was to support 500 GEF-eligible SMEs by the end of the project, with the possibility of reaching 1,000 SMEs if the program was successful in all the countries (ProDoc, p.2).

According to the last program supervision report, only 112 SMEs had received by then access to finance for GEF eligible activities. The distribution was 69 in Peru, 3 in Egypt, 1 in Tanzania and 39 through Conservation International. However, the supervision reports argue that the target of 500 is "still likely to be reached". They expect that the CHUEE SME program (with IS and AS components) will reach an additional 370 SME borrowers by 2017 once the risk sharing facility is fully utilized. The rating reflects this position. At the moment of this terminal evaluation it is uncertain whether that target is likely to be reached by 2017, in view of past performance.

These numbers are however tricky. First, because they do not reflect the progress made in Mongolia, China and Indonesia. In Mongolia and China, there is no information on the number of SMEs financed. However, project documentation indicates the number of loans provided. Although a given SME could take more than one loan, as a proxy, it can be assumed that each SME received just one loan. Following this assumption, 98 SMEs were financed in Mongolia by the target date of November 2015, and 52 SMEs were financed in China by 2016. In Indonesia, the program financed 5 medium to large enterprises instead of SMEs, according to its completion report. The assessment provided at the program level is also tricky regarding some of the numbers that are included. Although the program report indicates that 39 SMEs were financed through the Conservation International Verde Venture fund, according to its completion report, the IFC-Conservation International directly supported 15. The remaining 24 were financed under the Overseas Private Investment Corporation (OPIC), Starbucks and the Agence Française de Développement (AFD). If these numbers are taken into account, the program would have supported 238 SMEs, better, but still below the target of 500 SMEs.

In terms of project performance, Peru exceeded its original target of 40 SMEs, Conservation International met its target of 15 SMEs and Indonesia did not meet its target of 50 SMEs. Our proxy suggests that the 80 SMEs target was exceeded in Mongolia, and the 175 SMEs target was not yet met in China.

Number loans to GEF eligible SME borrowers

Overall, the program does not appear to have met to date the targets regarding the number of loans. Although, as illustrated in Table 9, the performance is mixed, the sum of original targets is higher than the actual numbers at the time of this evaluation. At project level, in Peru, Conservation International and Mongolia the targets were exceeded. In Indonesia the target of number of loans to SMEs was not met. China has not yet met its targets. As indicated in previous sections, targets can however still be met in China. In any case, one of the latest supervision reports provides interesting insights on the reasons for the low performance in that country. According to that source, this is due to the economic situation, with an economic slow-down as Chinese SMEs faced greater business challenges, and the SME eligibility criteria that restricted partner banks from acquiring potential interested borrowers whose business size is beyond the limit of SMEs. No information is available for Egypt and Tanzania.

Table 9. Number of loans to SMEs

Project	Initial target	Achievement
Peru[46]	40	69
Indonesia[47]	50	5 (but not SMEs)
Mongolia[48]	80	98
China[49]	175	52
Conservation International	15[50]	121

Source: Project Completion Reports

Number of people employed in GEF-eligible activities

Only the projects related to biodiversity conservation set targets and/or monitored the number of jobs created, given that these were direct investment in SMEs and therefore, unlike in FI-oriented projects, the project teams were able to track and verify data. The Egypt project supported the creation of 560 jobs, 432 of which were women, when the target was 950 and 450 jobs, respectively. The Conservation International project created 1,560 permanent direct jobs in the peak year. The Tanzania project did not establish a target, and did not set a baseline, although, the anticipated primary impact of the project was the creation of jobs. As the lodge is operating commercially now and it is owned by the Village Council, local jobs have been created as a result of the assets created by the project.

2.2.2. Progress towards achieving the desired market changes to encourage FIs to lend to SMEs in GEF focal areas

Overall, the program was not successful in changing policy environment in cases where the business environment was less conducive to environmental SME projects. While the approach to support local actors who would potentially influence domestic policy was reasonable, it did not appear to have had much success in achieving this goal.

EBFP-supported projects were very successful, however, in introducing a new product line (sustainable energy financing) to the partner banks that were lending to SMEs. Most of the partner banks and the private equity fund (Verde Ventures) supported by the EBFP program are continuing to their lending in the GEF focal areas after project completion.

The program has helped increase the supply and demand for GEF-eligible goods and services in the target country markets. Above all, EBFP has been very successful in enabling SMEs to access financing for environmental/climate change mitigation projects.

2.2.2.1. Program work on appropriate policy environment for business

Presence of energy subsidies and level of market distortion caused

The policy environment was a significant barrier only in Indonesia. The approval document highlights some positive trends such as the creation of a dedicated government agency called the Directorate General of New Energy, Renewable and Energy Conservation who oversees the strategic development of EE and RE in Indonesia; the gradual removal of subsidies in electricity tariff for industrial and commercial end-users; and the creation of the Green Banking Working Group within Bank Indonesia to review banking policies that are hindering the growth of EE financing. However, after two years without much movement, the approval Revision document states the Government's political decision to retain the oil price subsidy remained a major barrier. Interviews suggest that this has not changed.

In China and Mongolia energy subsidies were high, but did not significantly affect the projects. According to a report by the International Monetary Fund (the report *How Large Are Global Energy Subsidies?*), China has the largest energy subsidies in the world. However, starting from a low baseline, subsidies seem not to have impeded investments. The same seems to be the case in Mongolia, where subsidies for industry were reduced in 2013 resulting in 20% higher electricity prices for industry.

Certification and recognition for organic food products

Only the Egypt and Conservation International projects involved some kind of certification. In Egypt about 500 feddans[51] obtained the European Organic Certification in the production of olive, dates and herbs . Of these, 52 feddans were also certified by the US National Organic Program). Interviews

[51] A feddan is a unit of area equal to 0.42 hectares. It is used in Egypt, Sudan, Syria and the Sultanate of Oman. In Classical Arabic, the word means 'a yoke of oxen': implying the area of ground that could be tilled by them in a certain time.

suggest that through the Conservation International project 10 entities received certification by Rainforest Alliance and Starbuck's Café Practices.

2.2.2.2. Continued lending from FIs in GEF focal areas after the completion of the program

Number, type, size of lending facilities in GEF focal areas after project completion.

Although attributions are always tricky, the program seems to have been effective on this. Lending in GEF focal areas after project completion can be clearly identified in almost half the countries covered: Peru, Mongolia and the Conservation International project. In Peru, although not part of the official reporting, BBVA Continental disbursed at least additional USD 20 million on eligible SEF projects after the completion of the project. In Mongolia, Xac Bank has continued eco-banking with support from EBRD. The CI Verde Ventures resulted in the design of a second phase, Verde Venture 2, supported by IFC, given the demand for finance from companies producing sustainable products. Financed by KfW and managed by a fund manager in Germany as the Eco Business Fund, without the participation of CI, interviews indicate that Verde Venture 2 disbursed USD 50 million in the first year through local banks in the active countries. In China there is evidence that market is growing, but it is unclear whether this is the direct result of EBFP alone. A new engagement with … the Ministry of Environmental Protection (PRCEE) was signed for USD 100,000 . Only in Indonesia the program seems not to have succeeded on this. Interviews suggest that new markets are not being developed in this country, the FI focusing instead on maintaining and monitoring its existing client borrowers. As they received direct support, the projects in Egypt and Tanzania are not relevant regarding this.

Changes made in the FI's lending processes to reflect peculiarities and risks of environmental lending

Except in Mongolia and Indonesia, sustained changes in the lending process seem to have taken place in the supported FIs. In Peru after IFC's advisory to BBVA was completed, the Client decided to hire an individual consultant, who had been a key member of the external Local Environmental Advisor, on a project by project basis to continue assisting BBVA with the technical evaluation of EE loans. The Verde Venture 2 uses financial intermediaries in the countries, which was not common in this kind of projects before the IFC / IC Verde Venture fund. In China, the use of the Climate Assessment for Financial Intermediary Investment (CAFI) tool has modified the lending process. This tool is a streamlined greenhouse emissions tool that takes only a few minutes to use provided the borrower has adequate data. Conversely, no specific changes in the lending processes have been identified in Mongolia, where the project consisted more in scaling up than in bringing a new credit line, as Xac Bank was already a sustainable energy finance lender. In Indonesia, where the FI is focusing on maintaining and monitoring its existing client borrowers, changes in the lending processes are not evident.

2.2.2.3. Extent to which the Program allowed environmental business to grow

Increase in the supply and demand for GEF-eligible goods and services in the target country markets

Overall, EBFP helped increase the supply and demand for GEF-eligible goods and services in the target country markets. In China, the program helped FIs identify and engage with more green lending opportunities, according to interviews, at the same time it supported the broader green finance program promoted by the PRCEE. Interviews suggest that in Peru BBVA has currently many EE projects, although not defined as such but instead as related to physical improvements under common investment lines. In Mongolia, available information suggests that the banking industry is increasingly interested in green lending. As noted above, Xac Bank has continued eco-banking with support from EBRD. In addition Khan Bank has joined the market, also with support from EBRD. Moreover, the presentations in a recent banking conference in Ulaanbaatar suggest that local banks are showing an increasing interest in environmental business, either for pure business or corporate social responsibility reporting reasons. In Egypt, the agro culinary component and certifications proved particularly important to produce new goods that created value (e.g. olive jam) and reach organic food markets in Europe and North America, according to an interview with EQI. According to that source, the IFC loan encouraged EQI to top it with additional investment in the Initiative, exploring areas that were not really priorities when they first engaged. In Tanzania, together with the parallel GEF Medium Size Project (MSP), EBFP was able to create conservation incentives to reverse agricultural conversion of very valuable land by promoting wildlife-based tourism, according to the statements of local observers in the Tanzanian Natural Resources Forum in December 2003. As noted above, a second phase of Verde Venture was approved helping increase the supply and demand of GEF-eligible goods and services. In short, although attributions are always tricky, and the previous examples indicate more correlation than causality, existing evidence suggests that the program contributed to growing the supply and demand for GEF-eligible goods and services.

Indonesia was the only country where this is not so clear. Here, the effect in the supply and demand for GEF-eligible goods and services was limited by the significant policy and economic barriers discussed in section 2.2.2.1 above. Although the project was able to support hydro-electricity and industrial energy efficiency projects in textile and steel mills, these barriers made it difficult to engage FIs. However, according to Permata Bank, EBFP helped the Banks' clients to improve process and production, increase client profits, generate new revenues and at the same time make a positive contribution to climate change mitigation.

Amount of money lent to GEF eligible SME borrowers

Overall, the program does not appear to have met to date the targets regarding the amount lent to SMEs. Although, as illustrated in Table 10, the performance is mixed, the sum of original targets is higher than the actual numbers at the time of this evaluation. At project level, in Peru and Conservation International the targets were exceeded. In Indonesia the target was exceeded, but not with SMEs. In Mongolia the target on the amount of money lent was not met. China has not yet met its target. As indicated in previous sections, targets can however still be met in China. In any case, one of the latest supervision reports provides interesting insights on the reasons for the low performance in that country. According to that source, this is due to the economic situation, with an economic slow-down as Chinese SMEs faced greater business challenges, and the SME eligibility criteria that restricted partner banks from acquiring potential interested borrowers whose business size is beyond the limit of SMEs. No information is available for Egypt and Tanzania.

Table 10. Amount of money lent to SMEs

Project	Initial target	Achievement
Peru[52]	30,000,000	34,700,000
Indonesia[53]	37,500,000	63,384,211
Mongolia[54]	40,000,000	13,780,000
China[55]	558,000,000	136,771,307
Conservation International	5,480,000	21,925,804

Source: Project Completion Reports

What was the risk appetite of EBFP and the FIs?

As stated in the Project Document, finance is difficult for SMEs, especially those doing environmental business, as they are perceived as risky. In this background, building on recent best practices that had demonstrated that SME finance can be made profitable with the appropriate approach and methodologies, the Financing Facility was developed to share the risks associated with building a portfolio of GEF-eligible SMEs by FIs and to provide FIs with performance-based financial incentives for predetermined environmental and financial benchmarks.

Broadly there was risk appetite in the program. Risks were assessed and Risk Sharing Facilities or other mechanisms to mitigate risks, including performance bonuses, were created. Risks were addressed at various levels.

CHUEE addressed risk at the Financial Intermediary level with a Risk Sharing Facility. First loss coverage of up to 10% was financed by the GEF EBFP and GEF WB Energy Conservation II project through the Ministry of Finance. In addition FIs would pay IFC RSF fees of 1% to buy in and 2% of finance volume with an expected ramp up of 3 years. This enabled IFC to offer a 50% risk sharing agreement to the Financial Intermediaries, which otherwise could not have been offered. The Risk Sharing Facility was shared by the GEF, the IFC and the FIs. GEF enabled IFC to offer a product they would otherwise not have. FIs took the Risk Sharing Facility for USD 137 million but there appears to have been competition in the market in China and the service appears to be price sensitive. Also there may also be an aversion to additional procedures associated with obtaining the RSF.

Risk sharing facilities were proposed in Indonesia and Mongolia as well. In Indonesia less risky larger projects were attempted prior to down scaling to the SME market. In Mongolia, Xac Bank preferred access to credit and was prepared to take the risk itself. In Peru, performance bonuses were included both for BBVA at the general level and to loan officers. This encouraged FIs to take risk themselves.

Conservation International had a close alignment in goals and strong network with additional grant funding from other sources that allowed them to take significant risk, even on small scale farmers. They achieved a 92 % loan repayment rate with rescheduling often required. The performance bonus funding was then used for more technical assistance.

In Egypt, the risk was relatively high, in part because various costs were high due to the isolation and inaccessibility of the oasis (United Nations Development Program (UNDP): Growing Inclusive Markets – Siwa Sustainable Development Initiative). Although it decided not to take any physical security, in order to protect itself against non-payment risk, IFC took safeguards. These included putting in place limitations on the partners' ability to dispose of assets, make additional investments or make withdrawals on the company. The president and 50% owner of the company was also appointed as a personal guarantor, and personally committed to cover any deficiencies. These safeguards would normally have been enough to ensure a successful project. However, the political instability related to the 2011 revolution affected the project negatively. On June 2014, the client had still a debt of at least USD 116,000. The SIWA project owner indicates that they should be able to pay it back in the next couple of years.

The risk was high in Tanzania, and was not properly assessed. At approval the risk analysis focused on technical aspects of the project that could go wrong without realizing that the firm did not have adequate business skill and capacity in running a lodge. Poor project management from the sponsors led to construction delays. In addition, a poor marketing strategy resulted in significant underperformance. After financial difficulties that ended up in court, the IFC/GEF debt was sold to the community for one dollar, while BHL received USD 400,000 in loans. In parallel a USD 450,000 GEF grant was made for the Lolkisale Conservation project also through IFC. The BH Lodge is now operating with a new operator. Two other lodges are also operating there. There is evidently a strong business case for private sector lodges paying for the use of protected areas, just that the SME in this case failed.

In conclusion, IFC took risks in several projects where there was a business case. The two small stand-alone projects (Egypt and Tanzania) had significant difficulties for other reasons and were a very small part of the biodiversity portfolio. Performance bonuses apparently increased the risk appetite of the FIs as finance targets were exceeded relatively quickly. EBFP did take risks, FIs evidently took more risk than before the program and overall losses were very small and the leverage ratio met.

Were the Risk Sharing Facilities drawn down or maintained considering fees and grant support?

CHUEE was the only project in EBFP to use a Risk Sharing Facility. To date there are no Non-Performing Loans reported and the GEF first loss of USD 22.3 million remains unused. This is due to several reasons. On the one side, this is explained by the quality of FIs and the loan portfolio. On the other side, this has to do as well with the availability of other risks sharing mechanisms in China. According to the mid-term review evaluation, the China's state owned enterprises and local governments operate risk sharing facilities that cover 100% of the loss and charge lower fees. Coverage of 75% would have offered a bigger incentive for loans to small enterprises. The extent to which the indirectly leveraged "Green" sustainable energy finance was using a Chinese domestically operated risk sharing mechanism is unknown.

2.2.3. Projects contribution towards enhancing the technical capacity and raising awareness among FIs or other market players

Overall, the program contributed towards enhancing the awareness and technical capacity of market players. Their engagement was mainly induced through capacity building and awareness raising activities. Formal partnerships with national authorities were also signed in Indonesia, China and Egypt.

Capacity building and awareness raising activities were conducted at global and national levels. At the global level the efforts were initially channelled through the SEF Portal. Although the portal had limits in scope and functionality as a pilot, in part due to engaging a small range of stakeholder in the design phase, it provided useful information and contributed to the development of more mature tools at IFC later on. Funds from the SEF Portal project also covered the first SEF Knowledge workshop in 2010, and the visit of an IFC client bank in Czech Republic to the Philippines.

Most of the capacity building and awareness raising work was conducted at the project level. Efforts were particularly significant in China, Indonesia and Mongolia, and were weaker in Peru, where most of the targets on this were not met. To a significant extent capacity building focused on FIs. These activities improved lending processes in some countries. Effectiveness of including capacity building at FI as part of core staff training programs is confirmed in Indonesia and evident in Mongolia, where they already had dedicated staff, and in China, where a large volume of green SEF lending is occurring.

To a large extent, EBFP consisted of promoting innovative products. Specifically, innovative financial products were developed in China, Mongolia and Peru. In China, Mongolia and Peru evidence shows that lending on GEF-eligible activities was profitable for the engaged FIs. In the case of the investments with Siwa and the other investments, the profitability of their activities is less clear. Building on the experience and momentum created by EBFP, environmental business is now being taken up by FIs in Brazil, Dominican Republic, Colombia and Mexico. This seems to be the case also in China and Mongolia. Interviews suggest that some FIs have entered the sustainable agriculture space with the assistance of CI.

2.2.3.1. Extent of engagement with a variety of stakeholders to raise awareness on the GEF-eligible SME market

At the global level, the SEF Portal sought to raise awareness on the importance and interest of the GEF-eligible SME market. However, the portal was limited in scope and functionality. As recognized in its completion Report, the content related primarily to IFC's work in Eastern Europe in the late nineties and the Portal's functionality allowed only for document search and storage, without serving as robust knowledge sharing platform.

In any case, it was an important stepping stone in the evolution of the SEF community of practice because it was the first attempt at gathering, documenting and organizing project material related to

IFC's earliest experiences with sustainable energy investments. In this sense, the portal leveraged two subsequent climate knowledge sharing platforms (iCollaborate-Climate and FIRST for Sustainability) that provide a comprehensive resource for SEF audiences - AS and IS as well as internal and external client access.

Building on the lessons from SEF Portal, these platforms storage media files in addition to documents, foster knowledge transfer by facilitating social interaction and learning through online and virtual collaboration opportunities, and are linked to multiple sectors and departments, being flexible to the different approaches and market environments of distinct regions. For instance, while the SEF Portal was only in English, the information regarding SEF is in Chinese, Spanish, French and Russian, in addition to English. According to SEF Portal's completion report, both platforms have been widely used by seasoned SEF practitioners as well as staff new to the topic.

It has to be noted that SEF Portal's deficits are linked to its stakeholder engagement process. According to its completion report the SEGEF team reached out to a relatively small group of potential users to determine the kind of information and tools they would require performing their work in SE Finance. As the same report recognizes, this focus group should have been much larger and more systematically approached. Staff from other areas such as IT, KM and Communications and projects such as Commercializing Energy-Efficiency Finance (CEEF) Program and Hungary Energy Efficiency Co-financing Program (HEECP) could have added value to product design.

Number and type of events organized to raise awareness on opportunities within environmentally sustainable businesses; Number and type of domestic market players that have attended awareness raising events; Type of content/knowledge transferred

Raising awareness was one of the objectives (ProDoc page 8) and one of the expected outcomes (page 9) of the program. The program ProDoc indicates that the development of a more enabling environment for GEF-eligible SME finance would include "developing specific activities to increase market awareness and demand for GEF-eligible products and services, through such activities as ongoing training and workshops, exchange programs, programs with academic and research institutions and support of NGO campaigns to raise public awareness" (page 18). Country endorsement, engaging national GEF Focal Points, was also meant to increase awareness (page 22). Awareness raising-related indicators were to be included in the logical framework (page 81). Training would be provided at 3 levels: at the market level, at the FI level, and at the SME level. The Prodoc (pages 12-13) specifies the content of the knowledge that would be transferred. The number and type of events to be organized to raise awareness on opportunities within environmentally sustainable businesses was not provided in the program ProDoc.

At the global level, a SEF knowledge workshop was held in Prague in spring of 2010. Funded by the SEF Portal project[56], the three-days event brought together for the first time over 60 advisory and investment practitioners from different regions and both AS and IS and internal and external stakeholders, including a significant number of investment officers and Directors from FinMech. Topics under discussion included the SEF global strategy, pilot and current programs, and the advisory and investment elements of the product. The event also included a session to present SEF product to other FIs and the GEF, with a focus on how staff can work together to rapidly expand sustainable energy financing globally, and provided practitioners with a web-based platform (AskFM). In addition, 3 round tables had been held by 2010. Furthermore, the SEF Portal project funded a visit from bankers

[56] The practice group meeting absorbed most of the funding originally planned for an online network of Banks and other stakeholders. IFC later absorbed 90% of the cost and left GEF only paying $18,000 for this activity.

from an IFC client bank in Czech Republic to the Philippines, where they held a series of roundtable discussions with individual banks as well as speaking at a breakfast seminar for banks in Philippines.

At the project level, awareness raising efforts were particularly significant in China, Indonesia and Mongolia. IFC's Capturing Our Impact Campaign awarded the team of the project in China for its efforts on knowledge sharing. Two events were organized in 2013, with over 200 participants, with 174 individuals reporting improved SEF knowledge. These events facilitated dialogue among SEF market stakeholders and the key findings of the China SME report and ESCO study were shared with the participants. In addition, the team presented the CHUEE Experience in 8 external events. According to the last supervision report, 2,119 people attended the conferences and workshops organized by the team, while the target was 200. Satisfaction of participants was significant, with 384 of 392 attendants indicating that they were satisfied or very satisfied. 972 copies of project materials were also distributed or downloaded.

In Indonesia, the efforts made to raise awareness were also strong. Workshops were organized in 2009, 2010 and 2012. Two workshops were organized in 2009 to present the findings of the scoping study and increase awareness of sustainable energy initiatives among commercial banks, government officials, and other stakeholders. The first workshop was attended by 71 people, while the second was attended by 30 people representing various institutions, and generated interests from PLN and regulators with regard to the electricity generation potential from biogas/biomass facilities out of Palm Oil Mills. An additional workshop was held in 2009 as part of the Sustainable Jakarta Convention, a seminar to raise public awareness on the importance and benefits of sustainable practices, focusing on sustainable construction, energy efficiency and conservation, waste and water management, and financing and investing for sustainability. The event attracted 127 participants and generated 17 media coverage. In 2010 a workshop on renewable energy financing was organized jointly with SMBC and ECO ASIA, attracting 58 participants (15 women) from various financial institutions. In 2012 a two-day renewable energy workshop was organized for major commercial banks in Indonesia. The workshop discussed the policy and regulatory environment for renewable energy projects, the legal side of renewable energy project financing, the potential of co-financing on renewable energy with IFC and key aspects of fuel acquisition and contracting, with focus sessions on hydropower, biomass, and biogas projects. The workshop was attended by 38 participants (12 women). According to the information provided in the project supervision reports, all the workshops were significantly successful. In all cases, more than 95% of the participants that provided feedback indicated to be satisfied or very satisfied.

In Mongolia, a comprehensive set of training sessions was implemented. This included general training, such as a half day workshop to introduce RE and EE technologies and ESCP models; practical training, such as demonstrated financial analysis of projects, energy savings and emissions reduction assessment of projects and energy audit report of a project; and site visits. These activities involved around 60 people, mostly from the FI, but also from 10 SME clients. In addition, in 2013 the IFC team participated in the 30th ABA conference hosted by the Mongolian Bankers Association in UB, where IFC introduced the SEF program to over 200 participants. Moreover, according to its completion report, 3 training sessions were provided in 2013 to 13 bank officers.

In contrast, in Peru the results on this were limited. The target was to conduct 10 workshops, training events, seminars or conferences with 6 bank staff to raise awareness on the EE credit line eligibility criteria, and financial evaluation on EE key issues. In addition, the project aimed for the participation of 200 people in workshops, training events, seminars, conferences, etc. Furthermore, the project aimed at organizing 3 market awareness workshops with relevant industry associations to present EE benefits, technology and trends and introduce the bank loan offering to member SMEs, and train 5 partner vendors on meeting technical assessment requirements for loan applications. According to its completion report, only the target on bank officers was met, with 60 bank officers trained. All the other targets were not met. Only 3 workshops, training events, seminars, conferences… were conducted during the period, no vendors were trained and no general market awareness workshops were conducted.

Awareness raising efforts were also weak in Egypt and Tanzania, and for Conservation International. In Egypt and Tanzania awareness raising was conducted locally with other donor and GEF support. In Egypt there is no final data available on the capacity building activities that were actually conducted. In 2007 the project reported that it intended to train 60 farmers in olive harvesting techniques, 40 people in post-harvest techniques and 40 farmers in compositing, producing high quality organic fertilizers. In Tanzania community engagement on biodiversity conservation was promoted through the complementary GEF supported Lolkisale project, as community sensitization, consultations and capacity development were key achievements of the project. Finally Conservation International took on this activity as part of their regular procedures. CI VV has outreach activities in 20 to 30 countries as part of their core operations.

Although, as noted above, according to the program Project Document, training would be provided at the market level, FI level and SME level, as shown in project reviews most of it focused on the selected FIs, perhaps as a result of the emphasis on FIs as aggregators.

2.2.3.2. Development of partnerships with NGO, TA, biodiversity services providers for TA support to SME

The program Project Document highlights the importance of creating partnerships with "national market players such as local TA providers, existing GEF-funded programs and implementing agencies (UNDP's GEF-funded Small Grants Program, United Nations Conference on Trade and Development (UNCTAD)'s Empretec), related bilateral and multilateral organization programs, local environment funds and initiatives put in place to enhance the implementation of international conventions for biodiversity, climate change, land degradation and POPs. These partnerships would also entail linking SMEs and FIs with additional market players or other organizations that may wish to purchase or compensate for the environmental services delivered" (p. 41).

However, only in Indonesia, China and Egypt there is some evidence of formal partnership. In Indonesia, IFC signed a Memorandum of Understanding (MoU) with Sumitomo Mitsui Banking Corporation and ECO Asia with the purpose of promoting sustainable energy projects through capacity building for FI, co-financing feasible sustainable energy projects, and Clean Development Mechanism development and carbon trading. In China, CHUEE signed a cooperation agreement with Policy Research Center for Environment and Economy (PRCEE) State Environmental Protection Administration of China that is tracking green SEF finance. In Egypt, EQI signed an agreement with the National Research Center to design and construct biogas digesters. Nevertheless, only one of the five planned bio-digesters was built and the market did not take off. The evaluation team is not aware of formal partnerships with national authorities in other countries.

In any case, it is important to note that in Tanzania, where the original sponsors were from the private sector and ran a tourist agency, the community organized and registered as an organization under the parallel Lolkisale project.

2.2.3.3. Extent to which the technical capacity of FI was increased regarding environmentally sustainable business practices

Number of FI that have developed adequate credit risk processes and control

All 8 of the FIs supported by the EBFP program have developed adequate credit risk processes and controls: BBVA in Peru, Permata Bank in Indonesia, Xac Bank in Mongolia, Conservation International globally and Bank of Beijing, Bank of Jiangsu and Bank of Rizhao in China, with the Agricultural Bank of China in process to be added. In Indonesia, the credit risk processes and controls are only partially complete as SME lending is not evident and risk would be different with them.

Number of FI that have developed innovative financial products to meet the evolving needs of eligible SMEs

To a great extent, EBFP consisted of promoting innovative products. For instance, the greenhouse gas emissions loan product was a new activity for Xac Bank in Mongolia. Specifically, innovative financial products were developed in China and Peru. In China, 5 new financial products were designed. In Peru, the EE portfolio included lots of small deals (i.e. < 100k) some of which located in "frontier regions", as defined by IFC. For CI the practice of reducing the interest rate as a performance bonus if the borrowers met the impact targets could also be considered innovative.

Number of FI that have access to specialized financial and information technologies

The main new tool was the Climate Assessment for Financial Intermediaries, which calculates GHG emissions reductions. This tool was used in Mongolia and China. In Mongolia, the Xac Bank went to potential loan clients within their portfolio and reviewed with the client opportunities that met the EBFP threshold of renewable energy or 15% energy efficiency improvement.

2.2.3.4. Awareness raising activities carried out to attract FIs to lend to Environmental Business

Evidence that Environmental business is being taken up by other FIs

According to completion reports, environmental business is being taken up by FIs in Latin America and the Caribbean. This is the case in Brazil, Dominican Republic, Colombia and Mexico. In Brazil four banks (Santander, Itau, Tribanco and Banco BIC) have showed interest. Santander, which has had difficulty using its existing IFC SEF line of financing, has expressed interest in a variety of possible mechanisms to identify SEF projects, including partnering with a large company that would be willing to support SMEs in incorporating EE practices into their value chains utilizing its line of financing. Itau, which also has an existing line of financing from IFC, has indicated interest in using IFC’s Sustainable Energy (SE) Calculator, as well as getting possible support to develop its environmental and social policy. Tribanco is interested in energy efficiency in the retail sector, while Banco BIC is interested in support for its mining portfolio and in energy services. In Dominican Republic there is a new project with Banco BHD, which has benefited from lessons learned and materials from the BBVA project. These lessons are visible in the component for medium to long-term program development, which seeks to develop an appropriately structured relationship with ESCOs or equipment suppliers that can help BHD identify possible SEF projects. In addition, new SEF projects have been designed in Colombia and Mexico.

In China, the indirect green finance is a general indicator that banks are financing billions of dollars in SEF. In Mongolia, Khan Bank entered the market for SEF in 2015 partially due to concessional support from EBRD. Finally, interviews suggest that some FIs have entered the sustainable agriculture space with the assistance of CI.

Was the new capacity developed at FIs integrated in their core staff training programs in a sustainable manner?

As noted in section 2.2.3.1 above, EBFP included training in most of the countries. As indicated in section 2.2.2.2 above, the lending processes also changed in most of the countries as a result of EBFP. However, evidence of including capacity building at FI as part of core staff training programs is only available in Indonesia. Permata Bank claims that they are adjusting their learning curriculum by adding a SEF workshop. This is also evident in Mongolia, where they already had dedicated staff, and China, where a large volume of green SEF lending is occurring.

Revenue and/or profit from implementing GEF-eligible activities

In China, Mongolia and Peru evidence shows that lending on GEF-eligible activities was profitable for the engaged FIs. In China, the absence of non-performing loans under the Risk Sharing Facility suggests that the market was profitable for the FIs. In Mongolia, Xac Bank's annual reports show that the project was highly profitable. In Peru, the facts that BBVA exceeded finance targets and has provided more funds post project in the areas of the project indicate that the profit is significant.

There is scarce evidence however on the profit of other domestic market players. Information is only available for Egypt. Supervision reports suggest that the project benefited the local economy. For instance, new ecolodges were opened in Siwa in the wake of EQI's success. In order to cope with the volatility of fashion in Europe, the local community has created links with more stable producers in other parts of the world.

2.2.3.5. Extent to which GEF-eligible SMEs improved their skills in managing their business with EBFP support

To a great extent capacity building focused on FIs. As noted in section 2.2.3.1 above, a significant number of awareness raising activities were organized, but generally specific training was provided only for FIs. There are however some exceptions. In Indonesia 10 SMEs were trained. Conservation International also provided specific support to 15 SMEs. According to interviewees, technical assistance focused on business development, marketing and monitoring to demonstrate the biodiversity benefits and justify how they work. CI's science team assisted with this part. In Egypt, EQI can be considered itself a SME that has benefited from technical assistance. Among other things, the project helped Siwa Creations, EQI's brand name for the Siwan fashion line, professionalize its women's artisan operations. There is now a database that includes information on all beneficiaries, the training they have taken, and the products they have produced and sold. The process has also enabled Siwa Creations to have easily accessible operational information at their fingertips: Siwa Creations' staff can retrieve information related to its production capacity, costs, and revenues – all essential for an efficient and effective business. Moreover, the ability to report on development impacts has contributed to EQI being seen as a credible private sector partner for development. The 11th International Business Forum, organized by the World Bank Institute and the German Business Group, featured the Siwa Sustainable Local Development Initiative in one of its case studies on "Business and the Millennium Development Goals." In 2006, EQI was awarded the World Business Award by the International Chamber of Commerce and the United Nations Development Programme for its development initiative in Siwa.

2.2.4. Performance on the financial leverage achieved by the program

Available information suggests that the leverage target on the Technical Assistance or Advisory Services related co-finance was exceeded overall with variations project by project. A common approach cannot be identified regarding the players that actually provided additional funds and the types of activities to which leveraged funds were allocated.

2.2.4.1. Leveraging of additional funds by the program

Increase in financial resources that are allocated by FIs and SMEs to fund the growth of the GEF-eligible SME market

Leveraging additional funds is one of the expected global impacts of the program. The program Project Document notes that one of the global benefits would be to "Leverage... private sector capital and mobilize funding to support SMEs that impact the global environment and the local economy through job creation and introduction of business practices that generate long-term growth". In particular, the EBFP would "seek to leverage GEF funds by at least four times. The 4:1 ratio comprises an anticipated 7:1 leveraging of the Financing Facility and a 1:1 leveraging of the TA/AS Program.

The GEF C20/06/rev 1 co-financing document includes as co-financing all the resources generated subsequently to approval during project execution in order to meet project objectives, including the resources of that kind provided by IFC and the FIs. In this background, IFC considers co-financing raised subsequently to approval as a result of the project. In either case we have included co-finance deemed necessary to achieve the objectives of the project, especially co-finance to SMEs for environmental business.

According to the data available, USD 485.4 million in financing for SMEs was leveraged with USD 13.6 million EBFP investment funds, with a ratio of 35.7 to 1, well above the 8 to 1 target. At the project level, excluding the umbrella project, the ratio was almost 7 to 1 in biodiversity projects and almost 40 to 1 in climate change projects. This is explained by the performance of individual projects. The best ratio was achieved in China (44.6 to 1) assuming that the approved envelope of Risk Sharing Facility funds is materialized as loans (currently USD 136 million) by the end of the project. Significantly good ratios were also achieved in Peru (14 to 1) and with Conservation International (14 to 1). The ratio was low in a couple of small direct single SME projects, such as Egypt (0.4 to 1) and Tanzania (1 to 1). Although these remain good business cases for SME activity, they suffered business difficulties. Indonesia and Mongolia did not receive EBFP investment funds and are therefore not part of this calculation. The overall and climate change ratio and the total amount of co-finance are considerably influenced by China, while the biodiversity ratio is significantly influenced by Conservation International, given the relatively large sums mobilized there. The table 11 below presents the data.

Table 11. Investment Services related to co-finance (USD)

Project	Approved EBFP funds	IFC and other co-financing	Ratio
Tanzania - Boundary Hill Lodge	200,000	200,000	1
Egypt - Siwa Oasis	643,000	237,000	0.4
CI Verde Ventures and Conservation Enterprise Fund	750,000	10.5M	14
Biodiversity project total	1,593,000	10,937,000	6.9
Peru - BBVA	2,000,000	28,000,000	14
CHUEE III	10,000,000	446,414,219	44.6
Climate Change project total	12,000,000	474,414,219	39.5
Total biodiversity and climate	13,593,000	485,351,219	35.7

The previous numbers have to be read carefully. It has to be noted that the performance of the China project would be better if FIs' indirectly leveraged green lending, without the use of RSF, is considered to be partially influenced by the project.

For the Technical Assistance or Advisory Services related co-finance the ratio is the parallel donor funding and any fees paid by the FI to the GEF Advisory Service actual expenditures. As shown in table 12, IFC exceeded their target of 1:1 for technical assistance co-finance. It was highly variable project by project. A large amount of co-finance was also received by the Indonesia project as the EBFP funds were being withdrawn.

Table 12. Technical Assistance or Advisory Services related co-finance (USD).

	ADVISORY SERVICES		
Project Name	**Approved EBFP Funds**	**IFC and other cofinancing**	***Ratio co-finance to GEF***
Banco Bilbao Vizcaya Argentaria (BBVA) Continental	430,000	100,000	***0.2***
Boundary Hill Lodge (BHL)	35,500	0	***0.0***
China Utility-Based Energy Efficiency Finance Program (CHUEE)	2,185,000	4,064,436	***1.9***
Conservation International (CI2)	240,000	1,800,000	***7.5***
SIWA	466,074	455,579	***1.0***
Sustainable Energy Finance (SEF) Portal	180,000	0	***0.0***
Indonesia sustainable Energy Finance	405,000	1,534,786	***3.8***
Mongolia Sustainable Energy Finance	175,000	302,850	***1.7***
TOTAL	4,116,574	8,257,651	***1.2***

Players and types of funds that have provided additional funds to GEF-eligible activities

There is information for China, Egypt and Conservation International and to a certain extent Indonesia, Tanzania and Conservation International. In China funds came from multiple sources. The greatest donors were Finland and Norway (USD 3,839,000 and USD2,799,000, respectively). UNDP PEP MENA and IFC FMTAAS provided USD1 million each. The Conservation International grant channeled USD 0.4 million, while IFC provided USD126,565. Banks also contributed to projects. For example, in the case of CHUEE SME- FI Client contributions provided USD 222,000, while, in Mongolia, client fees was about USD 130,000. In Egypt, USD2 million came from UNDP's program in the oasis; USD237,000 came from the Strategic Grassroots Business Initiative, in the form of a loan; and USD175,000 came from PEP MENA, in the form of a grant, but much of it was not for GEF eligible activities, so only USD 1,000,000 is considered co-finance to the GEF objectives. For Conservation International, USD 400,000 came from the AFD, in the form of a grant.

In Indonesia, the Netherlands-IFC Partnership Program contributed to technical assistance work. According to its AS Completion report, in Mongolia XacBank was able to attract co-finance and grants from the Millennium Challenge Account, Dutch FMO and the Ulaanbaatar Clean Air Program to lower the cost of borrowing to lower income groups. In Tanzania, as noted, the leveraged funds came from the GEF-supported medium size Lolkisale Biodiversity Conservation Support Project. Regarding Conservation International, OPIC, AFD and Starbucks leveraged funds. The sources of the leveraged funds are not provided for Peru. In summary, there was significant level of additional funding from various sources at the project level for GEF-eligible activities.

Type of activities to which these funds were allocated

It was apparent that not all the co-finance available was in support of the EBFP objectives. In Egypt, where only part of the donor grants is considered GEF-eligible, the loan of Strategic Grassroots Business Initiative focused on capital expansion projects and working capital to expand the women's artisanship work that was initiated by EQI, while the PEP MENA grant funded technical assistance and capacity building for the women of the program. In the Conservation International project, funds from Starbucks were used for coffee sector loans, while funds from the AFD were used for technical assistance on monitoring and evaluation of financial, social and biodiversity impacts; business development support: e.g. developing business plans for early-stage companies, demonstrating high potential biodiversity returns, that require capacity building to strengthen business operations; and fund management. Information is not available for the other projects.

2.3. Efficiency

2.3.1. Efficiency of IFC's program operations and management approach in facilitating support to FIs and SMEs

The ProDoc established a rather complex process of selecting countries and designing the projects to be implemented in each one of them. The review of the evaluative evidence shows significant deviations from this. Learning from its early implementation, by 2008 the program had modified its approach, substituting global and in-depth country assessments for a more opportunistic, bottom up process, focusing on countries where interest already existed, and conducting in them sector specific assessments in conjunction with either/both IFC staff and the FI. Although this shift meant that the resources spent previously on a global assessment and in in-depth country assessments were not used in the most effective way, and despite there were important caveats in conducting market assessments in selected countries, the change resulted in a more efficient process overall. The removal of GEF Focal point approval in more recent projects contributed as well to efficiency gains. Although the process was less efficient than that of a regular IFC project in terms of intensity of work, given that the combination of funds from different sources (IFC and GEF) implied two levels of management approval, this extra layer of regulation did not imply time delays, the typical time required between budget submission for a project and approval by finance and accounting being reasonably about two weeks.

In terms of management, a delegated authority agreement allowed IFC to interact directly with the private sector, the management team being entirely composed of IFC staff. This structure achieved tremendous time efficiency. No changes were observed between approval and completion regarding the role of the IFs, the Investment Review Committee and the Advisory Panel, which seems reasonable. Local environmental experts were not engaged to the extent envisioned. Review of evidence indicates the program was not very successful at involving qualified local organizations, with the exception of Peru.

This summary answer to this evaluation question is documented through the analysis and data described in this section of the report, through the detailed discussion of sub-questions 2.3.1.1 to 2.3.1.6 below.

2.3.1.1. Efficiency of the country identification and selection process

Existence of a Country's selection process based on a set of criteria

According to the program ProDoc (pp. 17, 21-22), the country selection process would be "guided by a set of criteria: i) High GEF benefits can be achieved in the country; ii) National strategies, including environmental legislation that support and enable GEF and EBFP objectives, along with a strong national commitment to improve both the local and the global environment; iii) Conducive and stable economic, political and regulatory framework is present; iv) Prevailing GEF strategic interest and existing portfolio; v) Existing market base of performing SMEs; vi) Existing local technical assistance and capacity building resource base; vii) Existing local FIs committed to developing a GEF-eligible SME portfolio; viii) Strong donor support and interests; ix) Strong possibility for replication and sustainability of the program". The ProDoc indicated that, based on these criteria, Ecuador, Guatemala and South Africa had been targeted as the first countries in which the EBFP would operate and that additional countries would be selected based on a preliminary market assessment.

According to the same source (p. 22), "once a country has been selected for possible EBFP implementation, the GEF Focal Point for the country will be consulted to further explore the potential fit between the EBFP and the GEF strategic priorities in the country. Subsequent to the GEF Focal Point consultations, a decision will be made to proceed to the next stage".

Following this, the program carried out a global market assessment study. However, as noted in the Mid Term Review report, this did not lead to a clear selection of priority countries. In addition, according to the same source, in-depth country analyses were conducted in South Africa, Brazil and Georgia -but not in Ecuador and Guatemala, which, as noted above, had been selected at the program design stage. As with the global market assessment, these in-depth studies did not result in projects being developed in these countries.

As highlighted in the Mid Term Review report, there was a decision to shift from the methodology indicated in the ProDoc to a more direct one consisting in engaging with IFC staff dealing with financial intermediaries in key markets in order to be effective and obtain buy-in from investment officers and financial intermediaries. Interviews confirm that, contrary to the methodology indicated in the ProDoc, it was decided to use a bottom-up selection process, without an a priori strategic analysis of countries at the program level. It was mainly an opportunistic process, in which the IFC focused on countries where interest for the project and this type of investment was known to exist. In Peru, for instance, interviews show that IFC was already negotiating another line with BBVA when it proposed to the FI to be involved in the EBFP.

The endorsement by GEF Focal Points was an issue that involved long discussions between IFC and GEF. At the time of project approval this was a common feature of GEF projects. However, it represented two difficulties. The first difficulty was associated with the very long approval times to which the projects were exposed. In some cases projects got stuck there. Interviewees at IFC claim that some FIs did withdraw when they were aware of these long delays. The second difficulty was associated with the approval itself. Similar sources argue that GEF Focal Points did not always feel comfortable with the idea of transferring GEF funds to the private sector, and to commercial banks. The GEF Focal point approval requirement was removed in the GEF funding cycle 5 for private sector engagement-related activities. Now, in these cases, approval is done at program level by the GEF Council, without project by project approval at country level by the GEF Focal points.

Time and resources needed for the country selection process

There is no consolidated quantitative evidence on the time and resource requirement for the country selection process at program level. However, two points can be made. On the negative side, the program conducted a global market assessment and three in-depth country studies that proved of limited use in the end. The resources spent on these were therefore essentially lost. On the positive side, the bottom-up process prioritized later on was more efficient than the original one resulting in potentially significant savings. It is likely that the second factor led overall to spending less time and resources than originally expected on selection despite the presence of these unused assessments at first. In this sense, the shift increased the efficiency of the selection process.

2.3.1.2. Efficiency of the assessment of GEF-eligible SME market potential

According to the program ProDoc (p. 17), "Once a country has been selected for possible EBFP implementation, a consulting or expert firm will be retained to carry out a detailed market assessment for the selected country". The ProDoc clearly defined the detailed scope of the market assessment[57].

However, the program quickly changed this approach, substituting broad, wide-scope country assessments for sector specific assessments conducted in conjunction with either/both IFC staff and the FI in order to be effective and obtain buy-in from investment officers and FIs.

This was notably the case in China. There the market identification effort focused on market identification activities associated with each client bank, given that CHUEE had been implemented in the country since 2006, with two phases before the design and implementation of CHUEE III, the project that was part of EBFP and which was an extension of the existing project with a shift to SMEs.

However, project documentation shows that market assessments were not carried out in all countries. The Conservation International and Mongolia projects did not involve specific EBFP market assessments. In the case of Conservation International, which had been involved in a previous IFC-GEF project on SMEs, their pipeline was merged into a new Verde Ventures fund driven by donor/financier interests. The project in Mongolia was brought into the program by the team involved in the China project, engaging an existing IFC equity client bank that was active in micro finance of EE.

Furthermore, some of the market assessments that were conducted were not particularly useful, as was noted already for the market assessments in South Africa, Brazil and Georgia. In Indonesia, the

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[57] "This assessment will look at a number of predetermined indicators to determine whether or not the EBFP's intervention is likely to catalyse the development of a sustainable market of commercially viable GEF-eligible SMEs and what barriers exist. The EBFP will carry out a comprehensive market assessment in each country with respect to the market volume and supply of GEF-eligible activities undertaken by SMEs. The study will identify and demonstrate both the potential portfolio volume for GEF-eligible SME activities and the business case for FIs to target commercial GEF-eligible SMEs. The study will look to develop a pipeline of GEF- eligible SMEs for FIs to target. The study will look at a variety of possible GEF-eligible activities undertaken by SMEs, including design, engineering, planning, manufacturing, supply, retail, wholesale and service companies covering both traditional and innovative GEF-eligible activities. The assessment will look specifically at clusters (groups) of SMEs for each technology within GEF OPs for biodiversity, climate change, land degradation and POPs. These clusters will be further analysed to determine the business economics of the identified GEF- eligible activities, the potential and rationale for transferring and scaling up these activities to other countries and markets, and determine significant market gaps or impediments to undertake the activities".

scoping study did not include the two industries (small hydro and textile mills) on which the project was implemented, focusing instead on two other industries that did not receive funds. Indeed, the project started without the scoping study being completed. In Peru, according to its completion report, the market assessment was not very robust. As the AS team got more closely involved, it adjusted the project's components, budget and timeline to better meet the client and market reality. This included discontinuing the forestry component (which was not appropriate for the project), and reducing the budget from over USD1 million to USD 530,000. Targets were also overestimated. Similarly, in China, the market cost-effectiveness and the corresponding GHG emissions reduction target were initially overestimated and had to be scaled back once the higher cost of Energy Efficiency improvements for SMEs (compared to large industrial applications) was considered.

In view of this, the Mid Term Review Report proposed that pre-implementation analysis were reinforced in order to design the most adapted approach for each market.

2.3.1.3. Efficiency of the stakeholder identification and consultation process

Existence of a systematic stakeholder identification and consultation process in each country

According to the program ProDoc (p. 17), "Once EBFP management has determined that a country offers the potential for significant GEF benefits, the focus will shift to identifying key stakeholders. This process includes the identification of financial intermediaries, as well as know-how providers. It is at this point that the EBFP management team (EMT) begins the ongoing process of consultation and coordination with local stakeholders. Prior to designing the country program, the EMT will meet with a variety of different stakeholders to assess the needs in the country".

Project supervision reports suggest that a rather systematic stakeholder identification and consultation process was carried out in Indonesia, Peru and Mongolia. According to Indonesia's Approval document, the project involved early discussions with three potential FI partners and some ESCOs. According to Peru's completion report, in addition to the market assessment, the project completed an SEF marketing strategy for BBVA to help target existing and potential new clients and evaluate opportunities for financing and visits to prospective clients were undertaken. In Mongolia, IFC staff from Beijing facilitated client visits to explore SEF finance opportunities, with more than 20 clients visited. However, there is no indication of systematic identification and consultation in Tanzania, although the local community was clearly involved in the project, as it owned 50% of the lodge.

2.3.1.4. Efficiency of the design and structuring of country programs

Existence of country programs for each selected country

According to the program ProDoc (p. 18), "Based on consultations with different stakeholders, and the output of the market assessments, the country program will be designed. This will involve a focus on all three levels of EBFP involvement (i) the market level; (ii) the intermediary level; and (iii) the SME level. At the market level, the focus will be on ensuring that the EBFP contributes to the development of a more enabling environment for GEF-eligible SME finance. This process will include developing specific activities to increase market awareness and demand for GEF-eligible products and services.... At the intermediary level, the focus will be on determining the amount of financing support needed by the FI(s) to cover the incremental risks. The different financing options will be explored and it will be determined what financing instrument(s) would be most appropriate… The TA programs, including training, will be developed for the FI. At the SME level the focus will be on developing a TA program that meets the needs of the SMEs. This will include defining the support needed by BDSs in order to deliver services needed by SMEs… This will include developing local capacity for training SMEs".

Project supervision reports provide some insights on this. The design of the Mongolia and Conservation International projects was efficient, as to a great extent they represented a continuation of a work in progress. The Mongolia project was designed by CHUEE project staff from Beijing with the assistance of one local representative. Although the components of the China project (advisory services and risk sharing facility) were offered, only the credit was agreed, which was granted by IFC's Investment Services.

However, in Peru and China the design of the project was not very efficient. According to its completion report, in Peru the teams leading the design appear to have prioritized obtaining the loan commitment over developing a solid project design. Fortunately, the AS project team was, over time, able to adjust the project's components, budget and timeline as noted before, to better meet the client and market reality. Targets proved also to have been overestimated. According to its Mid Term Evaluation report, the China project was cost-effective in facilitating EE/RE investments and developing SEF portfolios for participating FIs, although efficiency… could be improved by better leveraging internal World Bank resources and utilizing "train-the-trainer" methods and outside consultants. In addition, CHUEE 3 should have recognized results from China Banking and Regulatory Commission's (CBRC) methodology to calculate and report GHGs to streamline the data reporting process for FIs.

Interviews suggest that there were some difficulties regarding the eligibility of activities as the eligibility criteria under GEF changed between 2003 and 2012. In some cases it was not very clear whether the criteria of the original time of approval or analysis had to be considered when analysing the eligibility of activities.

Time and resources needed for developing and structuring the country programs

Project supervision reports provide some information on the resources spent on pre-implementation activities including scoping, donor approval, contract/MOU signed, securing funding, etc. The reports suggest that the approach was very different among projects.

Pre-implementation activities were budgeted for Mongolia, Indonesia and China. These were spent in Indonesia and Mongolia, but not in China. In Mongolia, USD 30,000 (8% of the total AS budget of the project) were budgeted and USD 30,750 were spent (2% more than planned, still 8% of the total AS budget of the project). In Indonesia USD 95,000 (4% of the total AS budget of the project) was budgeted in the approval document, but the completion report only reports a initial and actual budget of USD 1,715, which is insignificant). In China, USD 70,000 (1% of the total AS budget of the project) were originally planned, but these resources were not spent, probably due to the fact that the project was a continuation of CHUEE II with many clients engaged and the EE market already being taken up.

Pre-implementation activities were not budgeted in Conservation International, Peru, Tanzania and Egypt according to their completion and supervision reports. In the former, other donors funded the design of the program structure. In the others, this points out to the way in which these activities were financially accounted for more than to their actual implementation. In Peru, for instance, the market assessment was included as implementation.

2.3.1.5. Efficiency of country program funding and approval

Decision making process in place to approve and fund country programs

According to the program ProDoc (p. 18), "Once a country program has been designed, in conjunction with a variety of stakeholders, the EMT will go through the decision making process of the EBFP to get approval for the program, including the amounts of GEF funding to be allocated, the amount of cofinancing required and the contribution from different partners. The decision on whether or not to implement a country program will be based on the perceived ability of the EBFP to contribute to the development of a sustainable market for GEF-eligible SMEs and the level of GEF benefits that are expected to occur. Once the country program has been approved, the implementation stage will commence".

Interviews suggest that the approval and funding process was less efficient than that of a regular IFC project, given the singularity of the funding. The combination of funds with different sources (IFC and GEF) meant that there was very strong governance around the EBFP, with two levels of management approval. In addition to IFC's common process, the EBFP was subject to the process that is conducted for all blended finance projects to ensure that these are really addressing market failures, looking at them from the point of view of the donors[58]. This extra layer of regulation does not necessarily imply more time, but it is typically heavier in terms of intensity of work, which can be considered an extra cost to be borne by the IFC transaction team. Interviews with finance staff indicate that the typical time required between budget submission for a project and approval by finance and accounting was about two weeks, with a number of approval, control and QA stages (see footnote 2 below for details). In this sense, the approval process was quick.

2.3.1.6. Efficiency of the overall program's operation and management in facilitating support to FI and SMEs

EMT composition and role

As noted by the Mid-Term Review report, for the EBFP, the IFC-GEF relationship was governed by a delegated authority agreement that allowed IFC to interact directly with the private sector. In this sense, as indicated in the program ProDoc (p. 19), the EMT was entirely composed of IFC staff, initially of the existing staff of the SME program, which would then be adjusted "as necessary to meet the needs of the implementation and management of the EBFP".

This composition was set on for efficiency purposes, given that, as noted by the MTR report (ibídem), the GEF funding cycle is too complex and lengthy to effectively engage the private sector. In this sense, interviewees stressed that putting the resources at IFC removed some time-demanding GEF

[58] Interviews indicate that in late years the projects were usually approved by the Blended Finance Committee. Then they entered a separate system with automatic [meaning electronic only] approvals by the Financial Controller, the EBFP Trust Fund Unit, and the Business Area Manager. There was another validation by the Chennai based Trust Fund Monitoring Unit that checks dates, and uses restrictions as the donor may impose like – no IT costs that can be checked by the respective charge codes Request to approval could take as little as one to two weeks as the majority of approvals were in the system. For Advisory projects the Blended Finance Committee level was done by email and had a one week "no objection" approval option. For investment projects, there is a physical meeting and discussion.

procedures that could have taken up to 2 or more years, achieving tremendous time efficiency. However, this had also pervasive effects in terms of communication. The MTR highlighted that the delegated authority reduced contacts between the IFC team in charge of managing the project and the GEF to an inadequate degree, limiting them mainly to the regular filing of PSRs/PCRs, financial reports, etc.... Although this improved with some internal changes at IFC, it was a matter of concern for the mid-term evaluation consultants, who suggested the organization of periodic meetings with the GEF in order to exchange on the priorities of each organization and facilitate the alignment of objectives in fostering global environmental benefits through the enhancement of the private sector. Interviews conducted for this terminal evaluation suggested that the communication problems persisted. This might have contributed to more efficient processes in the short term. However, this structure limited the capacity building potential at the GEF regarding the engagement of private sector and SMEs in particular, which could have contributed to more efficient processes in the medium and long term for GEF as a whole. Although this was not an objective of EBFP, and is not something that can therefore be requested, the program could have contributed to this capacity building.

In terms of its role, according to the program ProDoc (p. 19), the EMT would be in charge of managing the project. In particular, it would be in charge of i) Investment operations and portfolio supervision, including developing, structuring and processing new country programs and project opportunities, as well as managing and supervising the existing SME Program projects and the new EBFP portfolio; ii) The TA Program, including managing consultants, supervising the quality of work, and disseminating best practice; iii) The M&E work, including the implementation and execution of the framework and reporting on the global environmental benefits achieved; and iv) providing support to market players engaged in developing a more enabling environment. According to the same source, in-country presence would be attained "through partnerships with existing programs, such as the IFC/WB SME Department and its Project Development Facilities (PDFs) managed by IFC in a number of regions", "by developing strong linkages with, and leveraging on, IFC's Global Financial Markets Department's experience and operations and network of field offices", and "through co-ordination with local technical assistance providers". No deviations from this have been observed through this terminal evaluation.

FI role and responsibilities

According to the program ProDoc (page 29), the FI would "review the financial viability of all SME applicants and the environmental eligibility of smaller, less complex projects, following its internal credit review procedures and EBFP guidelines. The FI will be authorized to approve financing for Tier I SME projects, namely projects that: (i) are not in protected areas, (ii) require less than USD150,000, and (iii) are included in a list of 'pre-approved' activities and are consistent with EBFP guidelines regarding GEF-eligibility".

The program supervision reports do not provide consolidated information on how this was implemented. At project level, references are included in the PDS Approval documents, but no information is provided in the Completion reports. For instance, in Peru, the Approval document indicates that BBVA is the project owner, with the responsibility of leading and implementing the project within the Bank's operations.

Local Environmental Experts (LEE)'s type, role and responsibilities

According to the program ProDoc (page 29), LEEs would be local organizations that include qualified environmental specialists with expertise in one (or all) of the focal areas and the ability to contract additional focal area expertise if needed, which are proficient in evaluating performance and impact against the GEF objectives. According to the same source, the LEEs would act as a close advisor of the

FI. They would i) determine the environmental eligibility of Tier II SME projects[59], ii) assist the SME in the design of an environmental management plan that includes performance indicators and targets, indicating each indicator's reporting frequency, once a large borrowed is approved; and iii) visit each SME borrower annually or bi-annually, to assure that no negative and significant positive environmental impacts are occurring (page 75). According to the Section B of Annex 6 on the Monitoring and Evaluation Plan, LEEs will also serve on the EBFP's Advisory Panel (AP). The EBFP will pay for the services of the LEE from the TA or M&E budget.

Peru seems to be the only country where the program followed what was planned in the project document. Here the LEE conducted the EE market assessment, carried out preliminary training sessions with BBVA's officers, established direct contact with the Clients' borrowers, conducted technical visits to prospective firms, developed promotional materials, began developing initial contacts with vendors and services providers in order to support BBVA in building alliances with them (vendor program), and developed the lessons learned report.

In China and Mongolia independent LEEs were not involved. Interviews indicate that in China the equipment was assumed installed and functioned according to the design if funds were repaid. The design was evaluated using a tool called Climate Assessment for FI Investment (CAFI) that generated GHG savings based on input data from the borrower. In Mongolia IFC took the role of the LEE from the Beijing office. In Indonesia, an international consulting firm based in New Zealand was hired. Although in addition to assisting with GHG reduction estimates, the firm conducted a capacity building program for local technical service providers, no LEEs were formally involved in the project. The Conservation International project did not structurally engage LEEs either. According to project supervision reports, the project struggled to find qualified local NGOs or academic institutions to collect appropriate baseline information and implement an M&E system. In cases where such organizations were not available, the project created partnerships between local organizations and graduate programs abroad. Interviews highlight that this system proved more expensive than the original plan and that it was made operational during the project period only because Conservation International was able to find additional grant funding.

Investment Review Committee's and Advisory Panel's composition, roles and responsibilities

According to the program ProDoc (page 30), the Investment Review Committee (IRC) would consist of IFC management. It would make the decisions on the GEF-eligibility and financial structure of projects that (i) require more than USD500,000 in financing, or (ii) are referred to the IRC by the EMT due to their complexity. The AP would itself consist of experts in the GEF focal areas, from: WBG Environment Department, IFC, GEF Secretariat and external experts. The AP would support the IRC. There is no evidence through this terminal evaluation process that the performance of the IRC and the AP deviated from this plan.

Level of appreciation of the overall program's operation and management system

Evidence review suggests that the efficiency of program's operation and management system was mixed. Project supervision documents provide some insights with respect to this aspect. For instance, the Peru project was efficient. According to its completion report, the credit line had been fully committed without any additional contribution two months in advance of the anticipated end of the

[59] Tier II projects: (a) are in protected areas, or (ii) require financing between USD150,000 - USD500,000, or (iii) are not on the 'pre-approved' list; or (iv) are on the list but the FI requests additional screening assistance.

AS program. In fact, the project was extended, allocating the remaining resources from BBVA Continental project to develop two additional activities to disseminate lessons learned and pave the way for its replication on another market. After that the project was extended for a new period, particularly so that the market study activity in Brazil could incorporate comments from newly hired SEF specialist. According to the completion report, the project ended up with reasonable efficiency despite the steep learning curve weakened the efficiency indicator. As noted in section 2.2.1.1 above, the client explicitly indicated its satisfaction with the project.

The Mongolia project was also efficient, with significant underspending, given that IFC used its internal expertise from China to deliver the trainings and other advisory services to the client and the project shared the communication team with the CHUEE program. This efficiency was associated with sustainability risks as the involvement of Mongolian stakeholders was weak. As noted in section 2.2.1.1 above, the client showed great satisfaction with the project.

According to its completion report, Conservation International indicated that IFC's loan played a significant role in helping them raise additional funds.

In Egypt the program operations and management system was considered efficient by EQI. According to the interviewees, the discipline required by the IFC in project formulation and reporting compelled (EQI) to be more rigorous in establishing a coherent framework for the different components, and looking more deeply into creating synergies among them.

The Indonesia, China and SEF Portal projects showed mixed results. In Indonesia, the project found it difficult to bring in financial institution clients and only one FI (Bank Permata) was engaged. Despite some delays given management changes at the FI, according to the completion report, the project was launched too soon, since the business enabling environment was not changed to be more supportive of SEF. In China, out of the 5 initial banks, two dropped out using no more than 5% of their Risk Sharing Facility Envelope. The other three banks did remain and are continuing to use the Risk Sharing Facility. Interviews indicate that the SEF portal was a useful early knowledge management attempt, but was quickly outmoded by IFC's other web tools and sites so it was discontinued.

The appreciation of the Tanzania project was not particularly positive. The eco-lodge was not successful for various reasons (bad marketing, construction delays), BHL could no longer repay its loan and it decided to sue IFC for various issues like abusive interest rate and changing requirements during contracting. From 2008 to the last report available in 2013, the case was blocked in Tanzanian court.

2.3.2. Efficiency and effectiveness of program management/project reporting system

The program design presented a clear M&E plan, indicating the activities that had to be followed. It also established that SME borrowers would be required to monitor and report on some indicators of their environmental performance and that FIs would be able to cancel the loan and demand repayment if an SME failed to achieve the environmental targets or failed to report. The program management team was supposed to develop tools and monitor closely the initial transactions.

In terms of implementation of this M&E plan, semi-annual supervision reports were produced according to the Development Results Monitoring and Evaluation Plan at both program and project level and completion reports were produced at project level, except in Egypt and for the latter in China, which is still an active project. However, there is no evidence of baseline studies apart from the market assessments, the set of indicators was changed twice during the program's lifetime, and these were not comparable in all cases, compromising the aggregation of data. There are also important inconsistencies between program and project supervision reports, as noted in section 2.4 regarding impacts. At project level reporting of environmental impacts was affected by the methodology developed by IFC to estimate targets and potential development impact, particularly for climate mitigation. .

The evaluation team found that the program spent as planned on management and operation. At project level, overall 1% less than originally planned was spent. Interviews suggest that EBFP's management and administration costs were a bit higher than those of similar projects today, given that it was a pioneer program and a lot had to be learned. The costs were also higher than non-SMEs focused projects, because SMEs require significant technical assistance.

This summary answer to this evaluation question is documented through the analysis and data described in this section of the report, through the detailed discussion under sub-sections 2.3.2. 1 to 2.3.2.2 below.

2.3.2.1. Efficiency and effectiveness of program management/project reporting system in place to keep track of program performance

Resources needed for the program management system

The program management structure has already been described in the previous section. In terms of resource use, program and project supervision reports provide details on expenditure by categories of cost. At the program level, costs include staff and contractual services, which can be considered together a proxy to assess the management costs. According to the latest program supervision report, program spending was in line with what was originally planned, with staff costs accounting for 29% of the costs, while contractual services accounted for 71% of the program costs. Although there are significant variations between projects (overspending in some, underspending in others), these balance out at the program level.

Existence of a project reporting system

According to the program ProDoc (page 14), the M&E plan would utilize a combination of internal and external monitoring and evaluation methods, including a scoring system, to enable the EMT to monitor, evaluate and report on the critical program impacts at the SME, FI and country levels.

In particular, the Monitoring and Evaluation (M&E) activities would include (i) managing the installation and design of appropriate decision making and reporting systems for the program; (ii) supporting FIs to adapt and install monitoring and reporting systems to report on program specific indicators; (iii) disseminating best practices and lessons learned through workshops, exchanges among institutions, publications, communications materials and case studies; and (iv) conducting two in-depth external program evaluations as described in paragraphs 101 and 102 (page 36,). According to the program approval document, some sub-projects may also be individually evaluated, as appropriate.

According to the same document, the Umbrella project would track EBFP's two key desired Outcomes using unique (e.g., non-Standard) indicators: "Number of entities receiving concessional investment" and "Number of SMEs that received access to finance for GEF- eligible activities". To avoid double counting during aggregation, results from the financing and TA activities would be tracked in the subprojects' PSRs using Standard indicators. Sub-projects' impacts would be tracked in their PSRs. They would be tracked by the FIs, and submitted to the IFC/EBFP team for 'quality assurance' ... and aggregation. Reporting requirements would be specified in the legal agreement with each participating FI (i.e., each sub-project), and typically would require baseline measurement followed by bi-annual reporting.

Project documentation review reveals that Program supervision reports were produced twice a year, that is, bi-annually. In addition, completion reports were produced at project level at the end of the projects, with the exception of the China and Egypt project, which have not ended in practice. A completion report for China will be presumably produced at its end in 2018. A completion report for Egypt will be produced once some outstanding issues are resolved.

Semi-annual supervision reports were produced according to the Development Results Monitoring and Evaluation Plan included in the PDS Approval documents, which were in line with the program level requirements explained above. However, there is no evidence of baseline studies apart from the market assessments. In addition, as noted by the MTR report, the set of indicators used to monitor the program's performance have not been stable throughout the program's lifetime, mostly due to the modification of IFC's results framework in 2007 and 2009. Also, at project level, a variety of indicators are used. In this background, the MTR evaluation consultants proposed the development of a structured reporting approach to ensure consistency between project-level indicators and to facilitate the aggregation of data. At the completion stage, this revised structure was not provided to the evaluators.

The reporting of the Egypt project was particularly poor. Although at the beginning of the project the reports provided sufficient information to update the AS Supervision Reports, reporting became less complete as years passed. While one of the supervision reports notes that several indicators were not available, a latter one highlights that the client didn't provide activities report, accordingly there was no development results to report on during this period. After 2011, the security situation in the country made it quite challenging for the project team to visit the project site. In China and Mongolia the reporting was done by the CAFI. In the case of Tanzania, reports did not communicate project performance, given the legal situation between IFC and BHL. Interviews suggest that adequate reporting following the requirements was provided for BBVA in Peru.

Time and resources needed to use the project reporting system

According to the program ProDoc (page 36), the M&E activities were likely to reach USD2.7 million. Managing the installation and design of appropriate decision making and reporting systems for the program was estimated to cost USD300,000. Supporting FIs to adapt and install monitoring and reporting systems to report on program specific indicators was estimated to cost USD75,000 per FI for a total of USD1 million. Disseminating best practices and lessons learned through workshops, exchanges among institutions, publications, communications materials and case studies was estimated to cost USD 300,000. Finally, the mid-term and terminal evaluations were estimated to cost USD500,000.

The program supervision reports do not consolidate information regarding the actual cost of these activities. Apart from Tanzania, project supervision reports do not provide insights on this. According to its final supervision report, in Tanzania 92% of the planned supervision budget (USD 35,500) was spent.

2.3.2.2. Efficiency of tracking of program and projects' environmental impacts

Existence of a system to keep track of environmental impacts

According to the program ProDoc (page 31), "as part of their loan agreement with the FIs, SME borrowers will be required to monitor and report on a few, key predetermined indicators of their environmental performance. These indicators will be uniform for all SMEs that belong to the same 'cluster' of activities. The EMT will develop tools to help the FIs and LEEs screen and assess the borrowers, and will closely monitor the initial transactions that they process during a trial period… These tools are in addition to the capacity building and environmental training provided and include a list of 'pre-approved' activities, guiding principles about GEF-eligibility, provision of computer-based expert 'help' systems, and an environmental scorecard. Once a larger borrower is approved, the LEE will assist in the design of an environmental management plan that includes performance indicators. In the process, the FIs' capacity to assess and monitor environmental performance will be built… FIs will monitor the SMEs' environmental and financial performance, and report them using pre-designed templates" (page 31,). In this background, Annex 6 of the ProDoc (M&E Plan) highlights that the loan agreements will … permit the FIs to cancel the loan and demand repayment if an SME fails to achieve, or at least make progress towards, the environmental targets, or if it fails to report.

Although information is partial on how this was implemented, some project supervision reports provide some insights. In Peru, environmental impacts only started to be reported on at the end of the project, and with difficulties, as noted in its completion report. During project implementation, by the end of 2007, however, EE tools (i.e. check lists and calculators) were developed and added. The report recognizes that the EE calculator turned out to be a useful tool for IFC to use in calculating EE environmental benefits in future projects.

In Egypt, indicators directly related to environmental impacts were only added at the end of 2008, although the one of GHG emissions was dropped in 2010 since the project was primarily a biodiversity focal area project and not focused on climate change impacts. In Tanzania, a number of indicators were added in 2009, but, as noted above, data was not available in view of the situation with the sponsor.

With respect to GHG emission reporting specifically, interviewees highlighted that EBFP was approved in 2003, a long time ago, and since then IFC has developed a more rigorous and robust methodologies to estimate and verify the GHG emissions reductions than at that time. As a result, in a number of cases the indicators for the projects were revised and changed to follow the newer more rigorous methodologies.

2.3.2.3. Program and project management and operations costs

Program management and operation costs

The program ProDoc estimated that the management and operation (M&O) cost of the program would total USD6.3 million (page 38). The ProDoc distinguishes between the management and operation (M&O) cost of the financing capacity and the technical assistance program.

The M&O costs of the financing capacity were estimated to total about USD3 million over the ten-year life of the EBFP. These costs were expected to be higher in the early years during the investment period and lower in the latter years during the supervision period, averaging USD300,000 per year (2.1% per year), or a total of 21% of the Financing Facility. The M&O costs included the full costs for the selection, structuring and committing financing to FIs and in some cases directly to SMEs, hiring and managing local and international consultants and the on-going supervision of the portfolio (page 37).

The M&O costs of the TA program were estimated at USD3.3 million or an average of USD330,000 per year (2.5% per year) totalling 25% over the life of the TA Program. These costs included program staffing, hiring and managing local and international consultants and their related costs, including on the ground presence in countries. The M&O activities to manage the TA Program included the design, structuring and implementing of a country program for each country of focus, including the market development activities and FI and SME capacity building activities (Ibidem).

According to the latest program supervision report, the program spent the same as originally planned. Staff costs accounted for 29% of the costs, while contractual services accounted for 71% of the costs.

Interviews suggest that EBFP's management and administration costs were a bit higher than those of similar projects today, given that it was a pioneer program and a lot had to be learned. The costs were also higher than non-SMEs focused projects, because SMEs require more technical assistance.

Projects management and operation costs

The project management cost have been presented above, taking staff costs as a proxy. As noted there, taking all projects together, the program spent 10% more than planned in project staff with significant differences between projects. Assessing overall project costs and the performance of different categories of expenditure provides interesting insights. Overall, taking all the projects together, 1% less than originally planned was spent. Only the Peru project spent significantly more than planned (16% more). According to its completion report, the Peru project stayed reasonably well within budget (only 6% over). Additional expenses were due to hiring a new SEF specialist that participated in the project to provide technical feedback to Consultant's deliverables. SEF Portal and Tanzania spent significantly less than expected (90% and 20% less, respectively). Actual expenditure was considerably similar to planned in China, Indonesia and Egypt, with slight differences in Mongolia and Conservation International (4% and 3% less, respectively).

In terms of categories of cost, while, as noted, more than planned was spent in staff costs, less than planned was spent in consultants, travel and others (13%, 8% and 2% less, respectively). The differences in consultants point at Mongolia, where almost no consultants where hired, and SEF Portal, where very few was spent on this. In Mongolia, this had to do with the direct support from staff, which explains also the higher costs in that category. In the SEF Portal, this is related to the fact that some of the tasks were undertaken by IFC staff and the project was quickly discontinued. Regarding travel costs, Egypt and Peru spent considerably more than originally budgeted, while Mongolia and China spent notably less than planned. Other costs were very substantive in Egypt and for Conservation International, and in China and Indonesia. In the first two these were explained by huge development grants, especially in Egypt. In China and Indonesia important resources were allocated to contractual services and office rent. Mongolia spent considerably less (75%) than planned in other expenses, while Peru spent considerably more (54%) than budgeted on them.

2.3.3. Variations on or recommended changes to the program's structure that would make it more efficient

Two main internal variations took place during the implementation of the program. The first change consisted in reallocating funds from technical assistance to the investment facility. The second consisted in developing an IFC standard methodology to account for project environmental impacts. The latter proved crucial to improve reporting, and suggests this should be a pre-requisite for future projects of this nature. There was also an important external variation during project implementation. As already noted above, the requirement of GEF Focal point approvals was removed for private sector engagement – related projects in GEF fifth and sixth funding cycles, which is likely to make future programs and projects more efficient. Apart from this, the structure and cost of similar programs and projects are very similar. As noted above, evaluative evidence shows some FI were there satisfied with the support received through the program.

This summary answer to this evaluation question is documented through the analysis and data described in this section of the report, through the detailed answers to sub-questions 2.3.3.1 and 2.3.3.2 below.

2.3.3.1. Efficiency of EBFP structure

Budget allocation and fulfilment of TA program and financing facility objectives

It has to be noted that in 2006 the resources allocated to the TA program were reduced from the original USD 10 million to USD 6 million. Conversely, the resources allocated to the investment facility were increased from the original USD 10 million to USD 14 million. The Amendment document indicates that this was due to the type of the demand coming from FIs, which believed that this was not a priority and that they could manage this kind of funds by themselves. Interviews suggest that this was also related to the IFC reticence as a corporate policy to get involved in projects that had only a TA component.

Level of appreciation of the efficiency of the overall EBFP Structure

Program and project supervision reports do not provide information on the appreciation of the efficiency of the overall EBFP structure by different stakeholders. However, as noted above, the supervision reports of Peru and Mongolia and of Conservation International prove that the corresponding FI's were satisfied with the support received through those projects.

2.3.3.2. Efficiency of structures of similar Programs

As noted in section above, the GEF Focal point approval requirement was strongly discussed by IFC and GEF. Finally, the GEF Council accepted to remove this requirement for all private sector engagement–related projects for the GEF Fifth Funding Cycle, a decision which has also been extended to the Sixth Funding Cycle.

In Latin America and the Caribbean the Peru project was considered a pilot. According to this project's completion report, projects were later designed and implemented in Dominican Republic, Colombia and Mexico. According to the same source, the structure and consultant expenses of all these projects were similar.

2.4. Impacts

2.4.1. Achievement of objective in terms of generating positive environmental benefits

The achievement of the environmental objectives of the program cannot yet be fully assessed at the time of this evaluation, given that one large project remains under implementation. Although there are areas of weakness, a number of targets are well on their way to being reached or exceeded. Overall, the projects did not provide benefits in terms of POPs, and the benefits in terms of biodiversity conservation seem to be limited to avoiding land degradation. On the other areas originally targeted, the program achieved 152% of its land degradation target, 19.6% of its GHG emissions target and 44.3 % of its energy production avoided target so far. The China project is however critical in these results. If it achieves its targets, the program could achieve 89.4% of its GHG target and exceed its target (reach 115.5% of achievement) on energy production avoided by 2018. When broken down at project level, it should be noted that of the seven initiatives that had direct environmental objectives, two (Mongolia and Conservation International) fully achieved them, one (China) is in the process of achieving its targets, two (Indonesia and Egypt) had mixed results and two (Peru and Tanzania) did not meet their targets.

This summary answer to this evaluation question is documented through the analysis and data described in this section of the report, through the detailed answers to sub-questions 2.4.1.1 and 2.4.1.2 below.

2.4.1.1. Extent to which environmental benefits were generated by the program and projects

Number of projects that fully achieved their environmental objectives

Only the Mongolia and the Conservation International projects achieved their environmental objectives. The Mongolia project did so in terms of reducing GHG emissions and energy efficiency. In particular, according to its completion report, the project contributed to avoiding the emission of 37,187 Mt of GHG per year, while the target was 37,000 Mt; and the saving of 108,477 MWh per year, while the target was 69,160 MWh. The Conservation International project exceeded the target in terms of hectares of sustainably managed land. While the original target was to put 93,378 ha under sustainable management practices, by the end of it the project had put 142,313 ha of land under those management practices.

Number of projects that had mixed results in achieving their environmental objectives

The Egypt and Indonesia projects had mixed results. While the Egypt project did achieve its target in terms of putting 214 ha of land under sustainable management practices, it did not meet its target in terms of establishing operating biodigesters, developing just one when the target was five. Although the effects were not very significant, it is worth noting that the initial objectives were not met at this regard. In Indonesia, the project significantly exceeded the target regarding energy production to be avoided, by saving 1,222,163 MWh per year when the target was 350,000 MWh per year. However, the project failed to achieve the GHG emissions reduction target, by avoiding the emission of 59,948 Mt of GHG per year when the target was 500,000 Mt of GHG per year. In this domain the increase in the delivery of activities achieved during the last reporting period could not compensate for the gap accumulated over several preceding periods and the target was not met.

Number of projects that are in the process of achieving their environmental objectives

Only the China project is still ongoing and in the process of achieving its environmental objectives. At completion, the project expected to reduce the emission of 3,750,000 Mt of GHG per year and avoid the use of 5,049,824 MWh per year. At the time of this evaluation, the project has met roughly 20% of these targets, but, given that the project implementation period will run until 2018, IFC expects that the targets will be met by then.

Number of projects that did not fully achieve and are not in the process of achieving their environmental objectives

The Peru and Tanzania projects did not achieve their environmental objectives. According to its Approval document, in Peru the targets were to reduce the emission of 100,000 Mt of GHG per year, to avoid the production of 100,000 MWh of energy per year and to produce 50,000 MWh of renewable energy per year. According to its Completion report, the project contributed to the avoidance of 75,933 Mt per year in GHG emissions and the production of 51,550 MWh per year. Information on renewable energy is not provided. The project completion report indicates that the target setting exercise was flawed because they were set based on the experience of GHG calculations for earlier projects in Central Europe and China that tend to have much higher intensity of energy consumption and therefore high GHG emission reduction and energy savings outcome relative to Latin American countries. However, it has to be noted that the same report indicates that this number does not include GHG emissions reductions as a result of the additional USD20 million financed in SEF deals after Project completion. In Tanzania, the achievement of the targets is on hold given that the project was paralyzed due to the on-going lawsuit.

Table 13: Achievement of environmental impacts

Project	Targeted environmental impact			Results		
	GHG emissions reduction (Mt of GHG per year)	Energy production savings (MWh per year)	Protected land (ha)	GHG emissions reduction (Mt of GHG per year)	Energy production savings (MWh per year)	Protected land (ha)
China	3,750,000	5,049,824		688,365	1,082,749	
Mongolia	37,000	69,160		37,187	108,477	
Indonesia	500,000	350,000		59,948	1,222,163	
Peru	100,000	100,000		75,933	51,550	
Tanzania						
Egypt	5 biodigesters		214	1 biodigester		214
Conservation International			93,378			142,313
Total	4,387,000 (plus the emissions reduced through five biodigesters in Egypt)	5,568,984	93,592	861,433 (plus the emissions reduced through one biodigester in Egypt)	2,464,939	142,527

Sources: Project Completion and Supervision reports.

Number of project that created unexpected negative environmental impacts

There are no perceived or foreseen unexpected negative environmental impacts in any of the projects reviewed.

2.4.1.2. Types of environmental benefits generated

In addition to the information provided above, the following can be added on the project assertions with respect to environmental benefits

Positive benefits in terms of climate change mitigation

The projects of the program involved two benefits regarding climate change. The first benefit refers to the reductions in the emissions of GHG. If the project completion reports and the final project supervision reports where the former are not available are followed[60], the China, Peru, Indonesia and Mongolia projects contributed to a reduction of 861,433 Mt of GHG per year. This figure is significantly below (80.4% below) the original target of 4,387,000 Mt of GHG per year that can be built considering the same sources[61]. Only the Mongolia project met its target at this regard, with Indonesia and Peru failing to do so. The overall target achievement could increase to 89.4% if the China project meets its targets by 2018.

The second benefit of the projects included in the program refers to avoiding the production of energy. The China, Indonesia, Peru and Mongolia projects included targets regarding this. If the project completion reports and the final project supervision reports where the former are not available are followed, the four projects contributed to a reduction, avoiding the production of 2,464,939 MWh per year. This figure is well below (56.7% below) the original target of 5,568,984 MWh per year that can be built considering the same sources. The Indonesia and Mongolia projects met their target at this regard, while Peru failed to do so. The program could exceed its overall target in this (achieve 115.5% of it) if the China project meets its targets by 2018.

Positive benefits in terms of biodiversity conservation

The benefits of the program regarding biodiversity conservation were limited to putting 201,2007 ha of land under sustainable use according to the program supervision reports[62]. In this sense, program supervision reports indicate that the results from the two biodiversity projects were mixed. As noted above, the sustainability of the Tanzania project is unclear, especially in terms of profitable operation.

Positive benefits regarding land degradation

On this indicator, there are some discrepancies between program and project level information. For the purpose of this evaluation the figures in the project completion reports have been considered. These reports for the Conservation International and the Egypt project indicate that 142,527 ha were put under sustainable management practices, thus , exceeding the original target of 93,592 ha. One of the latest program supervision reports for the Tanzania project suggests that the project has aimed to put 58,680 ha of land under sustainable management. This indicator was later dropped to avoid double

[60] There are inconsistencies between the program and project reports in terms of the projects considered and their benefits regarding this. One of the latest program supervision reports explicitly indicates that 2 projects (the ones in Peru and Indonesia) contributed to reducing GHG emissions, while it does not include the reductions in GHG emissions achieved by the China and Mongolia projects. The figure provided for Indonesia in this program report is not consistent either with that provided on its Completion report.

[61] Note that we are not including here the emissions reduced through biodigesters in Egypt. While the target was to put 5 in operation by the end of the project, only one was in operation by then.

[62] Note that this figure does not match with the figures provided by the project completion reports that are presented below.

counting as a complementary project called GEF BD Lolkisale Conservation had the same target. When this is taken into account, in total the project therefore has a target of 152,272 ha and has put 201,207 ha under conservation approaches.

Positive benefits regarding POP

Program and project level reviews confirm that POP-related activities were not financed.

2.5. Lessons learned and Replicability

2.5.1. Relevance

Focal areas such as biodiversity, land degradation or POP are challenging to address through private sector initiatives. These areas are traditionally taken on by governments, donors and NGOs. As a result, they might not be the most relevant areas of intervention to focus on for a private sector program such as EBFP. Climate change on the other hand, and more particularly energy efficiency projects, proved to be much easier and targeted for the private sector to engage on.

EBFP's eligibility criteria could be responsible for the difficulties encountered by the program when it came to identifying and funding projects. Establishing strict eligibility criteria (in this case: a project involved in GEF-eligible activities, targeting SMEs and working through FIs) can therefore narrow down the scope of intervention of the program.

Even though SMEs are generally not the largest contributor to negative environment impacts, they do face challenges in accessing finance to develop initiatives with a positive environmental impact. GEF funding through the EBFP allowed IFC to offer financing terms that were able to bear more risk and thus, facilitate access to finance for SMEs to achieve environmental objectives..

In order to improve SMEs' access to funding for environmental initiatives it might be good for programs like EBFP to conduct a preliminary assessment of the needs of SMEs.

EBFP's initial approach and portfolio distribution between country programs, standalone initiatives and continued support to SME programs changed as the program implementation went on. It proved difficult to fund and implement country programs and EBFP mainly funded standalone interventions. Rather than meeting the original target in terms of number of countries and projects, the EBFP focused on a pool of projects aimed at generating impacts and creating examples. In reality, the project selection process turned out to be a more bottom up process, based on opportunities arising directly from FIs or SMEs. From that perspective, the program benefitted greatly from having the opportunity to build on IFC network of FI partners.

2.5.2. Effectiveness

Lending to GEF-eligible SMEs through FIs was something significantly new when the program started. The program met its targets in terms of the numbers of FIs, and its support was highly appreciated by some of them. However, at the time of this evaluation, this has proven insufficient to meet the targets regarding the number of SMEs, the number of loans provided to them and their amount. Given that the China project will remain open until 2018, targets on SMEs can still be met.

At the global level, the approach of the SEF Portal proved to be of limited use, in part as a result of insufficient stakeholder engagement during its design. Building on its caveats, the two platforms that followed the SEF Portal learned from this experience and included more functions and pay special attention to social interaction. In this sense, while the SEF portal itself had limited success, the lessons of that experience were instrumental in informing future efforts and these efforts were more effective.

A considerable number of workshops were organized in the countries on different issues, mainly for FIs. Although the attendants were satisfied, the process would have benefited from more proactive follow up to further support sustained changes in the lending processes.

In terms of market growth, previous experience, as in Mongolia, proved important to quickly scaling up. In other cases, starting with a big FI did work. Lending in GEF focal areas can be identified after project completion in the FIs involved in Peru and Mongolia, and with Conservation International. The market is expanding in Mongolia and China, and environmental business is being taken up by FIs in Brazil, Dominican Republic, Colombia and Mexico.

2.5.3. Efficiency

EBFP's ProDoc established a complex process of selecting countries and designing the projects to be implemented in each one of them. By 2008, the program had modified its approach, substituting global and in-depth country assessments for a more opportunistic, bottom up process, focusing on countries where interest already existed, and conducting in them sector specific assessments in conjunction with either/both IFC staff and the FI. Although this increased the efficiency of the process, it resulted in losing the resources that were previously spent in a global assessment and some in-depth country assessments. Except for Mongolia, pre-implementation activities were not budgeted or spent at country level.

EBFP proved to be very ambitious on the geographical scale. The change in the approach reduced the scope from the original 30 to 40 countries to 19 project countries and two multi-country projects. The long duration of the project resulted also in certain inefficiencies. Changes on the GEF eligibility criteria during its implementation made confusing the choice of criteria that had to be applied in some cases. In addition, the requirement to get GEF Focal point approval proved to be inefficient. Indeed, it is no longer required under GEF 5th and 6th funding cycles for private sector-related projects.

Although the pre-implementation and implementation processes of these type of programs can be refined, they are typically less efficient than those of a regular IFC project, given that the combination of funds with different sources (IFC and GEF) implies two levels of management approval. This extra layer of regulation does not necessarily imply time delays, but it is typically heavier in terms of intensity of work, which can be considered an extra cost to be borne by the IFC transaction team. Interviews suggest that EBFP's management and administration costs were a bit higher than those of similar projects today, given that it was a pioneer program and a lot had to be learned. The costs were also higher than non-SMEs focused projects, because SMEs require a lot of technical assistance.

In terms of management, a delegated authority agreement allowed IFC to interact directly with the private sector, the EMT being entirely composed of IFC staff. Although this structure achieved tremendous time efficiency in the short term, it limited the ability of the program to contribute to more efficient processes in the medium and long term.

While appropriate semi-annual supervision reports were produced at program and project level and completion reports were produced at project level, except in Egypt and for the latter in China, monitoring and evaluation was beset by the lack of baseline studies apart from the market assessments, changes in the uncommon set of indicators, and a lack of a standard methodology to estimate targets and potential development impact for projects.

2.5.4. Impact

As noted in the section on relevance, land degradation and, especially, biodiversity and POP focal areas might not be the most relevant areas of intervention to focus on for a private sector program such as EBFP. The program did not provide benefits in terms of POPs, and the benefits in terms of biodiversity conservation seem to be limited to avoiding land degradation, on which the impact was good. Climate change on the other hand, and more particularly energy efficiency projects, proved to be much easier and targeted for the private sector to engage on.

However, establishing GHG and energy efficiency targets proved difficult, and these were overestimated in Peru, where the experience and methodology developed for Eastern Europe led to inaccuracies in setting targets.

2.5.5. Other lessons

The policy and economic environment proved critical. Low level of commitment of local FIs, such as in Indonesia, can partly be attributed to limitations of central bank regulations.

The design of the project demonstrated to be a crucial step as is evidenced in Indonesia, as many of the difficulties faced during implementation of that project can be traced back to the design stage. In this sense, the project highlighted the importance of using a strong/experienced IS/AS team in the structure of the project in order to tailor it to the market context; avoid overly optimistic expectations and mis-judgement of the interest of FIs at the design phase; and limit the possibility of skewing of the disbursement focus of the facility in the implementation phase due to locally led implementation or mismatch with the market momentum. As suggested above, in the design of the facility a number of non-financial aspects need to be carefully considered, evaluated and reflected in the design, starting with the central bank regulations, especially those related to risk and quality ratings of collaterals.

The Indonesia project also stressed the relevance of setting a strong IS/AS team during implementation. The project proved that providing support to the local partners at key stages in the implementation process is critical. In this sense, the project demonstrated the need of linking between theoretical knowledge transfer through trainings and workshops, and hands-on support through the generated pipeline of projects.

Finally, the project highlighted the importance of communicating simultaneously with partners both at strategic management level and operational level (sales). The support on an operational level should be much more hands-on and informal.

The project in China proved that a strong AS team is critical to the implementation success. AS team needs to always be one step ahead of the market in terms of internal capacity, not only in technical terms, but also in terms of management of sustainable lending facilities, reflecting the constantly developing capacity in EE/RE financing of Chinese Banks and leading them the next step in transforming the market.

Careful selection of partner banks is always of critical importance for the implementation of EE/FE financing facilities. In China, this component was of even greater importance due to government influence on the lending operations of the banks; the different focus of different banks, very different levels of internal capacity and last but not least adequate governance and fiduciary safeguards. Also different banks can have very different motivation to participate in the facility and this motivation needs to be assessed and aligned with the objectives of the facility.

The project proved also that for big markets, such as the Chinese, sustainable capacity at the level of partner banks can only be accumulated through a sufficiently large number of transactions with a good regional diversification enabling capacity development throughout the branch network of the partners, where deal generation happens.

3. RECOMMENDATIONS

3.1. Relevance

The relevance of an innovative program such as EBFP - aiming at increasing SMEs' access to funding for environmental initiatives through the involvement of FIs - would benefit from:

- Focusing on a single well defined thematic area - such as climate change - in order to concentrate the efforts, expertise and capacities to strategically engage the private sector in this area of focus in each country. A single thematic area would also simplify the preliminary analysis of market and SME needs in each country to make each project as relevant as possible to specific contexts; and
- Keeping some flexibility in the portfolio distribution and eligibility criteria for each project to avoid narrowing down the scope of intervention of the program, making the project identification easier, and ensuring the relevance of the program for a variety of projects.

3.2. Effectiveness

The effectiveness of similar programs would benefit from:

- Being more careful when designing SME targets in non-mature markets, realizing that there is an important gap between supporting FIs and actually lending to SMEs. In this sense, it would benefit from aligning targets at the FI and SME levels;
- Engaging a wide range of stakeholders in the design of projects and project components. Platforms have to be multi-purpose and favour social interaction. However, physical regular interaction must be promoted at project level;
- Ensuring that the knowledge gained through capacity building is institutionalized. Ensuring, to that end, that decision-makers participate to the workshop, so that they promote the required structural changes in the lending processes; and
- Ensuring that niches are identified. Although the growth of the market cannot be attributed to the program, it proved the importance of contributing to innovative processes. To that end, engaging FIs already in the Environmental Business area working with SMEs helps scaling up the market effectively. Starting with one FI and opening a sustainable energy finance product requires gauging the market from their client's perspective including policy environment factors.

3.3. Efficiency

The efficiency of such programs would benefit from:

- Designing from the outset a focused and opportunistic pre-implementation process, and budgeting it appropriately at both the global and project level;

- Being cautious regarding the time and geographical scope of the program, not to be affected by structural changes, and being realistic on management potential;
- Recognizing that innovative, blend-funded and SME-focused programs are likely to be more resource intensive than conventional, single-source funded and big enterprise-focused programs;
- Ensuring that GEF is associated with the management through more extensive formal and informal information exchange on lessons learned during program implementation in particular, to the extent that it can gain capacity from the implementation of the program even if a more efficient organization, such as IFC, is ultimately in charge of managing it; and
- Providing a set of indicators that is as common and stable as possible, as well as a common methodology to estimate targets and potential impacts of projects. Ensure baseline studies are conducted.

3.4. Impact

The impact of a program such as EBFP would benefit from:

- As noted in the relevance section, focusing on a single well defined thematic area - such as climate change - in order to concentrate the efforts, expertise and capacities to strategically engage the private sector in this area of focus in each country; and
- Establishing country-specific methodologies to account for the environmental impacts of the projects. Although a common methodology can prove useful, this has to be fine-tuned in each country in order to ensure that the targets are realistic.

ANNEXES

Annex 1: Evaluation Matrix

Evaluation questions	Sub-questions	Indicators	Collection mean	Sources
Relevance				
1. To which extent is the EBFP thematic and geographic focus relevant to GEF and IFC strategic priorities, as well as SMEs and countries local priorities?	1.1. To which extent is the program relevant to CC, BD, LD and POP GEF Focal areas?	1.1.1. GEF Priorities for CC, Biodiversity, LD and POP Focal Areas	Documentation Review Interviews	EBFP Project Document GEF Strategic Documentation GEF, IFC
		1.1.2. Number and type of EBFP funded projects with CC-related activities	Documentation Review	Project Documentation
		1.1.3. Number and type of EBFP funded projects with BD-related activities	Documentation Review	Project Documentation
		1.1.4. Number and type of EBFP funded projects with LD-related activities	Documentation Review	Project Documentation
		1.1.5. Number and type of EBFP funded projects with POP-related activities	Documentation Review	Project Documentation
		1.1.6. EBFP Objectives	Documentation Review	EBFP Project Documentation
	1.2. To which extent is the program relevant to GEF Operational Programs (OP)?	1.2.1 GEF OP 1-7 and OP 11-15 objectives	Documentation Review	GEF Strategic Documentation
		1.2.2 Number of OP-related activity for each project	Documentation Review	Project Documentation: project documents, Logframe
		1.2.3 EBFP target technologies and activities	Documentation Review Interviews	EBFP Project Document Project Documentation IFC, GEF
	1.3. To which extent is the program relevant to IFC's priorities?	1.3.1 IFC's priorities and objectives	Documentation review Interviews	IFC strategic documentation IFC
		1.4.1. GEF eligible SMEs priorities	Documentation	Project Documentation Market Assessments

Evaluation questions	Sub-questions	Indicators	Collection mean	Sources
			Interviews	Projects staff
	1.4. To which extent is the program relevant to SME's priorities?	1.4.2. Level of appreciation of the Program support compared to SME's expressed needs	Interviews	Projects staff
	1.5. To which extent is the program relevant to country priorities?	1.5.1. Countries covered by the program	Documentation Review	Program documentation
		1.5.2. Country's priorities in the private and environment sector	Documentation Review Interviews	Countries strategic documentation Market Assessments IFC
	1.6. How is support distributed between: large country programs, small country programs, standalone interventions and continued support to SME program?	1.6.1. Number and amount allocated to large country programs	Documentation Review	Program and project documentation
		1.6.2. Number and amount allocated to small country programs	Documentation Review	Program and project documentation
		1.6.3. Number and amount allocated to standalone interventions	Documentation Review	Program and project documentation
		1.6.4. Number and amount allocated to continued support to SME program	Documentation Review	Program and project documentation
Effectiveness				
2. Did the program sufficiently engage with and support FIs in target countries to support SMEs in GEF-eligible activities?	2.1. To which extent did EBFP engage with and support FIs?	2.1.1. Number of FIs supported by the program	Documentation Review	Program and project documentation
		2.1.2. Type of support provided to FIs in target countries	Documentation Review Interviews	Project Documentation IFC
		2.1.3. FIs' level of appreciation of the support provided by the program	Interviews	Project staff
	2.2. To which extent did the program allow FIs to support SMEs in GEF-eligible activities	2.2.1. GEF eligible activities for SMEs	Documentation Review	GEF strategic documentation Program Documentation
		2.2.2. Number of GEF eligible SMEs supported by each FI	Documentation Review	Project Documentation
		2.2.3. Number and amount of money lent to GEF eligible SME borrowers	Documentation Review	Project Documentation
		2.2.4. Number of people employed and trained in GEF-eligible activities	Documentation Review	Project Documentation
3. Did the project achieve or make progress toward achieving the desired market changes to	3.1. Did the project allow an appropriate policy environment for business?	3.1.1. Presence of energy subsidies and level of market distortion caused	Documentation Review Interviews	Market Assessment Project staff
		3.1.2. Available certification and recognition for organic food products	Documentation Review Interviews	Market Assessment Project staff
		3.2.1. Number, type, size and timing of lending facilities in GEF focal areas after project completion.	Interviews	Project staff

Evaluation questions	Sub-questions	Indicators	Collection mean	Sources
encourage FIs to lend to SMEs in GEF focal areas?	3.2. Did FIs continue lending in GEF focal areas after the completion of the project?	3.2.2. Changes made in the FI's lending processes to reflect peculiarities and risks of environmental lending	Interviews	Project staff
	3.3. To which extent did the project allow the client's environmental business to grow?	3.3.1. Increase in the supply and demand for GEF-eligible goods and services in the target country markets[63]	Documentation Review Interviews	Market assessment before and after program Project reports Project staff, IFC
		3.3.2. A 4:1 increase in financial resources that are allocated by FIs and SMEs to fund the growth of the GEF-eligible SME market	Documentation review	Baseline assessments of the FIs, SMEs and of the local GEF-eligible markets Project reports
		3.3.3. Increase in the level of awareness, tools and experience of GEF-eligible SME market players, such that they are able to continue to operate successfully beyond the Program	Documentation review Interviews	Mid-term and final evaluations by external evaluator Project staff
		3.3.4. Example of different approaches in countries where environmental business is growing	Documentation review Interviews	Country's documentation on different approaches GEF, IFC
	3.4. Was the project able to generate reflows?	3.4.1. Reflow generated	Documentation review Interviews	Program documentation IFC
	3.5. What was the risk appetite for the program?	3.5.1. Level of risk appetite	Interviews	IFC
	3.6. Were the Risk Sharing Facilities drawn down or maintained considering fees and grant support?	3.6.1. Risk Sharing Funds status at the end of the program	Documentation Review Interviews	Project documentation for RSF projects Project staff
4. Have the projects achieved or made progress towards	4.1. Has the EBFP sufficiently engaged with domestic players	4.1.1. Number and type of events organized to raise awareness on opportunities within environmentally sustainable businesses	Documentation review Interviews	Project and Program Documentation IFC

[63] Each time it enters a new country, the Program was to undertake a market assessment of the GEF-eligible market. As part of the midterm and final evaluations, the Evaluator will assess based on available data the change in this market's size. If practically feasible, both the initial and latter assessments will measure the market size in quantitative terms.

Evaluation questions	Sub-questions	Indicators	Collection mean	Sources
enhancing the technical capacity and raising awareness among FIs or other market players about business opportunities in environmentally sustainable business practices such as energy efficiency, resource efficiency, sustainable tourism, etc.?	from FIs, NGOs, TA providers, Business Development Services, Government agencies, donor-funded programs, academic institutions and local communities to raise awareness on the GEF-eligible SME market?	4.1.2. Number and type of domestic market players that have attended awareness raising events	Documentation review	Events capitalization reports and attendance sheet
		4.1.3. Type of content/knowledge transferred	Documentation review	Events capitalization reports
	4.2. Have partnerships been developed with NGO, TA, BDS providers to provide TA support to SME?	4.2.1. Evidence of developed partnership	Documentation review Interview	Project Documentation Project staff
	4.3. To which extent has the technical capacity of FI increased regarding environmentally sustainable business practices?	4.3.1. Number of FI that have developed adequate credit risk processes and control	Documentation review Interview	Program and project progress reports Project staff
		4.3.2. Number of FI that have developed innovative financial products to meet the evolving needs of eligible SMEs	Documentation review Interview	Program and project progress reports Project staff
		4.3.3. Number of FI that have access to specialized financial and information technologies	Documentation review Interview	Program and project progress reports Project staff
	4.4. Were awareness raising activities carried out to attract FIs to lend to Environmental Business?	4.4.1. Number of seminars or events, and attendance	Documentation Review	Projects and Program Documentation
		4.4.2. Evidence that Environmental business is being taken up by other FIs	Documentation Review Interviews	Other FIs portfolio IFC, market-level (non-client specific) AS projects
	4.5. Was the new capacity developed at FIs integrated in their core staff training programs in a sustainable manner?	4.5.1. Number of additional training modules	Documentation Review Interviews	Program and project documentation Project staff

Evaluation questions	Sub-questions	Indicators	Collection mean	Sources
	4.6. To what extent has the technical capacity of other domestic market players increased regarding environmentally sustainable business practices (replicability) and in what type of practices?	4.6.1. Number of employees dedicated to supporting GEF-eligible activities within these players?	Documentation review Interviews	Projects Progress Reports Project staff
		4.6.2. Revenue and/or profit from implementing GEF-eligible activities, and type of environmentally sustainable practices	Documentation review Interviews	Program and Project Progress reports Project staff
	4.7. To which extent have SMEs improved their skills in managing their business under the project?	4.7.1. Number of supported SMEs that have improved business practices such as: feasibility studies, business plans, project preparation, monitoring and reporting practices, corporate governance and strategic planning, etc.	Documentation Review Interviews	Project progress reports Project staff
5. What was the performance on the financial leverage achieved by the program? Have the projects (when applicable) been able to raise additional funds (including grants, soft loans, hard loans, guarantees, in kind or cash) to support GEF-eligible activities by SMEs?	5.1. Have the program been able to leverage additional funds?	5.1.1. Amount of funds leveraged by the program	Documentation Review Interviews	Program and project progress reports Project staff
	5.2. Which players have provided additional funds?	5.2.1. Players that have provided additional funds to GEF-eligible activities	Documentation Review Interviews	Program and project progress reports Project staff
	5.3. What types of funds have been leveraged (including grants, blended climate finance funds, soft loans, hard loans, guarantees, in kind or cash)?	5.3.1. Type of funds leveraged	Documentation Review Interviews	Program and project progress reports Project staff
	5.4. To what type of activities are these funds allocated?	5.4.1. Type of activities to which the funds are allocated	Documentation Review Interviews	Program and project progress reports Project staff
Efficiency				
6. Was IFC's program operations and	6.1. To which extent was the country	6.1.1. Existence of a Country's selection process based on a set or criteria	Documentation Review Interviews	Country selection matrix IFC

Evaluation questions	Sub-questions	Indicators	Collection mean	Sources
management approach efficient in facilitating support to FIs and SMEs?	identification and selection process efficient?	6.1.2. Time and resources needed for the country selection process	Interviews	IFC
	6.2. To which extent was the assessment of GEF-eligible SME market potent efficient?	6.2.1. Existence of a detailed market assessment for each country	Documentation Review	Market Assessments
		6.2.2. Time and resources needed for the country selection process	Interviews	IFC
	6.3. To which extent was the stakeholder identification and consultation process efficient?	6.3.1. Existence of a systematic stakeholder identification and consultation process in each country	Documentation Review Interviews	Market Assessments IFC
		6.3.2. Time and resources needed for the country selection process	Interviews	IFC
	6.4. To which extent was the design and structuring of country program efficient	6.4.1. Existence of country programs for each selected country	Documentation review	Country Programs
		6.4.2. Time and resources needed for developing and structuring the country programs?	Interviews	IFC
	6.5. To which extent was the country program funding and approval efficient?	6.5.1. Decision making process in place to approve and fund country programs	Interviews	IFC
		6.5.2. Time and resources needed for approving and funding country programs	Interviews	IFC
	6.6. To which extent is the overall program's operation and management efficient in facilitating support to FI and SMEs?	6.6.1. EMT composition, role and work load	Documentation review Interviews	Program documentation IFC
		6.6.2. FI role, responsibilities and work load	Documentation review Interviews	Program documentation IFC, project staff
		6.6.3. Local Environmental Experts (LEE)'s type, role, responsibilities and work load	Documentation review Interviews	Program documentation IFC, project staff
		6.6.4. Investment Review Committee's composition, role, responsibility and work load	Documentation review Interviews	Program documentation IFC, Investment Review Committee members
		6.6.5. Advisory Panel's composition, role, responsibility and work load	Documentation review Interviews	Program documentation IFC, Advisory Panel

Evaluation questions	Sub-questions	Indicators	Collection mean	Sources
		6.6.6. Level of appreciation of the overall program's operation and management system	Interviews	IFC, project staff, Investment Review Committee, Advisory Panel
7. Was there an efficient and effective program management/project reporting system in place to keep track of program performance, including environmental impacts? Were there regular progress reports from the projects? Were indicators of project performance tracked on a regular basis?	7.1. Was there an efficient and effective program management/project reporting system in place to keep track of program performance?	7.1.1. Existence of program management system	Documentation review Interviews	Program documentation IFC
		7.1.2. Time and resources needed to use the program management system	Interviews	IFC
		7.1.3. Existence of a project reporting system	Documentation review Interviews	Program and Project Documentation IFC
		7.1.4. Number of SMEs and FI that used the project reporting system	Documentation review Interviews	Program and Project Documentation IFC, project staff
		7.1.5. Time and resources needed to use the project reporting system	Interviews	Project staff
	7.2. Was there an efficient way of keeping track of program and projects' environmental impacts	7.2.1. Existence of a system to keep track of environmental impacts	Documentation review Interviews	Program and Project Documentation IFC
		7.2.2. Number of FIs using the environmental scorecard	Documentation review Interview	Program and project progress reports IFC, project staff
		7.2.3. Level of appreciation of the use and efficiency of the environmental scorecard	Interviews	IFC, project staff
		7.2.4. Systems in place for SMEs to track their environmental performance	Documentation Review Interviews	Program and project documentation IFC, project staff
	7.3. What are the program and projects management and operations costs?	7.3.1. Program management and operation costs	Documentation review	Program budgets
		7.3.2. Projects management and operation costs	Documentation review	Projects budgets
	7.4. Were there regular progress reports from the projects?	7.4.1. Frequency of project progress reports	Documentation review	Project progress report
	7.5. Were indicators of project performance tracked on a regular basis?	7.5.1. Project performance indicator tracking frequency	Documentation review Interviews	Project progress report IFC, project staff
		8.1.1. EBFP structure	Documentation review	EBFP Project Document

Evaluation questions	Sub-questions	Indicators	Collection mean	Sources
8. Are there other variation on or recommended changes to the program's structure that would make it more efficient?	8.1. To what extent was the EBFP structure efficient?	8.1.2. Structure, costs and budget allocation for the functioning of the TA program	Documentation review Interviews	EBFP Documentation IFC
		8.1.3. Ability of the TA program to fulfill its objective	Documentation review Interviews	Program progress report IFC
		8.1.4. Structure, costs and budget allocation for the functioning of the financing facility	Documentation review Interviews	EBFP Documentation IFC
		8.1.5. Ability of the financing facility to fulfill its objective	Documentation review Interviews	Program progress report IFC, GEF
		8.1.6. Structure, costs and budget allocation for M&E of the EBFP	Documentation review Interviews	EBFP Documentation IFC
		8.1.7. Ability of the M&E sub-component to fulfill its objective	Documentation review Interviews	Program progress report IFC
		8.1.8. Level of appreciation of the efficiency of the overall EBFP Structure	Documentation review Interviews	EBFP Documentation IFC, GEF
	8.2. Is the structure of similar Programs more efficient?	8.2.1. Structure of similar program	Documentation review	Similar program strategic documentation
		8.2.2. Cost and budget allocation for the structure of similar program	Documentation review Interviews	Similar program strategic documentation GEF
Impacts				
9. Did the Program and projects achieve (or are in the process of achieving) its objective of generating positive environmental benefits (climate change mitigation, air quality, water efficiency, etc.)	9.1. To which extent were environmental benefits generated by the program and projects?	9.1.1. Number of projects that fully achieved their environmental objective?	Documentation review Interviews	Environmental Scorecard Environmental performance tracking system Project Progress report Project Staff
		9.1.2. Number of projects that are in the process of achieving their environmental objective?	Documentation review	Environmental Scorecard Project Progress report Environmental performance tracking system
		9.1.3. Number of project that created unexpected negative environmental impacts	Documentation review Interviews	Environmental scorecard Environmental performance tracking system Project staff
	9.2. What type of environmental	9.2.1. Number of project that achieved positive benefits in terms of climate change mitigation	Documentation review Interviews	Project progress report, environmental scorecard Environmental performance tracking system Project Staff

Evaluation questions	Sub-questions	Indicators	Collection mean	Sources
	benefits were generated?	9.2.2. Number of project that achieved positive benefits in terms of biodiversity conservation	Documentation review Interviews	Environmental Scorecard Project Progress report Environmental performance tracking system Project staff
		9.2.3. Number of project that achieved positive benefits regarding land degradation	Documentation review Interviews	Environmental Scorecard Project Progress report Environmental performance tracking system Project staff
		9.2.4. Number of project that achieved positive benefits regarding POP	Documentation review Interviews	Environmental Scorecard Project Progress report Environmental performance tracking system Project staff
	9.3. To which extent were Green House Gas (GHG) Emissions reduced by the projects/Program?	9.3.1. Level of GHG emission reduction induced by the projects/Program	Documentation review Interviews	Environmental Scorecard Project Progress report Environmental performance tracking system Project staff
Sustainability				
10. Are there "good practice" lessons from the implementation of the projects that could be used for knowledge dissemination?	10.1. Did projects generate good practices and lessons learned?	1.1.1. Number of good practices identified for each project	Documentation review	Project progress report
		1.1.2. Number of lessons learned identified for each project	Documentation review	Project progress report
		1.1.3. Number of reports, seminars, workshops, etc. to disseminate best practices and lessons learned	Documentation review	Project progress report
	10.2. Have they been used for knowledge dissemination?	1.1.4. Number of capitalization activities undertaken in each project	Documentation review	Project progress report Projects capitalizations reports
		1.1.5. Number of knowledge dissemination activities undertaken by the program	Documentation review	Project progress report Project capitalization material
	10.3. Are these best practices and lessons learned replicable to other programs?	1.1.6. Level of appreciation of the potential replicability of identified best practices and lessons learned	Interview	IFC, project staff
11. What are the lessons for management of similar	11.1. What are the key lessons from similar funds/projects?	1.1.7. Actual lessons	Documentation review	Similar Funds and similar projects capitalization and lessons learned reports

Evaluation questions	Sub-questions	Indicators	Collection mean	Sources
funds/projects going forward?	11.2. What lessons apply to the program?	1.1.8. n/a	Analysis from expert judgment Interviews	Expert IFC, GEF

Annex 2: Inception Call Interview Protocol

This protocol was used during the inception call with IFC on February 19th.

1) Could you give us some background on how EBFP came to life? Is this part of an IFC broader pre-defined strategy when it comes to funding environmental initiatives?
2) In your view, did the program achieve or make progress toward achieving the desired market changes to encourage FIs to lend to SMEs in GEF focal areas? On what ground?
3) To which extent does IFC consider sustainability in the operations under EBFP? What are the key challenges in your view for continued engagement of the national actors in that field of financing?
4) Has the lawsuit on the Boundary Hill (Tanzania project) been resolved? What due diligence documentation was used at the time of approval?
5) Does FinMech have any experience in carbon sequestration/ forestry projects? Did this impact projects' focus regarding GEF focal areas?
6) Do you know why were indicators shifted mid-project? To which extent did this impact the continuity between the program and project tracking?
7) Was there an efficient and effective program management/project reporting system in place to keep track of program performance? Can you describe its components?
8) Was there an efficient way of keeping track of program and projects' environmental impacts?
9) Have you identified good practices and lessons learned from the projects and program implementation that could be used for knowledge dissemination?

Annex 3: List of documents reviewed

IFC Strategic Documentation

- IFC operational and management documentation;
- IFC Annual Reports; and
- The World Bank Group's Partnership with the Global Environment Facility. Global Program Review. 2015.

GEF Strategic Documentation

- Documentation on GEF's involvement with the private sector; and
- Evaluations and/or reviews of GEF involvement with the private sector.

EBFP Strategic Documentation

- Program Approval and Supervision reports;
- MoU and agreements with Financial Institutions and SMEs;
- All annual reports over the 10 years of implementation (2005-2014);
- All evaluations reports realized over the 10 years of implementation of the program;
- EBFP M&E Framework documentation; and,
- Any Lesson learning documents produced.

Project Level Documentation for the 8 projects supported through the EBFP

- Project Documents;
- Detailed Project Budgets;
- Annual Project Budgets and disbursement data, and Work plans;
- Project M&E Frameworks;
- Project progress reports;
- Any market/indicator baseline done in the countries covered; and
- Project review and/or evaluation reports.

Regulatory Frameworks

- Regulatory documentation on SME financing in countries of intervention;
- Regulatory documentation in the sectors of intervention in the countries

Market information

- Market assessment reports;
- Any studies realized on countries' markets;

Annex 4: List of people interviewed

Program/Project Level	Person Name	Position
Program Level	Joyita M. Mukherjee	Senior Operations Office, Blended Climate Finance, IFC
	Yulia Guzairova	Associate Financial Officer, Blended Climate Finance, IFC
	David Rodgers	Senior Climate Change Specialist, Global Environment Facility Secretariat
Boundary Hill Lodge	Maria Soledad Requejo	Operations Officer, IFC
BBVA Peru	Liliana Pozzo	Senior Operations Officer, IFC (Bogota)
	Norbert Schneider	Senior Investment Officer, IFC
	Arturo Saravia	Investment Officer, IFC
CHUEE	Neelam Patel	Investment Officer (IS), IFC
	Helen He	Operations Officer, IFC (Beijing)
CI2	Shir Ashar Naveh	Operations Officer, IFC
Indonesia	Nyoman Yogi	IFC (Jakarta)
Mongolia	William Trant Beloe	Principal Operations Officer, IFC (Beijing)
SEF Portal	Nouma Dione	Financial Sector Specialist, IFC
SIWA	Shir Ashar Naveh	Operations Officer, IFC
	Mounir Nematalla	Director of Environmental Quality International

Annex 5: Interview Protocols

Interview Protocol 1: GEF level

A. Project Relevance and Effectiveness
1.1. To which extent was the program relevant to Climate Change (CC), Biodiversity (BD), Land Degradation (LD) and POP GEF Focal areas?
1.2. To which extent was the program relevant to GEF Operational Programs (OP)? In that respect, what were target technologies and activities under the program?
3.3. To which extent did the project allow the client's environmental business to grow? Are you aware of any example of different approaches in countries where environmental business is growing?
B. Efficiency and Impacts of Program Operations and Management
8.1. To what extent was the EBFP structure efficient? (For IFC) Did the EBFP structure allow for effective and efficient project identification and fund dispersal? What challenges did the structure present in terms of achieving its objectives?
8.2. Is the structure of similar Programs more efficient? How? How do cost and budget allocation for similar programs compare? Can you provide comparable data in this respect?
C. Sustainability (Identification and Dissemination of Lessons Learned)
11.1. What are the key lessons from similar funds/projects?
11.2. What are the main lessons that apply to the program?

Interview Protocol 2: Program Level (e.g. Blended Climate Finance Unit)

A. Program Relevance and Effectiveness
1.1. To which extent was the program relevant to Climate Change (CC), Biodiversity (BD), Land Degradation (LD) and POP GEF Focal areas?
1.3. To which extent was the program relevant to IFC's priorities? Could you confirm our understanding of program-level objectives?
1.5. To which extent was the program relevant to country priorities?
1.6. How was support distributed between: large country programs, small country programs, standalone interventions and continued support to SME program?
2.1. To which extent did EBFP engage with and support FIs? Please describe the type of support provided to FIs in the different target countries?
2.2.a To which extent did the program allow FIs to support SMEs in GEF-eligible activities? Was the initial target in terms of number of SMEs reached in the end? 2.2.b Do you have the final numbers on the leveraging effect achieved in terms of $?
3.3. In your view, to which extent did the project allow the client's environmental business to grow? Can you provide examples of different approaches in countries where environmental business is growing?
3.4.a) Was the program able to generate reflows, 3.4 b) What was the risk appetite for the program?
4.1. Has the EBFP sufficiently engaged with domestic players from FIs, Non-Governmental Organizations (NGOs), Technical Assistance (TA) providers, Business Development Services (BDS), Government agencies, donor-funded programs, academic institutions and local communities to raise awareness on the GEF-eligible SME market? How (examples)?
4.4. Can you provide evidence that environmental business is being taken up by other FIs?
B. Efficiency and Impact
6.1. To which extent was the country identification and selection process efficient? Please describe the criteria used for selection as well as the time and resources required.
6.2. To which extent was the assessment of GEF-eligible SME market process efficient? Please describe the time and resources required.
6.3. To which extent was the stakeholder identification and consultation process efficient? Please describe the process as well as the time and resources required.
6.4. To which extent was the design and structuring of country program efficient? Please describe the process and resources required for this exercise for each country
6.5. To which extent was the country program funding and approval efficient? Please describe the process for approval and funding and the time and resources typically required
6.6. To which extent is the overall program's operation and management efficient in facilitating support to FI and SMEs? Please discuss this in terms of the composition/type, roles, responsibilities and workload of: - the EMT,

- The FIs, - The Local Environmental Experts, - Investment Review Committee, and - Advisory Panel?
7.1. Was there an efficient and effective program management/project reporting system in place to keep track of program performance? Please respond in terms of existing management and reporting systems, the use made of the reporting system by SMEs and FIs, and the time and resources required to make these systems work.
7.2. Was there an efficient way of keeping track of program and projects' environmental impacts? How? (change in project indicators mid-way?) To what extent was the M&E subcomponent implemented? What role did LEEs effectively play in this?
7.3. What are the program and projects management and operations costs?
7.4. Were there regular progress reports from the projects?
7.5. Were indicators of project performance tracked on a regular basis? How often?
8.1. To what extent was the EBFP structure efficient (for the TA program, the financing facility, the M&E sub-component)? (For IFC) Did the EBFP structure allow for effective and efficient project identification and fund dispersal? What challenges did the structure present?
8.2. Is the structure of similar Programs more efficient? Can you provide comparison on the costs and allocations for the structure of similar programs?
C. Sustainability (Identification and Dissemination of Lessons Learned)
11.1. What are the key lessons from for similar funds/projects?
11.3. What are the main lessons that apply to the program and the potential for replication in your view?
11.5: How was the issue of the sustainability of the SMEs in terms of capacity and financial sustainability of operations?

Interview Protocol 3: IFC investment and advisory officers in charge of IFC EBFP supported projects

A. Project Relevance and Effectiveness
1.4. To which extent was the project relevant to SME's priorities?
2.1. To which extent do you consider that EBFP engaged with and supported FIs?
3.1. Did the project allow an appropriate policy environment for business? Did it address market distortions such as subsidies, product certification and recognition factors?
3.2. Did FIs continue lending in GEF focal areas after the completion of the project? Can you provide data on number, types, size and timing of lending facilities that continued operations after project completion, as well as on changes made in FI processes in view of environmental lending requirements?
3.3. To which extent did the project allow the client's environmental business to grow? Please describe increase in supply and demand for the target country markets, as well as in awareness and tools made available to market players to operate in this market after the project support
3.5. (For RSF projects) Were the Risk Sharing Facilities drawn down or maintained considering fees and grant support?
4.2. For your project, have partnerships been developed with NGO, TA providers and BDS to provide TA support to SMEs?
4.3. To which extent has the technical capacity of FIs increased regarding environmentally sustainable business practices? (in terms of credit risk processes and controls, innovative financial products for SMEs, access to specialized financial and info technology)
4.4. For market-level (non-client specific) AS projects: Were awareness raising activities carried out to attract FIs to lend to Environmental Business?
4.5. Was the new capacity developed at FIs integrated in their core staff training programs in a sustainable manner?
4.6. To what extent has the technical capacity of other domestic market players increased regarding environmentally sustainable business practices (replicability)? (in terms of number of employees dedicated to this type of activity and revenues/profits from implementing GEF eligible activities and types of environmentally sustainable practices)
4.7. To which extent have SMEs improved their skills in managing their business under this project? (in terms of number of SMEs that now have improved practices such feasibility studies, business plans, project preparation, monitoring and reporting practices, governance, strategic planning, etc)
5.1 – 5.4 : We understand the project leveraged $XXX through (equity, debt, etc.) through (co-financier 1, co-financier-2, etc.). Can you confirm? For what activities were these funds used specifically? How many SMEs were reached in the end?
B. Efficiency and Impacts of Projects Operations and Management
6.6. To which extent is the overall program's operation and management efficient in facilitating support to FI and SMEs? (in particular in terms of roles, responsibilities and work load for EMT, FIs and LEE)
7.1. Was there an efficient and effective program management/project reporting system in place to keep track of program performance? (in terms of how many SMEs and FIs were using the reporting system and the time and resources required to use it)
7.2. Was there an efficient way of keeping track of program and projects' environmental impacts? (in terms of how many FIs were using the environmental scorecard and how they appreciated it, or whether they were using their own system to track environmental performance). What were the roles of SMEs and LEEs in that respect in the end?
7.5. Were indicators of project performance tracked on a regular basis? How frequently?

9.1. To which extent were environmental benefits generated by the program and projects? By how many projects? What about negative environmental impacts?
9.2. What type of environmental benefits were generated? (in terms of climate change, biodiversity, land degradation and/or POPs). By how many projects?
9.3. To which extent were Green House Gas (GHG) Emissions reduced by the projects/Program? (provide number of Tons please)
C. Sustainability (Identification and Dissemination of Lessons Learned)
10.1. Did projects generate good practices and lessons learned?
10.2. Have they been used for knowledge dissemination?
10.3. Are these best practices and lessons learned replicable to other programs?

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