

**Terminal Evaluation
UNDP-GEF Global Project
"Institutionalizing Payments for Ecosystem Services"**

**FINAL REPORT
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Acronyms and Abbreviations

APR	Annual Project Report
BBOP	Business and Biodiversity Offset Program (of Forest Trends)
BDF	Business Development Facility
BO	Biodiversity offset
CBD	Convention on Biological Diversity
CBO	Community-based organization
CDM	Clean Development Mechanism
CEO	GEF Chief Executive Officer
CI	Conservation International
CIFOR	Centre for International Forestry Research
CO	UNDP country office
COP	Conference of the Parties (to the CBD)
CPAP	UNDP Country Programme Action Plan
CPD	UNDP country programme document
DFID	Department for International Development (UK)
EA	Executing agency
ERC	Evaluation Resource Centre
ET	Evaluation team
EU	European Union
FAO	Food and Agriculture Organization of the UN
FSP	Full-size project
FT	Forest Trends
GEF	Global Environment Facility
GEF EO	GEF Evaluation Office
GEF -SGP	GEF Small Grant Programme
IA	Implementing agency
IFAD	International Fund for Agricultural Development
IFC	International Finance Corporation
ITTO	International Tropical Timber Organization
IUCN	World Conservation Union
KfW	German Development Bank
KG	Katoomba Group
LFA	Logframe analysis
LULUCF	Land use, land-use change and forestry, under UNFCCC
M&E	Monitoring and evaluation
MARES	Marine Ecosystem Services Program (of Forest Trends)
MDG	Millennium Development Goals
MOU	Memorandum of understanding
MSP	Medium size project
MTE	Mid-term evaluation
NCRC	Nature Conservation Research Center (in Ghana)
NGO	Non-governmental organization
OPF	GEF Operational Focal Point

PDF-A	Preparatory Development Assistance Block A
PIES	Payment for ecosystem services
PIF	Project identification form
PIMS	UNDP GEF Project Information Management System
PIR	Project Implementation Report
POPP	UNDP Programme and Operations Policies and Procedures
ProDoc	Project document
PSC	Project steering committee
PT	Project team
PTA	Principal technical advisor
RCU	UNDP/GEF Regional Coordinating Unit
REDD	Reduced emissions from deforestation and forest degradation
REDD+	REDD plus conservation, sustainable forest management & enhancement of forest carbon stocks
ROAR	Results oriented annual report
STAP	Scientific and Technical Advisory Panel (of the GEF)
TE	Terminal evaluation
TER	Terminal evaluation review
TOR	Terms of reference
UNDAF	UN Development Assistance Framework
UNDP	United Nations Development Programme
UNDP EO	United Nations Development Programme Evaluation Office
UNEP	United Nations Environment Programme
UNOPS	United Nations Office for Project Services
UNFCCC	United Nations Framework Convention on Climate Change
WCS	Wildlife Conservation Society

Executive Summary

Background

The Monitoring and Evaluation (M&E) policy of the United Nations Development Programme (UNDP)/Global Environment Facility (GEF) mandates that projects supported by the GEF undergo a final evaluation upon completion. This is known as the terminal evaluation (TE). The objective of the TE is to analyze the implementation of the project and review the achievements made by the project to deliver the specified objectives and outcomes. The TE will assess the relevance, performance and success of the project, including the sustainability of results. The evaluation also analyzes specific lessons and best practices pertaining to the strategies employed and implementation arrangements, which may be of relevance to other projects.

This document presents the TE of **the GEF-UNDP project "Institutionalizing Payments for Ecosystem Services (PES)"**, in the following referred to as the Project. The evaluation addresses five key areas: relevance, effectiveness, efficiency, results, and sustainability. Section 1 includes details of the methodology used, stakeholder participation, and the evaluation team.

The Project was highly ambitious. **Its objective**, discussed in Section 2, **was to establish institutional capacity for expanding systems of payments for ecosystem services (PES) to a scale sufficient to have a meaningful impact on global conservation of biodiversity and ecosystem services and on achieving the Millennium Development Goals**. To this end, the Project promoted the integration of PES and Biodiversity Offsets (BO) into broader strategies of sustainable development and conservation. The Project identified three major barriers to achieve its objective: a) market actors cannot obtain systematic information about PES markets and best practices to reduce the risk and uncertainty of PES investment and market activity; b) institutions are weak or not in place to mobilize and enable potential private sector buyers of ecosystem services; and c) models for biodiversity payments at enterprise and landscape scales are not developed and evaluated for financial viability and ecological impact.

The Project goal was to improve conservation in at least 1.2 million hectares globally by reducing the costs and risks of ecosystem market transactions through a global ecosystem market information service. In addition, the Project aimed at improving biodiversity outcomes directly in at least 800,000 hectares in two regions (Tropical America and Southern/Eastern Africa) by improving the design of new PES schemes; and directly impact 20 projects and, indirectly, dozens more around the world.

It was expected that the Project would support PES innovators and initiatives in several sectors, e.g. agricultural, forest, coastal, and mountain ecosystems in East and Southern Africa, and tropical America; and strengthen the capacity of leaders and institutions from diverse stakeholder groups (local communities, national NGOs, governments, buyers, sellers, intermediaries, and policy makers) in the indicated regions.

The budget to achieve these ambitious goals included a USD 5.3 million grant from the GEF and USD 11.6 million in co-financing from a range of international organizations; for a total of USD 16,949,409 for a planned duration of five years. Most of the co-financing consisted of in-kind contributions.

Throughout its implementation, 2007-2011, the Project has faced major obstacles caused by external factors and developments, such as: i) underestimated lengthy, multi-year processes involving the development of PES/BOs, ii) shortcomings of Copenhagen in 2009 and Durban in 2011, and their impacts

on carbon markets; iii) disappointing signals from the carbon market, partly related to broader market “failures”; and iv) the negative impact of the global economic recession beginning in 2008. Despite these constraints, it is evident that the Project has major accomplishments and outcomes, which are a solid foundation to further advance PES globally.

The findings of the TE, discussed in Section 3, are organized in three major sections: formulation, implementation, and results.

Project formulation

The TE confirmed several key gaps in the project formulation such as:

- Lack of clear PES definition (as noted in the MTR) and criteria to assess impact.
- Assessment and estimation of what is the "actual" scale and quality sufficient to have a meaningful impact on global conservation of biodiversity and ecosystem services.
- Lack of communication & dissemination and capacity building strategies based on actual needs.
- Definition of PES "champion" based on needs, and criteria for measuring quantity, quality, and potential impact of PES/BO champions.
- Definition of what a PES "operational model" entails and criteria to assess progress and quality.
- Definition of criteria to assess the conservation impact of the actual PES and BO.

During the design phase, the Project identified early lessons related to PES design and implementation, PES policy, and PES markets. Forest Trends used several early PES schemes as models for the Project's PES. Despite the above indicated gaps in the design, the Project achieved substantial results by 2011.

The Project was designed to target a wide range of stakeholders, perhaps too many. Many stakeholders are also co-financers of the Project, providing cash and in-kind contributions. The Project document included over 85 co-financing partners. A significant effort in terms of staff and time was probably needed to follow up on in-kind and cash contributions, and reporting.

As noted in Section 2, the Project document focused on four principal groups of stakeholders: i) buyers of the ecosystem conservation services; ii) sellers (land or resource owners or managers who provide services to protect or restore ecosystem functions); iii) service providers and project developers (brokers and financial intermediaries, business administrative and support services, and technical services); and iv) policy makers/regulators; this focusing was conceptually adequate.

However, the Project could have included a more detailed needs analysis within these four groups, during the design or implementation phase, in order to identify specific stakeholders and develop tailored strategies to engage them. These could have been particularly useful in terms of potential stakeholders from the public and private sector. The lack of assessment of public sector stakeholders is evident in the Project document. Hardly any public agency is included and this absence is also evident because the Project lacked cash co-financing from government agencies. Nevertheless, the Project established solid relations with a number of PES actors to support Project implementation. **Stake holder participation is rated (S) satisfactory.**

The **Project's approach to replication** included three major pillars: i) provision of information based on a systematic assessment of market information needs in diverse sectors for diverse stakeholders carried out by Ecosystem Marketplace; ii) the Katoomba Group's network activities at a regional-level will replicate PES support in Eastern and Southern Africa, and tropical America regions; and iii) PES/BO pilot

sites (originally 20) that will demonstrate the financial feasibility of PES/BO models.

It was expected that the interaction among these three pillars will result in a dramatic reduction of transaction costs, individual and institutional capacities for replicating PES/BO projects and related policy, and an increased number of businesses, agencies, and NGOs, including those that have been involved in the pilot projects replicating PES/BO elsewhere. However, as indicated the project faced a range of challenges and delays.

The Project did not produce self-critical case studies with **lessons learned** in time to support its own activities. Logically, at least some PES/BO pilots needed to be completed before stakeholders will see useful lessons compiled and published. At the time of the MTR, January 2010, most of the pilot PES projects supported by the Project were not yet operational. This situation did not change to September 2011 (end of the Project). To date, only two projects are actually delivering payments. This may put replication at risk. Nevertheless, most of the projects that have been receiving support from the Project are a source of lessons covering most of the PES preparation steps prior to implementation.

By the end of the Project, different pilot projects have been supported; stakeholders have participated in many workshops, training events, and national and international PES/BO conferences. Further, direct technical support was provided to local communities, a range of PES/BO tools are available through Forest Trend websites; and PES/BO-related publications are available in hard copy or electronic format. These include just a few case studies containing successful practices of the Project's own PES pilots, which could guide future implementation of PES/BO. Nevertheless, lessons on what “not to do” are not available. This is a critical gap in the Project's lessons learned.

Forest Trends continues to be a **cost-effective** organization with low administrative expenses; thus, the selection of Forest Trends to implement the Project was cost-effective. Further, the GEF grant squarely fitted into Forest Trends operational structure and therefore, as noted in the MTR, there was no need for a separate GEF project management unit. However, it was not possible to separate GEF-supported activities from other projects and activities that Forest Trends may have done anyhow and without GEF funding (using grants from different donors). Thus, the actual cost of certain activities was hard to determine.

UNOPS oversaw the Project's **financial management** and noted that throughout the Project's lifespan Forest Trends has produced detailed financial reports in a timely manner. It has been useful for UNOPS to monitor expenses vis-à-vis the project logframe, and the flow of co-financing. UNOPS does not require disaggregation of financial data or expenses by country. The project was supported by timely accounting, as requested by donors, including GEF/UNOPS. However, financial planning was not an integral part of Project operations. If strategic financial planning had been used throughout the entire implementation phase, the Project could have produced critical lessons on PES and BO costs and cost efficiency.

In terms of UNDP's **comparative advantage** to implement the project, UNDP (and the World Bank) have strong comparative advantage when compared with other GEF implementing agencies in relation to PES/BO. However, UNDP's advantage could have been increased through a formal partnership agreement with the WB to support the BO component of the Project; and, whilst UNDP's strong experience with PES and capacity to engage governments would have been instrumental to develop PES, this project was design at global level, not at country level, this limited and defused UNDP's support at country level.

Forest Trends and Eco-Agriculture Partners provided **highly qualified staff** to fill most Project positions. However, the broad range of activities covered by the Project required additional skills particularly in the area of capacity building, at several levels. Although many of the needs in this area may have been filled with external consultants, the Project could have benefited from more permanent skills in areas related to institutional strengthening, instructional design, and training delivery mechanisms (conventional and virtual).

Project implementation

The Project's **logical framework (LF)** was used to manage the implementation, monitoring and evaluation of the Project. It provided general indicators and means of verification. During the TE, the Project team and a range of stakeholders and co-financers were interviewed and asked about the usability of the logframe. From these interviews, it is concluded that the logframe was primarily used by the core Forest Trends team, including Eco-Agriculture Partners. Most of the persons interviewed did not know about the Project's logframe. UNDP requested that the logframe be disseminated among stakeholders. It is acknowledged that the logframe and the Project Document are publically available at the UNDP and GEF websites. However, it is obvious that this access was not enough. It is important to note that Forest Trends had limited experience in managing a global project of this complexity, at the time when they received the GEF-UNDP grant.

The Project developed **adequate partnerships** throughout the implementation phase. There is strong evidence of participation of stakeholders at different levels, including both national and local governments, NGOs, and the private sector.

The Project information was disseminated primarily through the Forest Trends family of websites. The communications flow in the Project and subprojects was based on products generated by the different Project components and delivered to a range of stakeholders. The information and communications strategy was a key piece of the Project. A dedicated communications staff joined Forest Trends in March 2010. Until then, there was no designated person to fulfill this position. Before March 2010, the responsibilities were distributed among the PES/BO specialists who delivered the content, with support from administrative staff and the IT team. Nevertheless, through this basic communications strategy, the Project continued to increase the number of annual users/subscribers.

The Project collaborated with national, regional, and international organizations to support capacity building. At a national level in particular, a number of organization received training and/or collaborated with Forest Trends in the provision of technical training. The Project's partnerships were instrumental for advancing the Project objectives. For example, during the period January 2010 to September 2011, in collaboration with stakeholders, both national and international, Forest Trends conducted 34 capacity building-related events including training workshops, clinics, technical meetings, short courses, conferences, and working group meetings.

Approximately 1,628 people participated in the Project's training events, including representatives from governments, donor agencies, NGOs, communities, research institutions, and the academic sector. Based on the number of events and participants, the Project has been highly successful in producing capacity-building events and mobilizing participants to advance Project objectives.

The partnership with the National Center for Research and Conservation (NCRC) in Ghana is a case of successful partnership. NCRC has both a national and regional focus. The partnership with the NCRC has been instrumental in developing future carbon-based PES projects.

The Project established approximately 70 partnerships with different institutions, organizations, service providers, and individuals. Over fifty percent of the Project partnerships are related to forest PES, mostly subcontractors. Interestingly, there are only a few formal MOUs with government agencies (Brazil, Uganda, and Malaysia); and fewer partners for fresh water and marine/costal PES.

Government institutions are key stakeholders of the Project. Government participation has been instrumental at local and state levels. For instance in Brazil, the government of the State of Acre was supported by the Project, together with other national and international organizations, in developing the proposal for the State of Acre's System of Incentives for Environmental Services (SISA), which resulted in the subsequent Law # 2308 (State of Acre), which created SISA in 2010.

FT was very productive at identifying sources for **co-financing** from private organizations and foundations, bilateral and multilateral donors. The original co-financing level established during the Project design phase was USD 11.63 million, including USD 5,497,482 in cash and USD 6,134,450 in-kind contributions. Unfortunately, there were no cash contributions from national governments throughout the Project duration. During Project design, there was no certainty regarding where the specific PES/BO pilots would be implemented. This is understandable; however, this uncertainty could be considered as a Project design weaknesses, especially because the Project could have sought cash co-financing from national governments in order to increase government commitment and accountability. At the end of the Project, the actual cash co-financing was USD 13.5 million. The international donor community carried the entire financial risk of investing in the Project, while national governments carried almost none.

Regarding **incremental cost**, the Project's incremental cost analysis estimated that from a total baseline of USD 111.88 million, the total incremental cost of the Project was USD 14.67 million, with a GEF contribution of USD 4.78 million. It was expected that by mobilizing additional co-financing during the course of the project, the GEF relative contribution would decrease. Although this happened, there is still a long way to reverse the PES situation described in the baseline. Giving the nature and complexity of the Project, it is, however, difficult to determine, based on expenses, if the global and environmental expectations of the Project were met.

The Project was successful at following the established GEF guidelines for reporting. In addition, Forest Trend developed a Project Tracking Document. However, the Project did not take the "extra step" to systematically monitor and analyze the progress and effectiveness of its own activities. Some key gaps in the **monitoring and evaluation (M&E)** approach include: lack of SMART indicators, including indicators for biodiversity impact and clear definition and use of a PES project cycle. The Project monitoring emphasis was on collecting information and tracking progress but lacked data analysis. **M&E is rated (S) satisfactory.**

Further, since there is no data available regarding Project impact, it is not clear if, after completion in September 2011, the Project contributed to strengthening the existing weak empirical evidence that indicates that PES could generate few or no environmental and socio-economic benefits. It is also too early to try to measure the Project's PES pilot projects, specifically in their impact on environmental and socio-economic outcomes; only two subprojects have completed their project cycle and are operative.

The Project's **implementation approach** was very flexible, with each Output Manager able to adapt to the wide range of conditions and challenges during implementation.

The Project was supported by a **Project Steering Committee (PSC)** throughout its duration. The remote

location of some PSC members limited PSC input throughout the duration of the Project, and the substance in the PSC minutes of meetings was limited.

Limited evidence was found in terms of the Project's **collaboration with UNDP country offices**. Because of the global nature of the Project, there was no one UNDP country office officially responsible for supporting Project implementation. It is acknowledged, however, that engaging UNDP at the country level is not an easy task, with the quality of collaboration varying from country to country. Committing the UNDP country offices would have required, for instance, leverage from the Project's Director and the UNDP Manager, which would have required significant time inputs from the Washington, DC-based Project Director and the Panama City-based UNDP Manager.

Results and rating

The results of the Project are presented and discussed in Section 3.3. **The Project's overall rating is (S) satisfactory.**

The assessment of the results of the Project focused on quantitative aspects, and where possible, it discusses qualitative aspects. The Project met or exceeded most of its outcome and sub-outcome targets and succeeded at:

- Establishing an estimated 411,800 hectares¹ of production landscapes with direct improvements in biodiversity from PES.
- Establishing an estimated 1,249,500 hectares of production landscapes with indirect improvements.
- Improving existing and new PES projects using innovative biodiversity models and potential biodiversity outcomes.
- Increasing the number of countries with PES leaders and networks with capacity for PES policy design, project planning and implementation.
- Developing and making available information of PES and BO.
- Contributing to the development of national and state-level PES policies.
- Contributing to the development of BO standards and projects.

An overview of the results of each of the Project's outcomes is presented below. **The Project's "Attainment of objectives" is rated (S).**

Outcome 1. Timely, relevant market information for PES available to all stakeholders globally, through The Katoomba Group's Ecosystem Marketplace. Overall, the result of this Outcome was highly successful. As noted before, the EM bulletin and website did expand and deepen the coverage of biodiversity PES and new market information services, and the family of TF's websites now includes relevant information for community-based stakeholders. Based on website statistics, the visitation to the websites has increased significantly and it is estimated that utilization and application of EM information services by key stakeholders is in fact taking place.

In terms of quality, the information disseminated by the different websites was perceived as being of high quality by the majority of the people interviewed and survey respondents. Few exceptions

¹ A breakdown of the number of hectares directly and indirectly impacted by the project is provided in Annex 9.

indicated that, occasionally, a research paper published through the EM can be weak, if not screened by senior FT staff.

The communications strategy was, however, basic. The communication & capacity building strategy could have been based on the assessment of targeted groups, education levels, training and information needs, delivery mechanisms, follow up, evaluation and measuring impact.

During the course of the second half of the Project, FT assessed the business potential of Ecosystems MarketPlace (EM) and concluded that, in order to preserve EM independency (unbiased provision of information) and transparency, the financial sustainability strategy for EM will be based on partnerships, both institutional such as the GEF, the World Bank, UNDP and business partnerships such as Bloomberg. According to the Project Director, FT has secured grant funding to cover the costs of EM in the following years and is continuing to work in developing institutional partnerships. However, by September 2011, no formal partnership agreement involving EM's operations and management, has been reached.

Outcome 2. National champions and stakeholders of PES in Eastern, West and Southern Africa and Tropical America have improved capacity and access to technical assistance for institutional and policy development for PES.

Overall, this Outcome was also successful. The project proposed the training of one hundred PES champions, and this target was met in relative terms. As noted in Section 2, the Project design did not define what a champion is, and in addition, the Project did not apply a rigorous capacity building strategy based on a needs assessment. FT's workshops, for instance, in many cases included a large number of participant (over 50) from different institutions, backgrounds and training needs. Similarly, the Project did not define the objectives, goals, composition and outputs for the KG networks. Nevertheless, FT's approach had significant results.

In order to examine the results of this Output objectively, the evaluator, in agreement with FT, developed basic criteria to assess PES champions; the criteria included three champion levels: **PES Expert, PES Facilitator, and PES Stakeholder**. A conservative estimate is that the Project formed 128 PES champions, including 120 local experts whose skills were strengthened. This cadre of PES champions provided the foundation to develop the KG networks at regional level. With the exception of South East Asia and China, the numbers are very impressive. The Project targeted the three regions: TA, W/C Africa and E/S Africa.

Nevertheless, it appears that the KG networks are very informal and their activities, as a network, have limited coordination. In addition, the KG networks may lack financing, concrete objectives, goals and outputs that could be included in annual activity plans. It is recognized however, that members of the KG networks are providing technical advice, facilitation and participating as stakeholders in PES project and processes in their respective region.

A survey was used by the TE to assess the quality of the training events. Most of the responses indicated that the events were very useful. People interviewed by the evaluator in general expressed their satisfaction with the workshops; however, they were critical about the "one size fits all" approach. What was agreed by most interviewed and surveyed was that there was no follow up to trainings. Besides, the knowledge of the champions has not been assessed. This is a potential role for the KG networks in the future.

The Project produced an impressive quantity of models, tools and best practice documents, guidelines for PES, and also systematized lessons outside the Project. Approximately 120 publications were produced between 2009 and 2011, including 23 in 2009, 21 in 2010, and 76 in

2011.

As indicated above, Outcome 1 and 2 faced several challenges and design issues, which left a range of unanswered questions, which may be clarified as the key lessons from the project become available in the next future, these questions are listed in section 3.3.1

Outcome 3. Operational models and capacity to effectively design, establish and implement new types of PES for biodiversity conservation. This Outcome was the more complex and challenging Output of the Project. It included three sub-outcomes.

Sub-Outcome 3.1: Operational models and capacity to effectively design, establish and implement effective payment for biodiversity conservation in agricultural landscapes. The project provided technical assistance to six agricultural carbon projects in Africa; it exceeded its targets for lessons learned from landscape models by publishing 6 studies on agricultural PES including institutional innovations for small holder farmers in agriculture carbon projects. It is worth noting that no formal collaboration agreements were signed with the targeted projects, and therefore is difficult to assess the Project's input to the projects. The dissemination of eco-agriculture PES material started in the second quarter of 2009.

This Sub-outcome did not directly support any agri-ecological projects in Southern Africa and Tropical America; and has not yet resulted in new approaches to agri-environmental payments incorporated in national or local policy design.

Sub-Outcome 3.2: Operational models and capacity to effectively design biodiversity offsets. Because of its innovative nature, the biodiversity offsets-related activities are perhaps the most controversial aspect of the project. BO-related activities were executed by FT's Biodiversity Business Offset Program (BBOP), which includes two core staff, with one based in the UK and the other in Washington DC. The BBOP has also an advisory group (AG) consisting of over 80 members.

Three BO projects have received support from the Project: (a) the Ambatovy nickel mine project in Madagascar, (b) the Newmont gold mine in Ghana, and (c) the Anglo-American platinum mine in South Africa. The evaluator visited Ghana to discuss the Newmont gold mine project with KG incubators and government officials at the Wildlife Division, Forestry Commission (WD-FC). It is important to mention that the WC-FC of Ghana is member of the BBOP AG. Government agencies from Madagascar and South Africa are not current members of the BBOP AG.

For the purpose of the TE, an estimated BO project cycle matrix was developed in order to provide an overview of the status of the projects and their complex design processes. The BO project design cycle included three main phases: i) orientation, ii) determining development impacts and biodiversity offset needs and opportunities, and iii) designing the biodiversity offset. Although the projects are in the last phase of design, none has completed the design phase. It is expected that the Ambatovy Project will be operational in 2013. Therefore, to date, few lessons are available for sharing.

The project achievements under this subcomponent were limited. As noted in the Projects reports (2011), to date, the Ambatovy Project is the remaining BBOP pilot supported by the Project. Developing BO projects has been challenging in several aspects. For instance, based on opinions expressed during interviews, the project has been affected by: (a) lack of internationally accepted BO standards, (b) lack of national legal and regulatory BO frameworks, including fiscal incentives, (c) availability of the "EIA option" at national level, (d) corporate and government accountability issues related to biodiversity no-

net-loss and net-gain, (e) cost of BO and division of financial responsibility amongst stake holders, (f) businesses not ready for adopting corporate BO policy, international BO Standard or CO certification, (g) businesses perceive the BO standard as rigid or prescriptive, (h) long and costly BO project cycle and related capacity building process; and (i) planning framework differences between businesses and BO.

According to FT's BBOP staff, "business partners" typically portray themselves as "out-numbered" within the BBOP-AG. This has created an incentive for businesses to form a sub set of advisory group for business, the Business Advisory Committee. In recent years, major corporations such have dropped from the BBOP AG, although other smaller have joined.

BBOP prepared and disseminated draft biodiversity offset Standard in 2011, and it was approved in February 2012. It is fair to say that it was partly a product of the Project. The BBOP's BO Standard has been endorsed by the members of the AG including 10 corporations and several financial institutions, such as Citi, EBRD, GEF, IFC, IADB and KfW. However, the AG has no international or national binding power. It is expected, however, that financial institution will play a catalytic role in incorporating BO standards in their current and future credit operations.

There is also evidence that at national level the adoption of BO Standard is advancing. FT is advising the Government of Colombia in the design of PES and BO policy. There are few lessons on BO at this point, the following capacity-building material has been produced and is being disseminated.

Sub-Outcome 3.3: Operational models and capacity to effectively design establish and implement PES for biodiversity in forest enterprises and community-based projects.

The Project was partially successful in achieving it. In order to objectively assess the result of the Project, a five phase PES project cycle was outlined. Further, for the purpose of the TE, a project "under implementation" was defined as a project that has completed the design phase; and an "operational project" is a project that has initiated payments to local communities, as part of its implementation phase.

The Project supported 12 new PES projects and 6 existing projects. These projects are described as community based projects. Two out of the eighteen projects are related to water PES. According to FT reports, the KG incubators have worked with 28 different projects in stages ranging from feasibility and development to implementation in 15 countries.

Of these six projects, only two have reached the "operational" level: a) Sierra Gorda in Mexico and b) Budongo-Bugoma in Uganda. One of the Project's "flag ship" projects, the Suruí Forest Carbon Project (SFCP) in Brazil, is not yet operational. It is noteworthy that this project can illustrate the many moving parts and lengthy process that development of a carbon PES project can entail. It has required a significant amount of time and resources from the Project. On the bright side, the Project has been successful at supporting the dual validation for the SFCP: "Verified Carbon Standard (VCS), which ensures that the project is following recognized procedures for measuring carbon emissions reductions, and the Climate, Community and Biodiversity (CCB) Standard Gold, which ensures the project is being carried out in a way that preserves biodiversity and serves the people living there.

If the "operational" level, referred above, is taken into account, the project came short of the agreed target of six. This is a Project design fault because the level of implementation was never defined precisely in the Project Document.

The Project, under this Sub-Outcome, exceeded its targets of synthesizing and disseminating lessons learned. The Project published an impressive number of reports including social impact assessments and the 9-volume series "Building Forest Carbon Projects".

Sub-Outcome 3.4: Develop assessment tools for coastal fishery and flood protection PES at landscape scale. This Sub-Outcome was successfully executed by the MARES team of FT. It was a less complex Sub-Outcome since it did not involve the establishment of marine or coastal PES, but focused on the development of analytical framework and tools. These tools were successfully applied twice in the Riviera Maya region, Mexico, and once in San Andres, Colombia. In Colombia, MARES has officially partnered with CORALINA, the local environment authority, to design a beach production and maintenance pilot with the hotel industry. It is expected that in the next future, this strong partnership will lead the project to a success and generate important lessons.

This Sub-Outcome included mainly tools for coastal fishery; thus, further effort will be required to incorporate flood protection aspects. Nevertheless, it is considered that this Sub-Outcome was successful.

Other important aspects included in the TE are: ownership and mainstreaming, sustainability and the catalytic role of the Project.

Regarding **country ownership and mainstreaming**, in the opinion of the evaluator, this is an area of relative weakness of the Project. The reasons are: (i) because of its global focus, the Project Document was not endorsed by any specific government; and (ii) the Project failed to see the implications of not having accountable and transparent participation of national governments. Government participation is indispensable for creating the national legal and regulatory framework required for the establishment, replication and long-term viability of PES/BO; even in the case of voluntary PES/BO. Governments are also indispensable for creating fiscal incentives for engaging the corporate sector.

The **sustainability of the project activities** is critical; **it has been rated as satisfactory (S)**. It is too early to determine if the actual PES supported by the Project are financially sustainable. This is because they depend on voluntary contributions and are influenced by strong market fluctuations; and in order to achieve sustainability, PES will need to deliver a steady stream of revenue to be strategically invested in both conservation and social development.

The Project's catalytic role is discussed in relation to the number of PES project design processes that resulted from the project and the related pipeline. FT reported a pipeline of approximately 30 projects. In addition, the Project and FT appear to be highly successful at catalyzing international private and public funding to advance their work.

However, in order to be catalytic, the Project would ideally have had to provide innovative PES approaches for carbon-based projects that are simpler, faster, politically acceptable, and able to attract public and private sector investors, and combine it with GEF seed funding to support initial payments to local communities during the transition period between the project design and actual payments from buyers. The Suruí Project is an example of this need. However, considering the number of projects at the operational level, the catalytic elements indicated above appear to be absent; and therefore the catalytic role of the project could be questioned.

Conclusions and recommendations

In conclusion, the Project outcomes and outputs supported by the GEF grant were relevant and

effective at increasing local (community-level), national and international awareness and practice of PES and BO. The Project supported Forest Trends' program and had a main focus on carbon and eco-agriculture related PES. In addition, the Project was successful at: (a) raising the bar in terms of increasing knowledge, (b) developing networks and tools to support the design and implementation of PES, including marine and coastal PES, and (c) advancing biodiversity offsets (BO). Despite these successes, there are a range of areas that could be improved in the future in order to improve quality and sustainability of projects' outcomes. An overview of these aspects is provided below.

Recommendations. In relation to the design, implementation and M&E of the Project, it is recommended that future GEF projects related to PES:

- Introduce more rigorous analysis and risk and mitigation action.
- Define scope and objective of PES.
- Apply more rigorous pre-selection of sites during the project design phase.
- Introduce “smart” performance indicators during the project design phase, including environmental, social and financial.
- Assess options for co-implementation between two or more GEF implementing agencies based on project needs and IA profile.
- Assess technical and managerial capacity of the executing agency vis-à-vis project needs.
- Introduce systematization into capacity building, partner selection, production of lessons learned and M&E.
- Increase project accountability by selecting a dedicated (full-time) project manager.
- Sign implementation agreements with governments.
- Introduce deliverables (lessons) related to start-up and implementation cost.

In terms of **future directions underlining main objectives**, it is critical that the GEF takes a more realistic approach when supporting PES. In fact, several key issues were already noted in the 2010 revised version of the GEF STAP document: “Paying for Environmental Services and the Global Environmental Facility (GEF). Particularly relevant to this project are: (a) “Set up and pilot direct payments, (b) “Co-finance multiple-service strategies and (c) “Financing PES start-up costs.

1. Introduction

1.1. Purpose of the evaluation

The Monitoring and Evaluation (M&E) policy, at project level, of the United Nations Development Programme (UNDP)/Global Environment Facility (GEF) mandates that all full and medium-sized projects supported by the GEF should undergo a final evaluation upon completion of implementation. This is known as the terminal evaluation (TE).

The overall objective of the TE is to analyze the implementation of the Project and review the achievements made by the Project to deliver the specified objectives and outcomes. The TE will establish the relevance, performance and success of the Project, including the sustainability of results. The evaluation also analyzes specific lessons and best practices pertaining to the strategies employed and implementation arrangements, which may be of relevance to other projects. To this end, the evaluation must provide clearly documented evidence and analysis, and unbiased assessment.

This evaluation was conducted under the umbrella of the Monitoring and Evaluation (M&E) policy at the project level of the UNDP/GEF, which has four key specific objectives:

- i) Monitor and evaluate results and impacts;
- ii) Provide a basis for decision making on necessary amendments and improvements;
- iii) Promote accountability for resource use; and
- iv) Document, provide feedback on, and disseminate lessons learned.

Under this framework, a mix of tools is used to ensure effective project M&E. These tools might be applied continuously throughout the lifetime of the Project (e.g. periodic monitoring of indicators) or as specific time-bound exercises such as mid-term reviews, audit reports, and final evaluations.

The scope of the TE includes three major areas of the Project: formulation, implementation, and results. For the implementation aspects, the TE used the Mid-term Review (MTR) report and agreed on a logical framework to assess implementation in the last 18 months, from January 2010 to September 2011 when the Project ended.

The terms of reference (TOR) of the TE of the UNDP/GEF Project "Institutionalizing Payments for Ecosystem Services Project," outline the scope of the evaluation (Annex 1); and the evaluation followed UNDP's Evaluation Guidance for GEF Financed Projects (Annex 2).

The TE does not include an evaluation of Forest Trends' institutional capacity, evaluation of the projects developed with support of the UNDP/GEF grant, and activities before the Project started in October 2007 and after September 2011 when the Project ended. However, the TE discusses selected outcomes after September 2011, when such outcomes can be attributed partly or entirely to the Project.

1.2 Key questions and issues addressed

The evaluation addresses a number of questions related to five key areas: relevance, effectiveness, efficiency, results, and sustainability. To address these areas, subsets of question and indicators were used. Annex 5 includes an Evaluation Criteria Matrix that helped to guide the evaluation. However, due to the complex nature of the Project and time limitations, not all the questions were applied or applicable. Box 1 below provides an overview of the key questions addressed.

Box 1. Key questions and issues addressed by the evaluation

I. Relevance. How does the Project relate to the main objectives of the UNCBD and GEF Focal Areas, and to the environment and development priorities at the local, regional, and national levels for ecosystems conservation through PES/Biodiversity Offsets (BO)?

- Is the Project relevant to UNCBD, other international convention objectives, and the GEF biodiversity focal area?
- Is the Project relevant to the environment and sustainable development objectives of the countries where the Project piloted PES and Biodiversity Offsets (BO) schemes?
- Is the Project addressing the needs of target beneficiaries at the local and regional levels?
- Is the Project internally coherent in its design?
- How is the Project relevant with respect to other donor-supported activities?
- Does the Project provide relevant lessons and experiences for other similar projects in the future?

II. Effectiveness. To what extent have the expected outcomes and objectives of the Project been achieved?

- Has the Project been effective in achieving the expected outcomes and objectives?
- How are risk and risk mitigation being managed?
- What lessons can be drawn regarding effectiveness for other similar projects in the future?

III. Efficiency. Was the Project implemented efficiently, in-line with international and national norms and standards?

- Was the Project's support provided in an efficient way?
- How efficient are partnership arrangements for the Project?
- Did the Project efficiently utilize local capacity in implementation?
- What lessons can be drawn regarding efficiency for other similar projects in the future?

IV. Results. What are the actual and potential long-term results of activities supported by the Project?

- How is the Project effective in achieving its long-term objectives?
- How is the Project effective in achieving the objectives of the UNCBD?
- What are the key future directions for achieving results?

V. Sustainability: Are the conditions in place for Project-related benefits and results to be sustained?

- Were sustainability issues adequately integrated into Project design?
- Financial sustainability
- Institutional and governance sustainability
- Socio-economic sustainability
- Environmental sustainability / threats
- Individual, institutional, and systemic capacity
- Replicability
- Challenges
- Future directions and catalytic role

1.3 Methodology and structure of the evaluation

The TE of the Project included the following interactive purposes, as stated in the above-mentioned UNDP's Evaluation Guidance for GEF-financed projects:

- To promote accountability and transparency, and to assess and disclose the extent of Project accomplishments;
- To synthesize lessons that can help to improve the selection, design, and implementation of future GEF-financed UNDP activities;
- To provide feedback on issues that are recurrent across the UNDP portfolio and need attention, and on improvements regarding previously identified issues;
- To contribute to the overall assessment of results in achieving GEF strategic objectives aimed at global environmental benefit; and
- To gauge the extent of Project convergence with other priorities within UNDP country programmes, including poverty alleviation, and reducing disaster risk and vulnerability, as well as cross-cutting imperatives on empowering women and supporting human rights.

The evaluation covered five major criteria: relevance, effectiveness, efficiency, results, and sustainability. These five evaluation criteria were further elaborated using predefined questions² and additional tailored questions prepared by the evaluator, to cover all aspects of the Project, including:

- a) Project Formulation: logical framework, assumptions and risks, budget (co-finance), and timing
- b) Project Implementation: IA/EA supervision and support, monitoring (including use of tracking tools) and evaluation, stakeholder participation, and adaptive management.
- c) Achievement of Results: outcomes, impacts, catalytic effect, sustainability, and mainstreaming (e.g. links to other UNDP priorities).

In order to address these aspects, the evaluator used conventional evaluation tools such as:

- Documentation reviews, as per the TOR, including the Project document, Project MTR, annual reports, Project products, training material, MOUs, tracking tool, PES Project reports, PDDs, and other related implementation material. These materials will be the main source of data. In addition, in collaboration with Forest Trend staff, and both PES and BBOP Project implementation charts, communications flow charts, and a PES champion matrix, these will be used to assess the Project's compliance with the expected Project outputs and outcomes.
- Person-to-person and phone interviews with staff of Forest Trends, the Katoomba Group, Ecosystem Marketplace, Project partners, and both public and private stakeholders.
- One field visit to the stakeholders of the Cocoa Project and BBOP activities in Ghana.
- An electronic survey was conducted to validate information on Outcome 2. The survey targeted

² As defined in the GEF Evaluation Guidance.

a number of PES champions that have been trained by the Project.

- Periodical consultation with the TE focal point at Forest Trends and with Forest Trends team members.

In the following sections, the TE report's structure covers the key aspects indicated above. Section 3 addresses the TE findings, in relation to the Project's formulation, implementation, and results (Outcomes and outputs), and Section 4 includes the conclusions, recommendations, and lessons. It is expected that the TE report structure will address the needs of the main stakeholders, i.e. UNDP GEF LAC RBT (Latin America and the Caribbean Region-based teams) and HQ; UNDP EO; GEF EO; GEF Secretariat; Forest Trends; the Project Steering Committee; and stakeholders at site levels in the different regions and countries where the Project was implemented.

1.4 Stakeholder participation

Throughout the evaluation, particular attention was paid to ensure adequate stakeholder participation, both public and private. Stakeholders representing all the Project's outcomes were interviewed in person or through conference calls. During these structured and non-structured interviews, in addition to the framing questions in Section 1.2, the following aspects were discussed:

- Management and collaboration with Forest Trends, the Katoomba Group, Ecosystem Marketplace, Eco-agriculture Partners;
- Accessibility to Project document and planned outputs;
- MTR impact on activities, and implementation challenges;
- Outputs/impact at community level and potential spill-over to state or national levels;
- Identifying existing PES experts and training of PES champions; and
- Plans and opportunities for after the Project.

Project partners and stakeholder interviews contributed to determining the level of stakeholder involvement, and the credibility of the evaluation findings, conclusions, and recommendations. A list of the different Project's partners and stakeholders that were contacted and provided input to the evaluation is provided in Annex 3.

1.4 Evaluation team

An international consultant, Marlon Flores, was selected by UNOPS for this TE. Mr. Flores is a professional with 15+ years of global experience in key areas such as economic instruments for biodiversity conservation, economic valuation of ecosystems services, environmental fiscal reform, and biodiversity finance. Mr. Flores has substantial experience in designing and implementing GEF projects related to environmental finance and economics.

Mr. Flores is a senior fellow at the Ecologic Institute in Washington, DC. Until January 2009 he was the Lead Conservation Finance & Policy Advisor of The Nature Conservancy's Worldwide Office in Arlington, VA, US. He worked for TNC beginning in February 2001. Before joining TNC he worked for The World Bank (GEF Programs), CARE International, Danida, COWI Consulting Engineers & Planners of Denmark; and holds nine years of public sector experience at the General Audit Office of Ecuador.

Mr. Flores has global work experience including in many of the countries where the Project has been implemented. For example, he has worked in Brazil, Colombia, Costa Rica, Ecuador, Mexico, Peru, China,

Cambodia, Indonesia, Ethiopia, Madagascar, Uganda; and also holds experience in other regions such as Central and Eastern Europe; and the Pacific.

1.5 Ethics

The evaluator took the necessary steps to protect the rights and confidentiality of persons interviewed following the UNEG “Ethical Guidelines for Evaluators” for more information. Attached to this report is a signed “Code of Conduct” form from each of the evaluators.

2. Project Description and Development Context

As pointed out in the Mid-term review (MTR), this was an ambitious Project. The overall objective of this Project was to establish institutional capacity for expanding systems of payments for ecosystem services (PES) to a scale sufficient to have a meaningful impact on global conservation of biodiversity and ecosystem services and on achieving the Millennium Development Goals. To this end, the Project promoted the integration of PES and Biodiversity Offsets (BO) into broader strategies of sustainable development and conservation.

Based on the analysis of the challenges for scaling up of high-quality PES, the Project identified three major barriers:

- a) Market actors cannot obtain systematic information about PES markets and best practices to reduce the risk and uncertainty of PES investment and market activity;
- b) Institutions are weak or not in place to mobilize and enable potential private sector buyers of ecosystem services; and
- c) Models for biodiversity payments at enterprise and landscape scales are not developed and evaluated for financial viability and ecological impact.

To achieve its objective and address the above-listed barriers, the Project supported a range of activities to achieve the following key outcomes:

- **Outcome 1.** Timely, relevant market information for PES available to all stakeholders globally, through the Katoomba Group's Ecosystem Marketplace;
- **Outcome 2.** National champions and stakeholders of PES in Eastern and Southern Africa, and Tropical America now have improved capacity and access to technical assistance for institutional and policy development for PES; and,
- **Outcome 3.** Operational models and capacity to effectively design, establish, and implement new types of IDES for biodiversity conservation. This outcome includes selected PES and BBOP projects, excluding PES projects in marine ecosystems.

The Project aimed at increasing the number of ecosystem service buyers from the private sector globally, mobilizing new buyers for PES schemes, and improving rural livelihoods. The Project goal was to improve conservation in at least 1.2 million hectares globally by reducing the costs and risks of ecosystem market transactions through a global ecosystem market information service. In addition, the Project aimed to improve biodiversity outcomes directly in at least 800,000 hectares in two regions (Tropical America and Southern/Eastern Africa), by improving the design of new PES schemes; and

directly affect 20 projects and, indirectly, dozens more around the world.

It was expected that the Project would support PES innovators and initiatives in several sectors, e.g. agricultural, forest, coastal, and mountain ecosystems in East and Southern Africa, and tropical America; and strengthen the capacity of leaders and institutions from diverse stakeholder groups (local communities, national NGOs, governments, buyers, sellers, intermediaries, and policy makers) in the indicated regions. The Project addressed key issues related to strategic analysis, planning, and implementation of PES, including REDD (Reduced Emissions from Deforestation and Forest Degradation), and REDD+; and promoted the implementation of new policies to mainstream biodiversity conservation through PES, with participation of private and public institutions and civil society.

The budget to achieve these ambitious goals included a USD 5.3 million grant from the GEF and USD 11.6 million co-financing; a total of USD 16,949,409 over a period of five years. Most of the co-financing included in-kind contributions.

Throughout its implementation, 2007-2011, the Project has faced major obstacles, for example:

- Underestimated lengthy, multi-year processes involving these issues: development of a common understanding of PES and REDD at different organizational levels, community mobilization, land tenure issues, government engagement, development of baselines, validation, and certification, and private sector engagement;
- Shortcomings at Copenhagen in 2009 and Durban in 2011, and their impacts on carbon markets; (e.g., investors and policy makers, interested in exploring carbon PES became more skeptical); and
- Disappointing signals from the carbon market, partly related to broader market “failures”: and resulting economic recession beginning in 2008, and the current recession in the Euro zone, which was aggravated in 2011. This persistent economic reality may have impacted the Project, and particularly implementation of the PES pilots.

Despite these constraints, it is evident that the Project has major accomplishments and outcomes, which are a solid foundation to further advance PES globally.

In terms of Project stakeholders, as noted in the Project document, establishing PES can be a complex and lengthy process; this involves a wide range of actors (stakeholders). The principal groups involved during Project implementation included:

- Buyers of the ecosystem conservation service (direct or indirect beneficiaries, including the private sector);
- Sellers (land or resource owners or managers who provide stewardship services to protect or restore ecosystem functions);
- Service providers and project developers (brokers and financial intermediaries, business administrative and support services, and technical services); and
- Policy makers/regulators (who establish rights to buy or sell stewardship services, rights over the resources themselves, contract rules, and—in the case of public payments—the detailed rules of eligibility, targeting, compliance, etc.).

The Project established solid relations with a number of PES actors to support Project implementation. To this end, the Project signed partnership agreements and/or sub-contracted with several service providers; this is discussed in Section 3.2. Development of strong partnerships was a catalytic element that helped the Project to advance its outcomes.

3. Findings

The findings of the TE of the Project are organized in three major sections: formulation, implementation, and results.

3.1 Project formulation

The extensive Project document provides evidence of the Project's complexity. It provides a comprehensive introduction to PES concepts and science, a situational analysis, strategy, expected results, and finances. However, the Project design, in the opinion of the evaluator, had several gaps that challenged both the implementation phase and the assessment of the Project's results.

As noted in the 2010 MTR, "...part of the problem is that the Project's design lacks clarity on defining PES in the context of the Project and the scope of PES interventions." Although there was limited experience in PES implementation in developing countries when the Project was designed, there were localized cases where PES have been successful; for example, watershed services in Ecuador, Colombia, and payments to landowners for forest conservation in Costa Rica by FONAFIO. Further, relevant too is the experience of developed countries such as the wetland mitigation banking in the US that started with EPA's setting a "no net loss" goal for wetlands in 1989.

These early experiences, available years before the Project started, involved several years and lengthy decision-making processes, difficult legal and regulatory reform, buy-in by local governments and the private sector, establishing complex transfer mechanisms (e.g. water funds), and national capacity to carry out conservation activities. Arguable, the experiences of these earlier PES interventions were not fully integrated in the Project's risk and assumptions.

The formulation of the Project was assessed during the MTR. The MTR report noted key issues in the Project formulation:

- The Project's activities were not separated from the ordinary on-going activities of Forest Trends; the GEF grant is not by itself a separate program or activity of Forest Trends;
- The GEF grant was not broken down into earmarked amounts for specific countries, specific Projects, specific publications, or specific meetings and workshops; and
- Changing government policies and laws often takes considerably longer than the four-year term of this Project.

The Project assumed that by providing timely information and building capacity, the Project would be able to develop a number of PES, BO schemes, and improve biodiversity conservation. In reality, things are much more complex. It is important to note that in order to achieve tangible biodiversity conservation through PES/BO, in areas where threats and pressure exist, the establishment of PES/BO is part of the equation. Conservation success may require that the funding resulting from PES or BO is invested in strategic conservation programs. To this end, additional capacity is required in public and private organizations responsible for implementing the conservation actions. This is "where the rubber

meets the road."

PES and BO are means to an end. PES and BO can generate substantial revenue streams to pay for conservation of ecosystems and, thereby, biodiversity. In many cases, a complex transfer mechanism is also required to ensure that the funds generated by PES/BO reach the targeted beneficiaries of the PES, for instance, a trust fund.

There are additional layers of complexity to PES and BO: i) in many cases, it is expected that the PES or BO are designed as revenue-sharing mechanisms to ensure that part of the funding is allocated to support, for example, community-based sustainable development programs; ii) in most developing countries, the legal and regulatory framework to support PES/BO is absent. Although the Project targeted voluntary PES/BO, a basic legal and regulatory framework is needed for voluntary PES/BO; and iii) the Project required different PES interventions such as community-based forestry enterprises, agro-ecological PES, and BO under Forest Trend's Business Biodiversity Offset Program (BBOP). The level of complexity of the Project was underestimated at the design phase.

It is also recognized that there were limited PES experiences when the Project was designed. However, there are critical issues that could have been defined more accurately in the Project document and subsequently in the logframe. These aspects are indicated in Table 1 below.

Table 1. Gaps in means of verification in the Project's logframe.

Project objective/outcomes	Critical gaps
Project objective: Establish institutional capacity for expanding systems of PES to a scale and quality sufficient to have a meaningful impact on global conservation of biodiversity and ecosystem services.	1. PES definition (as noted in the MTR) 2. Assessment and estimation of what is the "actual" scale and quality sufficient to have a meaningful impact on global conservation of biodiversity and ecosystem services. This required that functional PES/BO and adequate investments in biodiversity and ecosystems conservation were directly supported by the Project's PES
Outcome 1 Timely, relevant market information for PES available to all stakeholders globally, through the Katoomba Group's Ecosystem Marketplace	3. Communication & dissemination strategy (CDS) based on information needs assessments, mapping of targeted audiences, resources needed for each targeted audience, and a tailored monitoring and evaluation plan for the CDS
Outcome 2 National champions and stakeholders of PES in East, West, and Southern Africa, and Tropical America have improved capacity and access to technical assistance for institutions and policy development for PES	4. Definition of "champion" based on needs, and criteria for measuring quantity, quality, and potential impact of PES/BO champions 5. Capacity-building strategy to be systematically based on assessments such as target audiences, skill levels, needs, instructional design, targeted content, training delivery options, and both regional and national needs vis-à-vis potential countries for developing PES; stakeholders and training needs vs. the different phases of establishing PES
Outcome 3 Operational models and capacity to effectively design, establish, and implement new types of PES for biodiversity conservation	6. Definition of what an "operational model" entails and criteria to assess progress and quality of operational models based on phases of PES/BO schemes, i.e. from design to payment verification 7. Definition of criteria to assess the conservation impact of the actual "payments" for ecosystems services and BO
Sub-outcome 3.1 Operational models and capacity to effectively design, establish, and implement effective payment for biodiversity conservation in agricultural landscapes	
Sub-outcome 3.2 Operational models and capacity to effectively design biodiversity offsets	
Sub-outcome 3.3 Operational models and capacity to effectively design, establish, and implement PES for biodiversity in forest enterprise and community-based projects	
Sub-outcome 3.4 Develop assessment tools for coastal fishery and flood protection PES at landscape scale	8. Definition of community champion, as noted in (4) above 9. Criteria for measuring quantity, quality, and potential impact of community champions 10. Criteria to assess the scope and impact of forest enterprise and community-based forest projects 11. Definition of criteria and indicators for landscape scale

The lack of the above-listed elements made the TE more challenging. However, despite all the above, the Project achieved substantial results by 2011. This is discussed in Section 3.3.

The Project's main logic is that by making information available and building capacity to design and implement PES/BO schemes (PES/BO projects), conservation can improve. Although this is sound, it is only part of the equation. Conservation activities supported by the Project may only be successful if the funding that results from PES/BO is invested in strategic conservation programs. Arguably, the Project's main focus is on establishing PES and has limited focus on the effectiveness of PES-funded investments. To address effectiveness of investments supported by PES, the Project would have required an additional or more detailed Outcome.

3.1.1 Assumptions and risks

The principal assumptions of the Project were that demonstrable business and biodiversity benefits will be sufficient to sustain investor-buyer-seller-policy maker interest in PES, and that potential regional network members and pilot implementers will remain actively and supportively engaged with the Project; and that concerns of potential opponents of PES will be sufficiently addressed to avoid disrupting pilots and policy action. Based on these assumptions, the five principal risks identified and the mitigation actions are listed in Table 2 below.

Table 2. Risks and assumptions

Risk	Proposed mitigation action
1. Individuals participating and benefiting from the Katomba Group networks will not remain engaged in PES policy and programs	<ul style="list-style-type: none"> • Create a large enough cadre of involved individuals from each participating country, facilitating continued engagement of members over time even as they change positions
2. Events beyond the Project control, within countries or companies, may affect the ability for partner PES projects and initiative to succeed	<ul style="list-style-type: none"> • Work with a larger number of countries, pilots, and both PES schemes and support mechanisms, so that success in a significant proportion of them will be sufficient to be considered successful. Develop and use selection criteria for choosing partners and pilots that are likely to be successful
3. Pilot PES schemes in the learning networks may not be successful; there may not be proven models to disseminate	<ul style="list-style-type: none"> • Work with a relatively large number of pilots around the world, in different contexts and design
4. The Project has multiple and complex components, and involves many different partners	<ul style="list-style-type: none"> • Careful institutional design and management, and mechanisms for feedback in every component
5. The level of the Katoomba Group and EM support for national PES innovators will be insufficient to achieve meaningful improvements in PES design and policy or to mobilize major new buyers' interest	<ul style="list-style-type: none"> • Build in active monitoring of activities and impacts into all three components, to enable adaptive management

The above-listed risk and mitigation actions were relevant to and contributed to advancing the Project. However, a number of critical risks, mentioned in the MTR, were not considered during Project design.

For instance:

- Lack of government co-financing and poor government commitment to the Project delays PES implementation;
- Lack of national legal and regulatory frameworks to support PES and BO, and the lengthy period that establish such frameworks will take. This is particularly true in a four-year project targeting several regions, countries and PES/BO projects;
- Lack of international regulatory frameworks for PES/BO;
- Unstable growth of carbon markets; and
- Potential limited impact of voluntary PES and BO.

3.1.2 Lessons from other relevant projects incorporated into Project implementation

The Project, during the design phase, identified early lessons related to PES design and implementation, PES policy, and PES markets. Forest Trends used several early PES schemes as models for the Project's PES. Important early lessons identified at national level included:

- The need for government participation in PES development;
- The need for adequate policy frameworks to support PES;
- The need for clear property rights to support ecosystem markets;
- Limitations on how much PES can contribute to policy alleviation; and
- The need for market institutions to reduce transaction costs and financial risks.

However, the conversion of these lessons into Project strategy was not clearly reflected in the Project's logframe; e.g. a realistic estimation of time and capacity is needed to address these challenging lessons.

3.1.3 Stakeholder participation (S)

The Project was designed to target a wide range of stakeholders, perhaps too many. It is important to distinguish stakeholders vis-à-vis the different phases of the Project such as formulation and implementation, and by region/country. This was not clarified in the Project document. In addition, many stakeholders are also co-financers of the Project, providing cash and in-kind contributions. The Project document included over 85 co-financing partners. A significant effort in terms of staff and time was probably needed to follow up on in-kind and cash contributions, and reporting. Obviously, this innovative Project raised significant expectations.

As noted in Section 2, the Project document focused on four principal groups of stakeholders: i) buyers of the ecosystem conservation services; ii) sellers (land or resource owners or managers who provide services to protect or restore ecosystem functions); iii) service providers and project developers (brokers and financial intermediaries, business administrative and support services, and technical services); and iv) policy makers/regulators; this focusing was conceptually adequate.

However, the Project could have included a more detailed needs analysis within these four groups, during the design or implementation phase, in order to identify specific stakeholders and develop

tailored strategies to engage them. These could have been particularly useful in terms of potential stakeholders from the public and private sector. The lack of assessment of public sector stakeholders is evident in the Project document. Hardly any public agency is included and this absence is also evident because the Project lacked cash co-financing from government agencies. For example, in the public sector, key institutions for logical inclusion outside the environmental sector, include sector-level ministries such as tourism, finance and economics, mining, and agriculture; also key are local governments. The lack of government stakeholders at the design phase applies to the PES and BO components.

It is recognized that, as indicated in the Project document, the Project's objectives are consistent with international priorities set by the Convention for Biological Diversity, and Convention to Combat Desertification; and that there were substantial consultations with key stakeholders engaged in PES from at least 20 countries at meetings in Kenya in September 2004, Thailand in November 2004, Uganda in September 2005, and Brazil in November 2005, as well as numerous small meetings.

The Project document noted that "... governments represent only one group of beneficiaries of the Project and that although developing governmental policy frameworks and institutions will indeed be a high priority, no particular government ministry can logically take the lead for PES in general, although they may for certain types of PES." This may have been an oversight. It is important to indicate that even in voluntary PES and BO, government regulation and participation is critical.

Nevertheless, the Project established solid relations with a number of PES actors to support Project implementation. The number of signed partnership agreements discussed in Section 3.1.3 and included in Annex 5. Stakeholder participation was critical to advance the Project outcomes.

3.1.4 Replication approach

As noted in the Project document, "... the Project was designed explicitly to promote the replication of high-quality PES policies, strategies, effective business and program models, and information services." To this end, the Project's approach to replication included three major pillars: i) provision of information based on a systematic assessment of market information needs in diverse sectors for diverse stakeholders carried out by Ecosystem Marketplace; ii) the Katoomba Group's network activities at a regional-level will replicate PES support in Eastern and Southern Africa, and tropical America regions; and iii) PES/BO pilot sites (originally 20) that will demonstrate the financial feasibility of PES/BO models.

It was expected that the interaction among these three pillars will result in a dramatic reduction of transaction costs, individual and institutional capacities for replicating PES/BO projects and related policy, and an increased number of businesses, agencies, and NGOs, including those that have been involved in the pilot projects replicating PES/BO elsewhere. Although the above strategy is conceptually sound, in real practice, things have been more complicated.

There is insufficient evidence that indicates that the Project carried out a systematic analysis of information needs at different stakeholder levels, and that capacity building was supported by a systematic approach and strategy. Further, as noted by the MTR, the Project did not produce self-critical case studies with lessons learned in time to support its own activities. Logically, at least some PES/BO pilots needed to be completed before stakeholders will see useful lessons compiled and published. At the time of the MTR, January 2010, most of the pilot PES projects supported by the Project were not yet operational. This situation did not change in the following 18 months, September 2011, end of the

Project. To date, only two projects are actually delivering payments. This may put replication at risk. Nevertheless, most of the projects that have been receiving support from the Project are a source of lessons covering most of the PES preparation steps prior to implementation, as illustrated in Graphic 1 below.

Graphic 1. Illustration of the different phases needed to establish PES

READINESS (Preparation steps) →				PES IMPLEMENTATION
I. Preliminary Assessment	II. Project Design and Planning	III. Developing a PDD	IV. Establishing Finance Agreements and Earning Project Approvals	V. Implementation and Monitoring
a. Pre-Feasibility Assessment	a. Definition of target market	a. Secure PDD financing	a. Engagement of prospective investors / buyers	a. Conservation activities start up
b. Drafted Project Idea Note	b. Communities engagement	b. Methodology definition	b. Regulatory / Host country approval	b. PES being paid
c. Feasibility Assessment	c. Design of project activities	c. PDD analysis	c. Third-party validation	c. Prepare monitoring plan
	d. Legal analysis	d. Finalize PDD	d. Finance agreements secured	d. Verification
	e. Develop social & biodiversity monitoring plan			

By the end of the Project, different pilot projects have been supported; stakeholders have participated in many workshops, training events, and national and international PES/BO conferences. Further, direct technical support was provided to local communities, a range of PES/BO tools are available through Forest Trends websites; and PES/BO-related publications are available in hard copy or electronic format. These include just a few case studies containing successful practices of the Project's own PES pilots, which could guide future implementation of PES/BO. Nevertheless, lessons on what “not to do” are not available. This is a critical gap in the Project's lessons learned.

Although it is recognized that the Project was hit by very adverse circumstances such as the global financial crisis that started in 2008, the limited number of operational projects may be considered as an indication of the limited capacity of the Katoomba Group networks, for example, in Africa. The Katoomba Group incubator staff person for the African region left in 2009, and the position has remained vacant since 2009.

Despite all the above, there are examples of replication, particularly in the Tropical America region. This is discussed in Sections 3.1.4.

3.1.5 Cost-effectiveness and financial management

Forest Trends continues to be a cost-effective organization with low administrative expenses, estimated at 11% of the organization's total annual budget. Arguably, no other international NGO had in-house knowledge of PES and BO in 2007. The GEF used the existing capacity of Forest Trends instead of building this capacity elsewhere. Therefore, the selection of Forest Trends to implement the Project was cost-effective. Further, the GEF grant squarely fitted into Forest Trends operational structure and therefore, as noted in the MTR, there was no need for a separate GEF project management unit with dedicated staff and reporting lines. On the other hand, because of this tight fit between the objective of the GEF grant and Forest Trends operation, it was not possible to separate GEF-supported activities from other projects and activities that Forest Trends may have done anyhow and without GEF funding (using grants from different donors). Thus, the actual cost of certain activities is hard to determine, and

therefore, this creates ambiguity. During this TE, additional financial information was requested of the Forest Trends financial manager in order to assess, for example, the level of in-country investments, but the information was not available.

Increasing accountability could have resulted in higher costs, e.g. hiring additional staff for a project implementation unit. Nevertheless, seen from a different angle, about 20 Forest Trends staff (including two staff of Eco-Agriculture Partners) became GEF project staff as illustrated in Table 5. This represents about 50% of Forest Trends staff. Several Forest Trends staff interviewed during the TE indicated that the GEF grant was instrumental to the strengthening of Forest Trends. Nevertheless, as stated in the MTR, Forest Trends was probably the most competitive NGO for implementing the Project back in 2007.

UNOPS oversaw the Project's financial management and noted that throughout the Project's lifespan Forest Trends has produced detailed financial reports in a timely manner. It has been useful for UNOPS to monitor expenses vis-à-vis the project logframe, and the flow of co-financing. UNOPS does not require disaggregation of financial data or expenses by country. The Forest Trends financial statement from September 2011 is shown in Table 3 below.

Table 3. Forest Trends financial statement (2011)

Project Outcome/Atlas Activity	ERP/ATLAS Budget Description	Budget	Prior Period	Actuals	Total to Date	
		Jan 2008 to Sept 2011	Jan 2008 thru June 2011	July 2011 thru Sept 2011	Jan 2008 thru Sept 2011	Budget Balance
SUMMARY of GEF Funds	International Consultants	\$ 2,271,876	\$ 2,325,089	\$ 93,573	\$ 2,418,662	\$ (146,786)
	Local Consultants	\$ 856,802	\$ 864,868	\$ 57,504	\$ 922,372	\$ (65,570)
	Travel	\$ 727,512	\$ 620,457	\$ 15,893	\$ 636,350	\$ 91,162
	Supplies	\$ 155,200	\$ 122,040	\$ 9,696	\$ 131,736	\$ 23,464
	Audio Visual & Print Prod Costs	\$ 354,997	\$ 252,950	\$ 4,317	\$ 257,267	\$ 97,730
	Subtotal	\$ 4,366,387	\$ 4,185,404	\$ 180,983	\$ 4,366,387	\$ -
Total Expenses		\$ 4,366,387	\$ 4,185,404	\$ 180,983	\$ 4,366,387	\$ -

Because Forest Trend's financial reports focus on income and expenses, it is unlikely that financial planning was used as a tool to support strategic planning. This aspect is discussed in Section 3.1.7.

Finally, Forest Trends' most recent external audit report was requested by the evaluator. Unfortunately, FT did not provide it.

3.1.6 UNDP comparative advantage

Among the different GEF implementation agencies, the World Bank (WB) and UNDP have the most experience in managing and implementing PES projects. To date, the WB has been involved in at least 17 PES-related GEF-funded projects and has strong in-house capacity on PES. UNDP has implemented at least 10 PES-related GEF funded projects (GEF, 2010), see Table 4 below. As noted in the MTR, UNDP has a strong and growing interest in the concept of PES. IFAD and UNEP could have been interesting partners; however, they appear to have less experience with PES.

It was also noted in the MTR that the World Bank could be a better fit to BO activities and is aligned with

BBOP's vision and expectations³. The WB is one of the key co-financers of large infrastructure projects in developing countries worldwide; and BBOP is, therefore, an interesting program for the WB and other regional banks such as EBRD and IADB, and bilateral financing agencies such as the German Development Bank (KfW). WB staff has participated in most of the Project's Katoomba Group meetings to promote and provide training on BO throughout the Project's life span; a staff member of the WB's International Finance Corporation is part of the BBOP's Advisory Committee.

UNDP does not directly finance large infrastructure projects that may require biodiversity offsets as a requisite for loan approval. However, UNDP has a global network of country offices and capacity to assist national governments in policy-reform, institutional strengthening, civil society and community participation, conservation planning, and sustainable agriculture, all of which are areas relevant to the Project. In addition, UNDP has substantial experience assisting countries in implementing activities consistent with both the GEF mandate and national sustainable development agendas, and inter-country programming experience. Whilst UNDP's strong experience with PES and capacity to engage governments would have been instrumental to develop PES, this project was design at global level, not at country level, this limited and defused UNDP's support at country level.

In sum, UNDP has strong comparative advantage when compared with the majority of GEF implementing agencies; further, such advantage could have been increased through a formal partnership agreement with the WB to support the BO component of the Project. This was also a missed opportunity.

³ BBOP's vision and expectation is that biodiversity offsets will become a standard part of business practice for those companies with a significant residual impact on biodiversity. After avoiding and minimizing impacts, the routine mainstreaming of biodiversity offsets into development practice will result in long-term and globally significant conservation outcomes.

Table 4. Comparative advantage of the GEF implementing agencies

Implementing agency	Comparative advantage	GEF PES-related projects ⁴
Asian Development Bank (ADB)	Investment projects at the country and multi-country level as well as the ability to incorporate capacity building and technical assistance into its projects. Strong experience in energy efficiency, renewable energy, adaptation to climate change and sustainable natural resources management, including water and land.	None
African Development Bank (AFDB)	Capacity is at regional level. AFDB is in the initial stages of tackling global environmental issues. Its environmental policy has only recently been approved and is in the process of being integrated into operations. The AFDB will focus on Climate Change (adaptation, renewable energy and energy efficiency), Land Degradation (deforestation, desertification) and International Waters (water management and fisheries).	None
European Bank for Reconstruction and Development (EBRD)	Market creation and transformation; and ensuring sustainability through private sector (including small and medium-sized enterprises) and municipal environmental infrastructure projects at the country and regional level in eastern and central Europe and central Asia, particularly in energy efficiency, mainstreaming of biodiversity, and water management.	None
Food & Agricultural Organization (FAO)	Experience in fisheries, forestry, agriculture, natural resources management; and sustainable use of agricultural biodiversity, bio-energy, bio-safety, sustainable development in production landscapes, and integrated pest and pesticides management.	None
Inter-American Development Bank (IADB)	Investment projects at the country and regional level. Finances operations related to Biodiversity (protected areas, marine resources, forestry biotechnology), Climate Change (including bio-fuels), International Waters (watershed management), Land Degradation (erosion control), and POPS (pest management).	3
International Food for Agricultural Development (IFAD)	Experience in related to land degradation, rural sustainable development, integrated land management, and its role in the implementation of the UN Convention to Combat Desertification. IFAD has been working intensively in marginal lands, degraded ecosystems and in post-conflict situations.	6
United Nations Development Programme (UNDP)	Global network of country offices, experience in integrated policy development, human development, institutional strengthening, and non-governmental and community participation. Assists countries in promoting, designing and implementing activities consistent with both the GEF mandate and national sustainable development plans. Extensive inter-country programming experience.	11
United Nations Environmental Programme (UNEP)	Range of relevant experiences elated to environment, proof of concept, testing of ideas, and the best available science and knowledge upon which it can base its investments. Ability to serve as a broker in multi-stakeholder consultations.	7
UN Industrial Development Organization (UNIDO)	Capacity to involve the industrial sector in industrial energy efficiency, renewable energy services, water management, chemicals management (including POP and ODS), and biotechnology. Extensive knowledge of small and medium enterprises (SMEs) in developing and transition economy countries.	1
The World Bank (WB)	Leading international financial institution at the global scale in a number of sectors, similar to the comparative advantage of the regional development banks. Strong experience in investment lending focusing on institution building, infrastructure development, and policy reform across all the Focal Areas of the GEF.	17

⁴ Payment for Ecosystems Services, The GEF, 2010

3.1.7 Management and linkages with other ES/BO interventions

Forest Trends and Eco-Agriculture Partners provided highly qualified staff to fill most Project positions. Forest Trends and Eco-Agriculture Partners staff have profound knowledge of their respective thematic areas, including PES and BO. However, the broad range of activities covered by the Project required additional skills particularly in the area of capacity building, at several levels. Although many of the needs in this area may have been filled with external consultants, the Project could have benefited from more permanent skills in areas related to institutional strengthening, instructional design, and training delivery mechanisms (conventional and virtual). The two capacity-building positions mentioned in the Project document were not filled, i.e. PES capacity-building specialists for East and Southern Africa, and the Tropical America regions. PES science specialists filled these critical positions. This critical gap had an impact in the capacity-building components. This is discussed in Section 3.2. Table 5 provides an overview of the Project's staff, as planned in the Project document, and the actual staff at the end of the project.

Table 5.

Project position (as stated in the Project Document, 2007)	Estimated # of weeks/year	Staff name	Position at FT/EAP (September 2011)
Project Director	2	Micheal Jenkins	FT President and CEO
Project Manager for PES Capacity Building Input	12	Sissel Waage	Program Director, Katoomba Group
Project Coordinator	8	Deborah L. McKay	Director, Operations / Grant Manager
Activity Manager, Ecosystem Marketplace (EM)	15	Kate Hamilton	Program Director, Ecosystem Marketplace
Activity Associate, Ecosystem Marketplace (EM)	10	Steve Zwick	Editor, Ecosystem Marketplace
Activity Associate, EM Biodiversity	10	Nathaniel Carroll	Biodiversity Program Director, EM
Activity Manager, EM Communities Editor	15	Beto Borges	Program Director, Communities and Markets
Activity Manager, PES Capacity-Building East & Southern Africa Reg.	15	Vacant	Alice Ruhweza**
Activity Manager, PES Capacity-Building Tropical America Region	15	Jacob Olander	Program Director, KG Incubator
Activity Manager, Buyer Mobilization	10	Frank Hicks	KG Incubator, Africa Coordinator
Activity Manager, Agri-Environmental Models Project	10	Seth Shames	Senior Project Manager EAP
Activity Manager, Biodiversity Offset Models	15	Kerry ten Kate	Program Director, BBOP
Activity Associate, Biodiversity Offset Models	10	Patrick Maguire	Program Manager, BBOP
Activity Manager, Forest Enterprise PES Models	15	Phil Covell	Business Analyst, KG Incubator
Consultants for Forest PES Models portfolio development	15	Michael Richards	(Consultant, NR Economist)
Activity Manager, Coastal PES Models	15	Tundi Agardy	Program Director, MARES
The Director of Finance	5	Bryan Straathof	Director, Finance
The Project Accountants	13.5		Various
	210.5		
OTHER CURRENT POSITIONS THAT SUPPORTED THE PROJECT			
		Winnie Lau	Program Manager, MARES
		Christine Lanser	Development Associate
		Anne Thiel	Communications Associate
		Molly Peters-Stanley	Program Manager, EM - Carbon
		Rebeca Assare	West Africa Coordinator, Katoomba Incubator

** Left FT in February 2010

The project planned 18 part time positions to directly support the project. It was planned that FT staff will provide approximately 210 Weeks per year over the course of 4 years; on average, TF had to provide 11.7 weeks per year to the project.

Further, based on discussions with the Forest Trends financial manager, the project was supported by timely accounting, as requested by donors, including GEF/UNOPS. However, financial planning was not an integral part of Project operations. For instance, during the second phase, the Project could have benefited from knowing more about:

- What is the estimated cost of implementing a carbon PES scheme at the national level?
- What is the estimated cost of establishing a BO?
- What may be the cost of establishing PES/BO for the host government?
- How much is needed at a country level (e.g. Ghana) to achieve Project objectives?
- How much is needed to achieve Project objectives at a regional level?
- How much is being spent at the country or regional levels?
- How to adjust priorities based on strategic allocations or lack of expending?

Although little was known regarding the questions above during the first phase of the Project, if strategic financial planning had been used throughout the entire implementation phase, the Project could have produced critical lessons on PES and BO costs and cost efficiency.

In addition, the Project director position was ambiguous. It is not clear who the outcome managers reported to and who had the overall technical responsibility of the Project. However, one Forest Trends skill is to operate in a decentralized manner, with limited supervision levels. In addition, Forest Trends provided a grant manager who oversaw and coordinated the Project's overall planning and reporting. This coordination was well managed.

3.2 Project Implementation

3.2.1 The logical framework used during implementation

The Project's logical framework (LF), hereby referred as "logframe," was used to manage the design, monitoring, and evaluation of the Project. As indicated in Section 3.1, the logframe provided general indicators and means of verification.

During the TE, the Project team and a significant number of stakeholders and co-financers were interviewed and asked about the usability of the logframe. From these interviews, it is concluded that the logframe was primarily used by the core Forest Trends team, including Eco-Agriculture Partners. The logframe provided the framework for monitoring, follow-up, and reporting to UNDP and OPS. Nevertheless, because of the shortfalls in terms of indicators and means of verification, the logframe had limitations. To resolve this issue of shortfall, the MTR and UNDP both recommended additional monitoring and management tools, such as a project tracking tool, which was incorporated by the time of the mid-term review (MTR).

Most of the persons (stakeholders) interviewed did not know about the Project's logframe. The logframe was shared by the evaluator, when requesting interviews. Most persons were surprised to see the logframe after the Project was completed. At the field level, based on the visit to Ghana in February 2012, government officials, UNDP-Ghana, and stakeholders for both PES and BO also did not know about the Project's logframe. Apparently, UNDP was aware of this logframe "knowledge gap" and consequently requested that the logframe be disseminated among stakeholders. However, most of the interviewed stakeholders did not know about the logframe and were not informed about the Project and UNDP/GEF financing. A list of the people interviewed is included in Annex 3.

If Forest Trends staff had disseminated the logframe among stakeholders more effectively, Project accountability would have increased vis-à-vis stakeholders, and flexibility would have decreased. It is assumed that Forest Trends assessed the option and then opted for a more flexible approach. On the other hand, the logframe does not provide country-level information, so it could have been of limited use to in-country stakeholders. However, based on the “transparency” principle, the logframe as well as the Project Document should be shared among stakeholders. The logframe could have served as a means to establish better links among key stakeholders, such as UNDP Country Offices, the World Bank, the private sector, and governments.

It is acknowledged that the logframe and the Project Document are publically available at the UNDP and GEF websites. However, it is obvious that this access was not enough.

It is important to note here that Forest Trends had limited experience in managing a global project of this complexity, at the time when they received the GEF-UNDP grant.

3.2.2 Effective partnerships at regional and country-levels

The Project developed adequate partnerships throughout the implementation phase. There is strong evidence of participation of stakeholders at different levels, including both national and local governments, NGOs, and the private sector. To illustrate the different levels of participation, the TE assessed key areas such as: information and communication (assessed as “Dissemination of information” immediately following), capacity building, and implementation of PES/BO (assessed as “Capacity building and implementation” immediately following). Further, the assessment also considered partners of two types: beneficiaries and partnerships that supported the Project to deliver information, training and design, and implementation of PES/BO.

Dissemination of information. The Project information was disseminated primarily through the Forest Trends family of websites shown in Table 6 below. It is acknowledged that in addition to this distribution resource, other stakeholder sites, such as those of the GEF, UNDP, USAID, and other donors, may include Project-related information in their respective websites. In addition to virtual information, Forest Trends also produced hard copies of many of the documents produced by the Project.

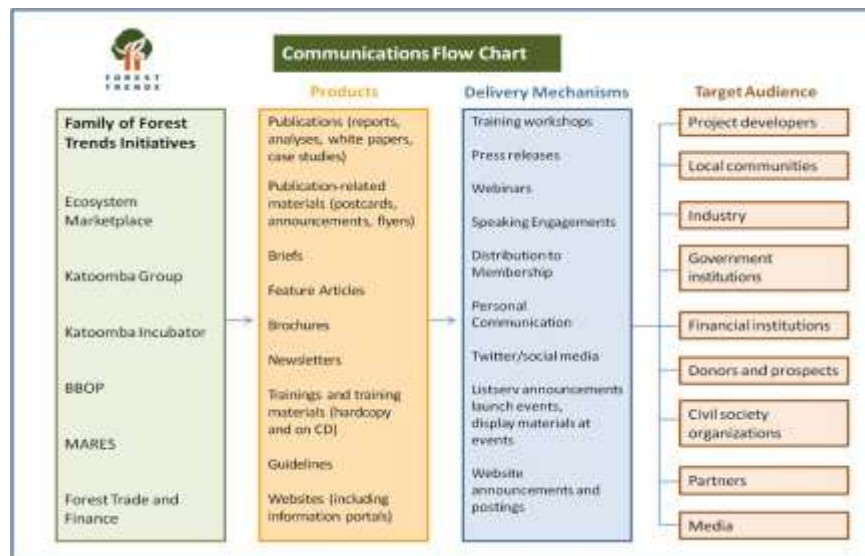
Table 6. Forest Trends and related websites for Project dissemination

Ecosystem Marketplace (EM)
Mercados Ambientales website (Spanish EM):
Forest Carbon Portal
EKO-ECO.com
Ecosystem Marketplace Communities website
BBOP website
The Katoomba Group Incubator website
Marine Ecosystem Services Program website
Species Banking Website
SpeciesBanking.com global expansion

The communications flow in the Project and subprojects was based on products generated by the different Project components and delivered to a range of stakeholders. Graphic 2 below shows the basic

information flow.

Graphic 2. Forest Trends communications flow chart.



Source: Forest Trends, 2012

The Project staff responsible for the communications strategy noted during interviews with the evaluator that the material to be communicated came from each strategic subprogram; staff of these programs collaborated with different stakeholders to produce the material, and then, this information was uploaded and disseminated through the Forest Trend family of websites. The Project did not establish a formal partnership to support the information dissemination and communication task.

The information and communications strategy was a key piece of the Project. A dedicated communications staff joined Forest Trends in March 2010. Until then, there was no designated person to fulfill this position. Before March 2010, the responsibilities were distributed among the PES/BO specialists who delivered the content, with support from administrative staff and the IT team.

Nevertheless, through this basic communications strategy, the Project continued to increase the number of annual users/subscribers. For example, according to Google Analytics, between January 1, 2011 and December 31, 2011, the Ecosystem Marketplace website had 188,345 visitors, 99,266 unique visitors,⁵ and 368,551 page views. This analysis also revealed an increase in the number of subscriptions, key market-actors users, and a range of PES materials accessed, all serving as a way to “count” interested stakeholders of the Project. This is further discussed in section 3.3 (Results).

Capacity building and implementation activities. The Project collaborated with national, regional, and international organizations to support capacity building. At a national level in particular, a number of organization received training and/or collaborated with Forest Trends in the provision of technical training. For example:

⁵ Unique visitors: When a person comes to the site, the analytics software tries to determine if they have been to the site before (using tracking cookies, IP addresses, browser settings, etc.). If they have not been (within a time span, e.g. a year) the software logs them as a unique visitor. If a user has been to the site before it counts as a visit, but not as a new unique visitor.

- Amazon Conservation Team – Brazil
- Ecodecisión – Ecuador
- IDESAM – Brazil
- NCRC – Ghana
- Reforestamos Mexico – Mexico

Based on interviews with officials of the above organizations, the Project's partnerships have been instrumental for advancing the Project objectives. The TE, however, did not assess the long-term viability of these organizations. With few exceptions, the majority of the staff interviewed in the organizations noted above, expressed highly favorable opinions about Forest Trends, although most did not know about the GEF Project. Partner institutions indicated that the staff of Forest Trends has highly qualified, adaptive team players who interact effectively with different organizations. In addition, many noted that Forest Trends' training content could be highly theoretical.

During the period January 2010 to September 2011, in collaboration with stakeholders, both national and international, Forest Trends conducted 34 capacity building-related events including training workshops, clinics, technical meetings, short courses, conferences, and working group meetings. A list of these events organized by region, country, and topic, is provided in Annex 7. The result of these trainings is discussed in Section 3.2.

The partnership with the National Center for Research and Conservation (NCRC) in Ghana is a case of successful partnership. NCRC has both a national and regional focus. The partnership with the NCRC has been instrumental in developing future carbon-based PES projects. As noted by the NCRC Director, the organization is ready to take national and regional leadership in the development of carbon projects, and can mobilize international funding; NCRC is beyond the "Incubator" level. NCRC recognizes the catalytic support provided by Forest Trends and the Katoomba Group over the last few years. The first MOU between NCRC and Forest Trends was signed in November 2009, and has been recently renewed. The evaluator's field visit to Ghana provided a great opportunity to interact with NCRC staff and stakeholders in Accra. However, a field visit to the Forest Trends/NCRC-supported Cocoa Project site was not possible due to logistical challenges.

Although there are powerful partnerships such as the one with NCRC in Ghana, the Project requires a range of different partnerships and very important strategic partners outside the environmental sector. For example, in Ghana, perhaps the most important stakeholder is the Cocoa Board, which is under the Office of the President. The Cocoa Board regulates policies related to production, research, extension, internal and external marketing, and quality control. These functions are classified into two main sectors: pre-harvest and post-harvest, which are performed by specialized divisions of the Cocoa Board⁶. The Project has made several attempts to engage the Cocoa Board with little success to date. This is a key partner that could determine the success or failure of the Project's investments in the Cocoa Carbon Project in Ghana.

What is not known regarding partnership success concerns key questions: what is an ideal number and desired composition of the partnerships needed for the Project? This lack of information is because no

⁶ <http://www.cocobod.gh/objectives.php> accessed in March 2012.

such analysis was available. In other words, it was not known what would be “critical mass” of partnerships for the Project’s different components. Nevertheless, it is evident that Forest Trends did establish a number of strong partnerships. The Project established approximately 70 partnerships with different institutions, organizations, service providers, and individuals. An overview of the composition of these partnerships by class is provided in the Table 7 below.

Table 7. Project partnerships.

Partnership composition (Totals)	#
MOU	8
MOU/Subcontract	5
Subcontract	35
PES Carbon	46
PES Water	2
PES Coastal/Marine	1
Biodiversity Offset	20
Partners in Tropical America	35
Partners in Africa	19
Partners in Tropical Asia	4
UK	6
USA	4
Global	2
Government agencies	15
Formal MOU with governments	4
Business (for BO)	4
Individuals	3

Source: Forest trends, 2012.

Over fifty percent of the Project partnerships are related to forest PES, mostly subcontractors. There are 13 MOUs, of which five include a service subcontract. Interestingly, there are only a few formal MOUs with government agencies (Brazil, Uganda, and Malaysia); and fewer partners for fresh water and marine/coastal PES. See Annex 5, which provides a detailed list of Project agreements.

Government institutions are key stakeholders of the Project. Government participation has been instrumental at local and state levels. For instance in Brazil, the government of the State of Acre was supported by the Project, together with other national and international organizations⁷, in developing the proposal for the State of Acre’s System of Incentives for Environmental Services (SISA), which resulted in the subsequent Law # 2308 (State of Acre), which created SISA in 2010.

Another important example of multi-sector collaboration, according to PIR 2011, is the collaboration between Ghana’s Forestry Commission, NCRC, Oxford University, Forest Trends, and NASA to develop the first Ghana Biomass Map (and first in the African Region). The map was completed and presented to

⁷ The SISA proposal was the product of the collaborative work of national and international organizations such as WWF, IPAM, IUCN, Amigos de la Terra, GIZ, KfW, CPWH, EDF, FGV, Forest Trends, The Woods Hole Research Center, GeoConsult, Bio-Filica, UFMG, and organizations from diverse sectors of the civil society represented in the State Councils of the area. SISA, 2010.

the Government of Ghana and key stakeholders in February 2011. The map was subsequently published online in June 2011 and has “fed” the national REDD+ planning and forest management policies in Ghana, including the country’s forest definition⁸. However, the Project does not have an official MOU or collaboration agreement with any government agency in Ghana.

Overall, the number of collaborations provides evidence that Forest Trends has been successful in developing partnerships; particularly, to support carbon-based PES projects. It is assumed that, as a result of these different PES pilots, more formal collaborations with governments will materialize in future years.

In terms of participants in capacity-building related events, based on information provided by Forest Trends, the Project has also been successful at mobilizing participants from partner and non-partners organizations. For example, between February 2010 and October 2011, 33 training events took place with support from the Project and additional donors. The majority of these trainings events (30) were related to PES, in areas such as REDD+, carbon, agriculture, and marine/coastal PES. Based on the reviewed information, there were four events related to BO, and at least six trainings focusing on local communities. It is acknowledged, however, that community representatives participated also in other capacity-building events.

Approximately 1,628 people participated in the above-noted events, including representatives from governments, donor agencies, NGOs, communities, research institutions, and the academic sector. Based on the number of events and participants, the Project has been highly successful in producing capacity-building events and mobilizing participants to advance Project objectives.

3.2.4 Feedback from M&E activities and adaptive management

(i) Financial planning

Overall, financial planning was very successful in the Project. The EA was very productive at identifying sources for co-financing from private organizations and foundations, bilateral donors, and developed country government agencies. The original co-financing level established during the Project design phase was USD 11.63 million, including USD 5,497,482 in cash and USD 6,134,450 in-kind contributions. Unfortunately, there were no cash contributions from national governments throughout the Project duration. During Project design, there was no certainty regarding where the specific PES/BO pilots would be implemented. This is understandable; however, this uncertainty could be considered as a Project design weaknesses, especially because the Project could have sought cash co-financing from national governments in order to increase government commitment and accountability. At the end of the Project, the actual cash co-financing was USD 13,5 million. The international donor community carried the entire financial risk of investing in the Project, while national governments carried almost none.

As noted, the EA was successful at mobilizing financing for PES/BO beyond the project expectations. However, because of lack of financial information on co-financing investment/allocations to Project

⁸ Ghana’s carbon map is available at http://www.forest-trends.org/publication_details.php?publicationID=2837.

activities, it was not possible to verify the impact of the co-financing, e.g. additional PES projects.

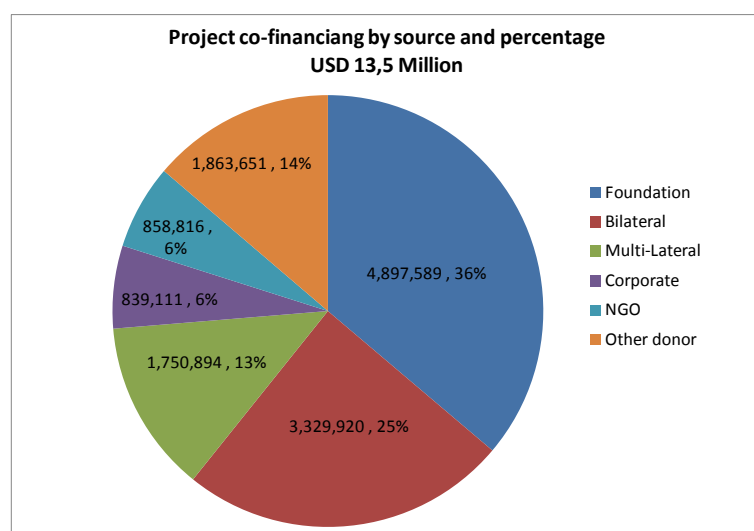
As noted in Section 3.1.5, UNOPS oversaw the Project's financial management and noted that throughout the Project's lifespan, Forest Trends has produced detailed financial reports in a timely manner. It has been useful for UNOPS to monitor expenses vis-à-vis the project logframe, and the flow of co-financing. UNOPS does not require disaggregation of financial data or expenses by country. The planned and actual co-financing figures are included in Table 8 below; co-financing by source and percentage is shown in Figure 1.

Table 8. Planned and actual co-financing.

Co-financing	Other sources* at CEO End.		Other sources*		Total co-financing disbursed	
(Type/source)	(Mill USD)		(Mill USD)		(Mill USD)	
	Proposed	Actual	Proposed	Actual	Proposed	Actual
Grant	1,171.8	\$5,193.6	4,325.7	\$8,346.4	5,497.5	\$13,540.0
Credits						
Loans						
Equity						
In-kind	653.2		\$5,481.2		6,134.4	\$ -
Non-grant Instruments*						
Other types						
TOTAL	1,825.0	\$5,193.6	9,806.9	\$8,346.4	11,631.9	\$13,540.0

* Other Sources refer to contributions mobilized for the project from other multilateral agencies, bilateral development cooperation agencies, NGOs, the private sector, etc.

Figure 1. Actual Project co-financing by source and percentage.



Source: Forest Trends, 2012

Regarding **Incremental cost**, the Project Document notes that:

“...in the baseline, the main force driving the institutional development of Payments for Ecosystem Services in developing countries will be the continued ad hoc projects financed by

donor agencies and international NGOs. Overall investment in PES will be hampered as market actors continue to face high transaction and information costs and uncertain risks, have few convincing examples of business success, and difficulties in accessing relevant technical assistance. Payments for biodiversity stewardship will grow especially slowly due to design challenges and weak market demand. Low-income rural communities will continue to be bypassed by major new investments in PES. Private sector participation as ecosystems service buyers will remain very limited. Initiatives to support PES development and raise capacity will continue to be led principally by international public agencies, academics, and conservation NGOs in the early stages of the learning curve, rather than by business leaders and seasoned leaders experienced in PES development.”

In the GEF alternative, supported by GEF funding, the Project will contribute to reverse this situation by “. . .modifying the baseline initiatives and supporting additional initiatives in order to establish the institutional capacity for expanding PES globally, and particularly in eastern and Southern Africa and tropical America.”

The incremental cost analysis of the Project estimated that from a total baseline of USD 111.88 million, the total incremental cost of the Project was USD 14.67 million, with a GEF contribution of USD 4.78 million. It was expected that by mobilizing additional co-financing during the course of the project, the GEF relative contribution would decrease. Although this happened, there is still a long way to reverse the PES situation described in the baseline.

The Project’s activities, in most cases, met the expected outcomes; further, these activities were implemented in a cost-effective manner; this is shown in Table 9 below. Giving the nature and complexity of the Project, it is, however, difficult to determine, based on expenses, if the global and environmental expectations of the Project were met.

Table 9.

Forest Trends Financial Report of Expenditures: January 2008 thru September 30th, 2011 Report Date: October 13th, 2011						
Project Outcome/Atlas Activity	ERP/ATLAS Budget Description	Budget	Prior Period	Actuals	Total to Date	
		Jan 2008 to Sept 2011	Jan 2008 thru June 2011	July 2011 thru Sept 2011	Jan 2008 thru Sept 2011	Budget Balance
Outcome 1: Ecosystem Marketplace. Timely, relevant market information for PES available to all stakeholders globally, through the Katoomba Group's Ecosystem Marketplace	International Consultants	\$ 767,249	\$ 856,087	\$ 20,948	\$ 877,035	\$ (109,786)
	Local Consultants	\$ 167,594	\$ 137,069	\$ 518	\$ 137,587	\$ 30,007
	Travel	\$ 149,424	\$ 116,045	\$ 2,352	\$ 118,397	\$ 31,027
	Supplies	\$ 29,538	\$ 20,961	\$ 2,446	\$ 23,407	\$ 6,131
	Audio Visual & Print Prod Costs	\$ 192,172	\$ 159,160	\$ 836	\$ 159,996	\$ 32,176
	Subtotal	\$ 1,305,977	\$ 1,289,322	\$ 27,100	\$ 1,316,422	\$ (10,445)
Outcome 2: National champions and stakeholders of PES in at least 10 countries in E. and S. Africa and Tropical America have improved capacity and access to technical assistance for institutional and policy development for PES	International Consultants	\$ 368,669	\$ 334,279	\$ 18,045	\$ 352,324	\$ 16,345
	Local Consultants	\$ 264,634	\$ 292,319	\$ 21,344	\$ 313,663	\$ (49,029)
	Travel	\$ 230,671	\$ 204,552	\$ 9,033	\$ 213,585	\$ 17,086
	Supplies	\$ 63,596	\$ 52,670	\$ 5,540	\$ 58,210	\$ 5,386
	Audio Visual & Print Prod Costs	\$ 57,108	\$ 24,850	\$ 1,618	\$ 26,468	\$ 30,640
	Subtotal	\$ 984,678	\$ 908,670	\$ 55,580	\$ 964,250	\$ 20,428
Outcome 3.1: Operational models and capacity to design, establish and implement effective payment to support biodiversity conservation in agricultural landscapes.	International Consultants	\$ 205,064	\$ 199,320	\$ 10,000	\$ 209,320	\$ (4,256)
	Local Consultants	\$ 69,019	\$ 75,463	\$ 4,000	\$ 79,463	\$ (10,444)
	Travel	\$ 61,808	\$ 49,640	\$ 1,000	\$ 50,640	\$ 11,168
	Supplies	\$ 22,258	\$ 26,783	\$ 1,249	\$ 28,032	\$ (5,774)
	Audio Visual & Print Prod Costs	\$ 34,517	\$ 25,211	\$ -	\$ 25,211	\$ 9,306
	Subtotal	\$ 392,666	\$ 376,417	\$ 16,249	\$ 392,666	\$ -
Outcome 3.2: Operational models and capacity to effectively design, establish and implement business models for biodiversity offsets.	International Consultants	\$ 102,446	\$ 103,842	\$ 6,979	\$ 110,821	\$ (8,375)
	Local Consultants	\$ 181,060	\$ 192,999	\$ 6,769	\$ 199,768	\$ (18,708)
	Travel	\$ 94,097	\$ 75,653	\$ 95	\$ 75,748	\$ 18,349
	Supplies	\$ 15,675	\$ 10,795	\$ 20	\$ 10,815	\$ 4,860
	Audio Visual & Print Prod Costs	\$ 18,147	\$ 11,700	\$ 415	\$ 12,115	\$ 6,032
	Subtotal	\$ 411,425	\$ 394,989	\$ 14,278	\$ 409,267	\$ 2,158
Outcome 3.3: Operational models and capacity to design, establish and implement PES for biodiversity in forest enterprises in S. & E. Africa and Tropical America.	International Consultants	\$ 149,299	\$ 148,260	\$ 8,258	\$ 156,518	\$ (7,219)
	Local Consultants	\$ 169,995	\$ 165,818	\$ 21,190	\$ 187,008	\$ (17,013)
	Travel	\$ 83,327	\$ 74,326	\$ 461	\$ 74,787	\$ 8,540
	Supplies	\$ 15,483	\$ 8,881	\$ 339	\$ 9,220	\$ 6,263
	Audio Visual & Print Prod Costs	\$ 22,735	\$ 12,694	\$ 908	\$ 13,602	\$ 9,133
	Subtotal	\$ 440,839	\$ 409,979	\$ 31,156	\$ 441,135	\$ (296)
Outcome 3.4: Develop assessment tools for coastal fishery and flood protection PES at landscape scale.	International Consultants	\$ 242,511	\$ 264,761	\$ 11,245	\$ 276,006	\$ (33,495)
	Local Consultants	\$ 4,500	\$ 1,200	\$ 3,683	\$ 4,883	\$ (383)
	Travel	\$ 108,185	\$ 100,241	\$ 2,952	\$ 103,193	\$ 4,992
	Supplies	\$ 8,650	\$ 1,950	\$ 102	\$ 2,052	\$ 6,598
	Audio Visual & Print Prod Costs	\$ 30,318	\$ 19,335	\$ 540	\$ 19,875	\$ 10,443
	Subtotal	\$ 394,164	\$ 387,487	\$ 18,522	\$ 406,009	\$ (11,845)
Outcome 4: Project Management, Administration, Monitoring and Evaluation [Max Rate of 10% of the project total applied. Actual indirect rates for Forest Trends are higher.]	International Consultants	\$ 436,638	\$ 418,540	\$ 18,098	\$ 436,638	\$ -
	Local Consultants	\$ -	\$ -	\$ -	\$ -	\$ -
	Travel	\$ -	\$ -	\$ -	\$ -	\$ -
	Supplies	\$ -	\$ -	\$ -	\$ -	\$ -
	Audio Visual & Print Prod Costs	\$ -	\$ -	\$ -	\$ -	\$ -
	Subtotal	\$ 436,638	\$ 418,540	\$ 18,098	\$ 436,638	\$ -
Total Expenses		\$ 4,366,387	\$ 4,185,404	\$ 180,983	\$ 4,366,387	\$ -

Source: Forest Trends, 2012.

During the evaluation, the most recent external audit report of Forest Trends was requested by the evaluator. Unfortunately, Forest Trends did not provide the auditor's latest report.

Finally, because Forest Trend's financial reports focus on income and expenses, it is unlikely that financial planning was used as a tool to support strategic planning and priority-based investments. This aspect is discussed in Section 3.1.7.

(ii) Monitoring and evaluation (S)

The Project was successful at following the established GEF guidelines for reporting. As indicated before, the Project produced and submitted timely reports such as the annual plans, internal quarterly reports, PIR, and permanently-updated monitoring tools such as the GEF Tracking Tool and the Forest Trend's

Project Tracking Document. The latter was introduced in March 2010 after a UNDP manager requested such a report, dated from Sept 2009.

Although the above-mentioned monitoring tools have been useful, particularly for the implementation team at Forest Trends and GEF-UNDP, it appears that the Project did not take the “extra step” to systematically monitor and analyze the progress and effectiveness of its own activities. The logframe, as noted before, did not provide the basic elements to establish a more rigorous and systematic approach to monitoring and evaluation; simply put, the Project could have done this. Some of gaps in the monitoring and evaluation approach include:

- Lack of SMART indicators⁹, defined by the Project during implementation (in addition to the general indicators defined in the logframe; and linked to specific outcomes, including information, PES “champions,” and both PES and BO pilot projects;
- Lack of SMART indicators for biodiversity impact. Demonstrating the impact of PES/BO on biodiversity remains uncertain. Forest Trends did not use additional or new methodologies for demonstrating PES/BO impact on biodiversity;
- Lack of SMART indicators to monitor and evaluate socio-economic data on livelihoods and incomes; and
- Lack of clear definition and use of the PES project design and implementation cycle. Although, there are several important documents such as “PES: Getting Started,” “Negotiating for Nature Services,” “Building Carbon Forest Projects,” “Draft standards for BO,” and many more, the Project did not monitor PES projects using a tailored PES project cycle vis-à-vis project progress. The draft PES project cycle is illustrated in Table 13 in Section 3.2.

Although the Project, after the MTR, added the Project Tracking Document, it is not clear how Project participants analyzed information and fed it back into strategic planning or the annual plans. The Project monitoring emphasis was on tracking primarily but lacked analysis. The Project, however, improved the tracking of progress of the PES pilot projects co-financed by GEF. It was expected that this action will contribute substantially to a systematic “drawing” of lessons learned about PES practice.

Further, since there is no data available regarding Project impact, it is not clear if, after completion in September 2011, the Project contributed to strengthening the existing weak empirical evidence that indicates that PES could generate few or no environmental and socio-economic benefits¹⁰. It is also too early to try to measure the Project’s PES pilot projects, specifically in their impact on environmental and socio-economic outcomes; only two subprojects have completed their project cycle and are operative now.

⁹ “Smart” Indicators: (S) Specific: Outcomes must use change language, describing a specific future condition; (M) Measurable: Results, whether quantitative or qualitative, must have measurable indicators, making it possible to assess whether they were achieved or not; (A) Achievable: Results must be within the capacity of the partners to achieve; (R) Relevant: Results must make a contribution to selected priorities of the national development framework; and (T) Time-bound: Results are never open-ended. There should be an expected date of accomplishment.

¹⁰ STAP Advisory Document: *Paying for Environmental Services and the Global Environment Facility* (2010)

(iii) Executing and implementation modalities

The IA and EA were reasonable agencies for the Project as discussed in Section 3.2.4. Forest Trends executed the Project. It included all outcomes, excepting Sub Outcome 3.1, related to PES in agricultural landscapes. Eco-Agriculture Partners, formerly part of Forest Trends, was subcontracted to implement agri-ecological PES work. In addition, Forest Trends subcontracted specific activities with a range of service providers, as indicated in Section 3.1.3. This strategy was very productive, particularly in the provision of technical support for the development of PES “champions” and in designing PES pilot projects related to carbon.

Overall, the implementation approach was very good. It was highly participatory and supported by technically-qualified and result-oriented staff. Further, the Project was very flexible, with each Output Manager able to adapt to the wide range of conditions and challenges during implementation. This finding was verified by a majority of stakeholders interviewed during the TE. Interviewed stakeholders, in general, indicated that Forest Trends staff were “masters” at PES theory but had limited practical experience; however, they were described as diligent at addressing implementation problems.

Although Forest Trend’s core team is not based in the countries where the PES activities take place, Ghana being one exception, the team was able to provide permanent follow-up to PES implementation plans and followed the annual implementation plans. Forest Trends used their networks of incubators in the Katoomba Group. It was noted, however, by several stakeholders that there was little or no follow-up on Forest Trends-led trainings.

To some extent, the Project’s implementation approach became more “process-oriented.” This could be explained by the complexity of the project, e.g., lengthy PES-readiness processes, third-party decision making, needs to build national and local capacity, etc. Table 13 and Table 14 in Section 3.2 show how the majority of PES and BO pilots are still in the preparatory stages of the project cycle, including the following stages: preparatory assessments, project design and planning, and development of the PPD.

Further, as noted before, the Project’s activities were not separated from the ordinary, on-going activities of Forest Trends; specifically, the GEF grant was not by itself a separate program or activity of Forest Trends. This situation had advantages, as noted in Section 3.1.7, and disadvantages such as:

- Limited availability of the Project’s Director, Forest Trends President and CEO, to follow-up and address day-to-day challenges; for example, the need for additional skills in capacity building and communications; and a further possible limitation in experience on complex international project management; in addition, the busy agendas of the Project Director and the UNDP Manager limited the opportunities for interaction;
- Less accountability of Project’s outcomes managers, who apparently operated in very decentralized and flexible manner;
- Over-focus on carbon pilot projects, which is the core specialization of Forest Trends. Project leaders did not hire additional staff with different PES experience, and forged few partnerships with organizations specialized in PES other than for carbon-based expertise and focus; and
- Lack of both a systematic monitoring and evaluation approach, and dedicated staff with the overall responsibility of analyzing information (from tracking activities) and providing periodical feedback to Output managers.

In addition, the lack of support from strategic financial planning may have had an impact in the quality of some outputs/outcomes.

In terms of **risks**, the Project planned to address the identified risk by increasing the number of outputs. This strategy was not possible. Also, the risks identified during the design phase were underestimated. This was discussed in Section 3.3.1. Risks such as: i) lack of government co-financing and, therefore, commitment; ii) lack of both national and international legal and regulatory frameworks to support PES and BO; and iii) unstable growth and carbon market variability, were beyond the control of the EA. Consequently, the opportunity to demonstrate the impact of PES on biodiversity was significantly limited.

The Project logframe was ambiguous and the indicators were very general. This state still, though, provided a fertile ground for testing and innovation. However, this condition also posed a significant challenge for evaluation of Project results in qualitative terms.

The Project was supported by a Project Steering Committee (PSC) throughout its duration. The PSC was integrated by:

- Michael Jenkins, President/CEO Forest Trends, Washington. DC;
- Sara Scherr, President, Eco-Agriculture Partners, Washington, DC;
- Andrew Bovarnick, UNDP (supported by Ericka Espino);
- Ms. Martha Mai, UNOPS (supported by Ms. Ada Safanova);
- Josh Bishop (former Director, Biodiversity, at IUCN), Australia;
- David Brand (supported by Ros Mitchell), Director, New Forests Pty Limited, Australia;
- Carlos Munoz, Instituto Nacional de Ecologia, Mexico; and
- Deborah McKay, Forest Trends, Washington, DC (Ex-officio members)

The PSC was established at the time of the Inception report and had three external members, two of them in Australia. It was expected that the PSC would oversee and approve several items: work plans, monitoring, and annual budgets; further, the PSC would participate in the annual Project review meetings and in the Tripartite Review and Terminal Report for the project. However, the PSC did not have a detailed PSC Charter with specific roles and responsibilities.

Two PSC members were interviewed during the TE to discuss the project and comment on preliminary observations of the TE. In addition, several stakeholders were consulted regarding the functionality of the PSC. PSC meeting minutes were also reviewed.

The remote location of some PSC members continued to affect PSC input throughout the duration of the Project, and the substance in the PSC minutes of meetings was limited. For example, the UNDP Manager solicited feedback on the MTR for PSC members. However, based on the content of the minutes of the PSC meeting in October 2010, no substantial feedback was provided. Similar situations were evident in other PSC meeting minutes. The lack of “creative brainstorming” of the PSC was noted during the MTR; the PSC may have failed to meet the expectations stated in the Project Document.

(iv) Collaboration with UNDP country offices

Limited evidence was found in terms of the Project’s collaboration with UNDP country offices. Because of the global nature of the Project, there was no one UNDP country office officially responsible for supporting Project implementation. At the time of the Project design, it was not known where the

project would be operating; however, this ambiguity could have been better planned for during the Project's design phase.

The UNDP manager requested that the Project strengthen its collaboration with UNDP country offices; however, the TE found little or no evidence of response to this request. For example, in Ghana, the Forest Trends' staff and the NCRC staff had not met with the GEF coordinator at UNDP in Accra. The team was unaware of the GEF-Small Grant program in Ghana and vice versa. The TE process was a very late but good opportunity for these stakeholders to meet for the first time, look at the Project's logframe, and discuss future collaboration. Unfortunately, at this point, the Project has already ended. The MTR also noted the limited participation of UNDP country offices during Project-sponsored capacity-building events; this missed opportunity condition is also visible during 2010 and 2011.

Perhaps the strength of UNDP is not participating in capacity-building events. Rather, perhaps UNDP ideal contribution strength resides in access to governments and both their national development plans and related policy instruments. This could have been an area where UNDP country offices might have played an instrumental role. Further, UNDP could have helped to engage reluctant government partners, such as in the case of the Cocoa Board in Ghana.

It is acknowledged, however, that engaging UNDP at the country level is not an easy task, with the quality of collaboration varying from country to country. Committing the UNDP country offices would have required, for instance, leverage from the Project's Director and the UNDP Manager, which would have required significant time inputs from the Washington, DC-based Project Director and the Panama City-based UNDP Manager.

The collaboration with UNDP country offices was limited and Forest Trend's staff and stakeholders did not express any major coordination or operational issues. However, it is worth noting that the Forest Trend team is strong and passionate about the topic of PES and BO; on occasion, it can be hard to break through with recommendations regarding project management or specific technical approaches.

3.3 Project Results and Rarting

3.3.1 Attainment of objectives (S)

The results of the Project are presented and discussed in this section. In addition to the different methodological aspects listed in Section 1, in order to assess the results, the evaluator requested statistical information on the results of The Project Outcomes and analyzed it. The statistical information used was gathered by Project staff members, and the initial analysis is now available to the FT team. The assessment of the results of the Project focuses on quantitative aspects, and where possible, it discusses qualitative elements.

The objective of the project: *"To establish institutional capacity for expanding systems of payments for ecosystem services to a scale and quality sufficient to have a meaningful impact on global conservation of biodiversity and ecosystem services"*, with a total GEF contribution of USD 4,366,487 over 4 years, was not fully met.

As noted in the Project reports, the Project met or exceeded most of its outcome and sub-outcome targets. However, partly because of the global financial crisis, external decision

making, and Project design gaps, the Project was not able to fulfill its targets in terms of (a) number of hectares under production with PES with improved management practices for biodiversity conservation; (b) the volume of dollars transacted in the market; and (c) number of new PES pilot projects. Factors outside the control of the Project also slowed down the testing of PES buyer and/or seller mechanisms. It was also difficult for the Project to engage businesses in taking on biodiversity offsets and establish pilot projects. Nevertheless, the Project succeeded in:

- Establishing an estimated 411,800 hectares¹¹ of production landscapes with direct improvements in biodiversity from PES.
- Establishing an estimated 1,249,500 hectares of production landscapes with indirect improvements.
- Improving existing and new PES projects using innovative biodiversity models and potential biodiversity outcomes.
- Increasing the number of countries with PES leaders and networks with capacity for PES policy design, project planning and implementation.
- Developing and making available information of PES and BO.
- Contributing to the development of national and state-level PES policies.
- Contributing to the development of BO standards and projects.

Without a doubt, the Project made a remarkable contribution to advance its objective. The results of the three major Project Outcomes provide solid evidence of this, and are discussed next.

The Project's overall ratings are included in Table 10 below, and discussed in the next sections; and the Project Logframe including achievement levels is included in Annex 9.

¹¹ A breakdown of the number of hectares directly and indirectly impacted by the project is provided in Annex 9

Table 10. Project's ratings

Project's performance rating		
Monitoring and Evaluation		Comments
Overall quality of M&E	(MS)	Limited systematization, analysis and feedback
M&E design at project start up	(MS)	Limited systematization, analysis and feedback
M&E Plan Implementation	(MS)	Limited systematization, analysis and feedback
IA & EA Execution		
Overall Quality of Project Implementation/Execution	(S)	
Implementing Agency Execution	(S)	
Executing Agency Execution	(S)	
Outcomes		
Overall Quality of Project Outcomes	(S)	
Relevance	(S)	
Effectiveness	(S)	
Efficiency	(HS)	
Catalytic Role		
Production of a public good	yes	
Demonstration	yes	
Replication	yes	
Scaling up	no	Resources generated by PES was below target
Sustainability		
Overall likelihood of risks to Sustainability:	(MS)	
Financial resources	(HS)	
Socio-economic	(U/A)	Too early to assess
Institutional framework and governance	(MS)	
Environmental	(S)	
Overall Project Results	(S)	

Outcome 1. Timely, relevant market information for PES available to all stakeholders globally, through The Katoomba Group's Ecosystem Marketplace. Budget USD \$1,099,005 over 4 years. This Outcome included four outputs:

- Output 1.1: EM bulletin and website have expanded and deepened coverage of biodiversity PES and new market information services.
- Output 1.2: EM has expanded information services relevant for community-based stakeholders on website, bulletin and other information centers.
- Output 1.3: Awareness, utilization and application of EM information services by key stakeholders.
- Output 1.4: EM is financially sustainable.

Overall, the result of this Outcome was highly successful. As noted before, the EM bulletin and website did expand and deepen the coverage of biodiversity PES and new market information services, and the

family of TF's websites now includes relevant information for community-based stakeholders. Based on website statistics, the visitation to the websites has increased significantly and it is estimated that utilization and application of EM information services by key stakeholders is in fact taking place. The content delivered via the websites is discussed under outcome 2. The FT family of websites includes:

- Ecosystems Marketplace (EM)
- Mercados Ambientales website (Spanish EM):
- Forest Carbon Portal
- EKO-ECO.com
- Ecosystem Marketplace Communities website
- BBOP website
- Katoomba Incubator website
- Marine Ecosystem Services Program website
- Species Banking Website
- SpeciesBanking.com

According to Google Analytics, between Jan 1, 2011 – Dec 31, 2011 the EM website had 188,345 visitors, 99,266 unique visitors¹² and 368,551 page views. It also increased the number of subscriptions, key market-actors users, and a range of PES materials covering all stakeholders of the project.

In terms of quality, the information disseminated by the different websites was perceived as being of high quality by the majority of the people interviewed and survey respondents. Few exceptions indicated that, occasionally, a research paper published through the EM can be weak, if not screened by senior FT staff.

The communications strategy was, however, basic. The results of this outcome could have been stronger if a more rigorous communication strategy was designed and applied. Such a strategy could have been linked to a capacity building strategy. A communication/ capacity building strategy could have been based on the assessment of targeted groups, education levels, training and information needs, delivery mechanisms, follow up, evaluation and measuring impact. FT staff noted that from the beginning of 2012, the communications team is meeting with the programmatic areas to update the communications strategy.

As a result of applying a basic communications strategy, there are several important pending questions that can be addressed by the Project. For instance:

- Are the above listed websites user friendly? Websites usability tests have not been applied yet.
- Do the websites contain all the information needed by the range of PES stakeholders, particularly stakeholders outside the environmental sector? For instance, Ministries of Finance and businesses?
- How can the Project verify if the right information is reaching each targeted group? It is acknowledged that a user's survey was conducted right after the Project ended, and the results

¹² Unique visitors: When someone visits the site, the analytics software determines if they have been to the site before (using tracking cookies, IP address, browser settings, etc.), and if not (within a time span, e.g. a year), the software logs them as a unique visitor. If a user has been to the site before it counts as a visit, but not as a new unique visitor.

were not available for the TE.

- How are the websites monitored and how is the information analyzed and incorporated in future website and content development?
- Are there other delivery options that will be needed in the future?

In terms of EM website financial sustainability (Output 1.4), first, it is important to define what financial sustainability means in the context of the Project. Thus, for the purpose of this evaluation, financial sustainability refers to the capacity of EM to ensure sufficient and stable long-term, diversified funding to cover the total costs of EM's operations and management. Diversification implies funding from different sources such as: subscriptions, sponsorships, grants, service provision, and advertisement.

During the course of the second half of the Project, TF assessed the business potential of EM and concluded that, in order to preserve EM independency (unbiased provision of information) and transparency, the financial sustainability strategy for EM will be based on partnerships, both institutional such as the GEF, the World Bank, UNDP and business partnerships such as Bloomberg. This was noted in the Project's Sustainability Strategy from September 2011. This strategy was a request of the UNDP manager after the MTR.

According to the Project Director, FT has secured grant funding to cover the costs of EM in the following years and is continuing to work in developing institutional partnerships. However, by September 2011, no formal partnership agreement involving EM's operations and management, has been reached.

Outcome 2. National champions and stakeholders of PES in Eastern, West and Southern Africa and Tropical America have improved capacity and access to technical assistance for institutional and policy development for PES. Budget: USD 1,049,396 over 4 years. This Outcome included the following outputs:

- Output 2.1: Fully functioning East, West and Southern African Katoomba Group (KG) network providing information, analytical tools and technical support to key stakeholders, including community organizations.
- Output 2.2: Fully functioning Tropical America Katoomba Group network providing information, analytical tools and technical support to key stakeholders, including community organizations.
- Output 2.3: Models, Tools and Best Practice Guidelines for PES Policy, Planning and Institutions developed and disseminated in East Africa and Tropical America regional networks.

Overall, this Outcome was also successful. The project proposed the training of one hundred PES champions, and this target was met in relative terms. As noted in Section 2, the Project design did not define what a champion is, and in addition, the Project did not apply a rigorous capacity building strategy based on a needs assessment. Most of the capacity-building activities were designed as "one size fits all". It was noted by several stakeholders interviewed that this was a major gap in FT's approach to capacity building. FT's workshops, for instance, in many cases included a large number of participant (over 50) from different institutions, backgrounds and training needs. Similarly, the Project did not define the objectives, goals, composition and outputs for the KG networks. Nevertheless, FT's approach had significant results.

In order to examine the results of this Output objectively, the evaluator, in agreement with FT,

developed basic criteria to assess PES champions; the criteria included three champion levels:

- **PES Expert.** Person who, with Project support, developed strong skills; has been involved in the design of at least one PES project or policy; has technical expertise in a specific aspect of PES project or policy implementation; and can conduct specialized training to provide direct advice on aspects of PES.
- **PES Facilitator.** Person who, with Project support, can collaborate to build general transactional capacity for PES in one or more regions; has strong global knowledge on the aspects involved in the design & implementation of PES projects and policies; is able to facilitate workshops, communicate PES related information through presentations; and can summarize market trends.
- **PES Stakeholder.** Person who, with Project support, became engaged in PES implementation; has first-hand knowledge of the PES process; and can participate in PES training to bring theory to practice.

The above criteria were also used in the surveys to PES champions carried out for the TE during March 2012. The results of the analysis are shown in Table 11 below, and Annex 6 includes the detailed information used for this analysis. In addition, statistical information of 30+ capacity building events was analyzed during the TE.

Table 11. Results of Project's PES Champions analysis

Category	#	Comment
General results		
Total trainers/trainees	220	
Trainers (national)	120	
Trainees (national)	100	
Total PES Champions	128	
PES Experts	43	
Existing PES experts	38	
New PES experts	5	
PES Facilitators	49	
PES Stakeholders	36	
Countries		
Total countries	30	In 4 regions
Tropical America (TA)	13	Bolivia, Brazil, Chile, Colombia, Costa Rica, Ecuador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru
W/C Africa	6	Egypt, Ghana, Ivory Coast, Liberia, Nigeria, Sierra Leone
E/S Africa	8	DRC, Ethiopia, Kenya, Madagascar, Malawi, South Africa, Tanzania and Uganda
SEA/China	3	China, Malaysia and Vietnam
Champions by region		
TA	61	22 experts, 22 facilitators, 17 stakeholders
W/C Africa	23	5 experts, 10 facilitators, 8 new stakeholders
E/S Africa	26	12 experts 7 facilitators, 7 stakeholders
SEA/China	9	2 experts, 5 facilitators, 2 stakeholders
Country with more champions after training	Brazil 22, Ghana 12, Peru 9	
Country with less champions after training	Honduras 0	

Source: Author, base on FT statistics.

The above analysis indicates that the Project successfully completed Outcome 2. A conservative estimate is that the Project formed 128 PES champions, including 120 local experts whose skills were strengthened.

This cadre of PES champions provided the foundation to develop the KG networks at regional level. With the exception of South East Asia and China, the numbers are very impressive. The Project targeted the three regions: TA, W/C Africa and E/S Africa.

Nevertheless, it appears that the KG networks are very informal and their activities, as a network, have limited coordination. In addition, the KG networks may lack financing, concrete objectives, goals and outputs that could be included in annual activity plans. It is recognized however, that members of the KG networks are providing technical advice, facilitation and participating as stakeholders in PES project and processes in their respective region.

South Africa is a good example: the former KG Incubator joined UNDP in South Africa and is currently promoting the integration of PES related activities within UNDP strategies and national development agendas. Similarly, in Ghana, NCRC is doing similar work in carbon related PES. Furthermore, across Tropical America most of the KG champions continue to be engaged in PES

related projects. For example in Ecuador, the Socio Bosque Program and the Yasuni Initiative, water PES in San Martin in Peru, the SISA and the Surui Project in Brazil, and the regional TNC watershed management initiative. This was also verified by the PES survey in which 75% of the respondents indicated that they are working on PES initiatives. Further, there is evidence that, with Project Support, KG champions are engaged in “south-to-south” collaboration. For example, TA champions provided support for capacity building events in Africa. TA continues to be the region with the highest concentration of PES skills and projects.

PES champions’ skills were strengthened or developed using a range of capacity building events. As indicated in Section 3.2.2, during the period of January 2010 to September 2011, in collaboration with national and international stakeholders, FT conducted 34 training-related events including training workshops, clinics, technical meetings, short courses, conferences, and working group meetings. A list of these events organized by region, country and topic, is provided in Annex 7.

The indicated capacity building events took place in strategic places in order to benefit the highest number of participants and institutions. Most of the events were related to PES (30) and only four were related to BO, including BBOP meetings. According to FT statistics, 1,628 people participated in these events. The delivery of capacity building events increased in the second half of the project. There were 22 events during the first half of the project according to FT statistics.

The above indicated survey was also used to assess the quality of these events. Most of the responses indicated that the events were very useful. People interviewed by the evaluator in general expressed their satisfaction with the workshops; however, they were critical about the “one size fits all” approach. What was agreed by most interviewed and surveyed was that there was no follow up to trainings. Besides, the knowledge of the champions has not been assessed. This is a potential role for the KG networks in the future.

One important recommendation from the survey is the need for *“methodology to select, measure and estimate PSA, with the understanding that each country will eventually use what is commonly accepted. It is important to validate such methodologies in the market. In addition, practical training on the preparation of a project model for PSA, particularly the financial aspects; and assistance in the preparation and signing of PSA contracts”*. Other general suggestions include:

- FT/KG should provide training more frequently.
- PES project staff should always attend trainings.
- Very good but lacked follow up.
- Need to have more practical PES training centers, and BO demonstrations and agricultural carbon training centre.
- Increase training of trainers in the regions, to minimize costs.
- Simplify most of the methodologies developed, because many of them are hard to implement due to cost and time frame.
- Carry out needs assessments of specific targeted audiences.
- Communicate the results of the Project.
- Organize a learning community with a defined outcome.
- Follow up to training participants in Honduras.
- Organize new training events for diverse audiences with adequate follow up.

This Output also has a number of important unanswered questions that could be responded through the Project's lessons and analysis. For example:

- What are the preconditions to become a champion?
- What are the different types of PES champions?
- How to select a potential PES champion?
- How many champions were needed to achieve the Project's objective?
- What is the "critical mass" of champions for specific PES areas/region/country?
- What training is needed in order to become a PES champion?
- Which are the most adequate mechanisms to deliver training to potential champions?
- How is training for PES champions different from other capacity building activities?
- Is instructional design needed to "format" PES content for different target groups?
- What are the most appropriate learning models for the different target audiences?
- How do you monitor the learning process?
- How can the Project verify that a person qualifies to be a PES champion?
- How do we create a learning community on PES? What is the objective?
- How can PES champions be involved in PES initiatives in the future?
- What is the cost of creating a PES champion? Or a regional network of champions based on actual needs?
- How do actual needs and costs compare to the Project budget of this component?

Regarding the availability of Project material and dissemination (Output 2.3), the quantity and quality of the content, the Project produced an impressive quantity of models, tools and best practice documents, guidelines for PES, and also systematized lessons outside the Project. Approximately 120 publications were produced between 2009 and 2011, including 23 in 2009, 21 in 2010, and 76 in 2011. Logically, as the project advanced to a stage that it could generate lessons in 2011, the number of products dramatically increased. The Project also collaborated with other stakeholders in the production of materials, which is a plus. The material produced covers all the Project Outcomes and sub-outputs. A list of the reviewed Project material is provided in Annex 8. The number of products and the thematic areas vis-à-vis the Project's targets is highly satisfactory. In terms of dissemination, the Project was only in a position to adequately address dissemination in the last year of the project, where most of the lessons were generated. However, it is acknowledged that some material was available since 2009 and was disseminated.

Nevertheless, it is important to notice that there are areas of strengths and weaknesses in terms of potential product users. Nine categories of users were defined for the analysis. The availability of documents for each category is shown below in Table 12.

Table 12. Estimated number of PES/BO documents available for selected user groups

Estimated number of documents for selected user groups	
Project Developers	119
Local Communities	65
Industry	14

Government Institutions	113
Financial Institutions	21
Donors and Prospects	103
Civil Society Organizations	110
Project partners	115
Media	11

Source: Author, based on FT statistics.

Although a more detailed analysis is needed, the table above shows that key sectors such as industry, financial institutions and the media are the sectors with fewer resources available. This is an indication that further needs assessment is needed in the future.

Outcome 3. Operational models and capacity to effectively design, establish and implement new types of PES for biodiversity conservation. This Outcome includes three sub-outcomes and different outputs:

Sub-Outcome 3.1: Operational models and capacity to effectively design, establish and implement effective payment for biodiversity conservation in agricultural landscapes. Budget: \$392,666 over 4 years.

Output 3.1.1: Learning Network actively sharing, evaluating and disseminating best practices on payments for biodiversity in agricultural landscapes.

Output 3.1.2: Improved payment schemes designed and piloted in East and Southern Africa and Tropical America.

Output 3.1.3: New approaches to agri-environmental payments informing decision-making by national farmer or industry groups.

Output three was the more complex and challenging Output of the Project because it deals with the implementation of PES. Outcomes one and two provided input, information and human capacity, indispensable for outcome three. In a way, it may have been more logical to implement Outcomes one and two first, and then in a second phase, once the knowledge and the capacity have increased, move to implementation of PES. However, Outcome three also provided necessary input to Outcomes one and two. Outcome 3 was challenging not only because of the complexity of PES, it also required lengthy decision-making processes (third party decision-making) which was out of the Project's control.

Sub-outcome 1 was subcontracted with EcoAgriculture Partners, a Washington DC based non-profit was incorporated in 2004 to promote ecoagriculture globally.

The project successfully met this sub-outcome's targets. The project provided technical assistance to six agricultural carbon projects in Africa; it exceeded its targets for lessons learned from landscape models by publishing 6 studies on agricultural PES including institutional innovations for small holder farmers in agriculture carbon projects. Table 13 contains the six eco-agricultural projects and the overall status. It is worth noting that no formal collaboration agreements were signed with the targeted projects, and therefore is difficult to assess the Project's input to the projects. Annex 10 includes a brief

on recent activities in each of the projects listed below.

Table 13. Agri-Ecologic Project Status

Agri-Ecological Project (Name)	Country	Status at time of engagement period**	General objective
** (S) Still in scoping/planning, (P) Project plan developed, (PN) Practices in place, but no money exchanged, (M) Practice and money exchanged.			
1. CARE Western Kenya AFOLU	Kenya	P	Farmers will be incentivized to plant trees on their farms.
2. Cocoa Carbon Initiative (CCI)	Ghana	S	REDD methodology will be used for shade coffee.
3. ECOTRUST's Trees for Global Benefits Program	Uganda	PM	Farmers are paid directly for on-farm tree planting.
4. International Small Group and Tree Planting Program (TIST)	Kenya	PM	Farmers will be paid through groups for on-farm tree planting.
5. Vi Agro-forestry Western Kenya Smallholder Agricultural Finance project	Kenya	PN	Farmers will be incentivized through small groups to implement climate-friendly farming practices including minimum tillage and composting.
6. World Vision Humbo Assisted Regeneration	Ethiopia	PM	Farmers paid for managing the natural regeneration of trees.

The dissemination of ecoagriculture material started in the second quarter of 2009 with the EcoAgriculture Partners' PES Newsletter, which up to date has issued 8 bulletins. The six core studies/reports produced by this sub-outcome include:

- Advances in Agricultural GHG Measurement and Monitoring: Implications for Policy Makers (Policy brief), 2010
- Making REAL (U) Right: Harmonizing Agriculture, Forests and Rights in the Design of REDD+ (Policy brief), 2011.
- Strategies for Sustainable Development in Rural Africa: A Framework for Integrating Investment in Agriculture, Food Security, Climate Response and Ecosystems (Policy brief), 2010.
- Reducing project costs and improving farmer benefits in smallholder carbon projects (Book chapter), 2011
- Institutional Innovations for Engaging Smallholder Farmers in Agriculture Carbon Projects. (Scientific paper, presented at Earth Systems Governance Conference), 2011.
- Scaling-up Landscape Investment Approaches in Africa: Where do Private Market Incentives Converge with Landscape Restoration Goals? (White paper), 2011.

The indicated materials are being disseminated via EcoAgriculture Partners website and other FT'S family sites.

This Sub-outcome greatly benefited from the Projects' capacity-building activities. For example, according to the PES champions survey's responses, when people were asked if their involvement in KG/FT events has increased their skills and REDD+ knowledge, 75% indicated that the training helped to:

- Gain access to global best practice in project implementation
- Have exposure to international policy frameworks
- Reinforce their organization's capacity
- Increase understanding of the risks and opportunities for PES and REDD+ transactions
- Increase impact of organizational activities
- Gain access to international finance
- Gain access to PES network and share information with other PES practitioners

This Sub-outcome however, did not directly support any agri-ecological projects in Southern Africa and Tropical America; and has not yet resulted in new approaches to agri-environmental payments incorporated in national or local policy design (Output 3.1.3).

Sub-Outcome 3.2: Operational models and capacity to effectively design biodiversity offsets.

Budget: \$461,468 over 4 years. This Sub-outcome included three Outputs:

Output 3.2.1: Participating offsets projects designed.

Output 3.2.2: Best practices and lessons learned documented, disseminated.

Output 3.2.3: Biodiversity offsets policies endorsed by key institutions and companies.

Because of its innovative nature, the BO-related sub-outcome is perhaps the most controversial aspect of the project. The sub-outcome was executed by FT's Biodiversity Business Offset Program (BBOP), which includes two core staff, with one based in the UK and the other in Washington DC. The BBOP has also an advisory group (AG) consisting of over 80 members, including companies with biodiversity footprint to offset, service providers, financial institutions, governments and inter-governmental institutions, conservation and civil society groups and individuals. The sub-outcome has also been supported by the network of KG members.

Three projects have received support from the Project: (a) the Ambatovy nickel mine project in Madagascar, (b) the Newmont gold mine in Ghana, and (c) the Anglo-American platinum mine in South Africa. The evaluator visited Ghana to discuss the Newmont gold mine project with KG incubators and government officials at the Wildlife Division, Forestry Commission (WD-FC). It is important to mention that the WC-FC of Ghana is member of the BBOP AG. Government agencies from Madagascar and South Africa are not current members of the BBOP AG.

For the purpose of the TE, an estimated BO project cycle matrix was developed in order to provide an overview of the status of the projects and their complex design processes. The BO project design cycle included three main phases: i) orientation, ii) determining development impacts and biodiversity offset needs and opportunities, and iii) designing the biodiversity offset: gains and select offset options. Table 14 below shows the above mentioned projects and their current status. Although the projects are in the last phase of design, none has completed the design phase. It is expected that the Ambatovy Project will be operational in 2013. Therefore, to date, there are few lessons are available for sharing.

The project achieved one output under this subcomponent. As noted in the Projects reports (2011), to date, the Ambatovy Project is the remaining BBOP pilot supported by the Project. Developing BO projects has been challenging in several aspects. For instance, based on opinions expressed during interviews, the project has been affected by: (a) lack of internationally accepted BO standards, (b) lack of national legal and regulatory BO frameworks, including fiscal incentives, (c) availability of the "EIA option" at national level, (d) corporate and government accountability issues related to biodiversity no-

net-loss and net-gain, (e) cost of BO and division of financial responsibility amongst stake holders, (f) businesses not ready for adopting corporate BO policy, international BO Standard or CO certification, (g) businesses perceive the BO standard as rigid or prescriptive, (h) long and costly BO project cycle and related capacity building process; and (i) planning framework differences between businesses and BO.

Considering business agendas, it is not surprising that some big natural resource-extracting corporations could opt to enforce a “low speed limit” in order to ensure a slow process in the approval and adoption of a BO Standard. On the other hand, it is critical that the concerns of the private sector are reflected in the BO Standard. According to FT’s BBOP staff, “business partners” typically portray themselves as “out-numbered” within the BBOP-AG. This has created an incentive for businesses to form a sub set of advisory group for business, the Business Advisory Committee. In recent years, major corporations such as Rio Tinto, Shell UK and Newmont have dropped from the BBOP AG, although other smaller have joined.

Back in 2009, BBOP prepared and disseminated draft biodiversity offset methodologies and guidelines, which lead to the draft BO Standard in 2011. The BO Standard was approved, after consultation, by the BBOP-AG and published in February 2012. It is fair to say that it was partly a product of the Project. The BBOP’s BO Standard has been endorsed by the members of the AG including 10 corporations and several financial institutions, such as Citi, EBRD, GEF, IFC, IADB and KfW. However, the AG has no international or national binding power. It is expected, however, that financial institution will play a catalytic role in incorporating BO standards in their current and future credit operations.

There is also evidence that at national level the adoption of BO Standard is advancing. FT is advising the Government of Colombia in the design of PES and BO policy. Also, at regional level, with support of the AG member from the Ministry of Infrastructure and the Environment of The Netherlands (MIE), the BO Standard is getting substantial promotion within the EU. It was noted that “Brussels have now called for a national expert to advice on no-net-loss and has called the BO Standard a tool to be used”. The MIE co-financed Phase II of the BBOP Program that ends in 2012, and is interested in co-financing the next phase. It was also noted that it is important to keep strong private sector representation in the AG to avoid the development of parallel BO standards. Further, one of the technical challenges of the BO Standard is that it mainly focuses on critical ecosystems and applying it to other key areas such as agriculture will be difficult. The work of BBOP has also influenced international bodies and international development organizations, such as the Convention on Biological Diversity's COP-10 Decision X/21 on Business engagement and the IFC's second revision of its Performance Standards.

Table 14. BBOP pilot projects status

Legend	
✓	Completed by 2009
✓	Completed by 2010
✓	Completed by 2011
*	In process
Level of FT involvement in completing each step:	
✓	Very little or none
✓	Medium
✓	High

BBOP Projects	BBOP Start Date	Participating offsets projects designed (Outcome 3.2.1)										
		Orientation				Determining development impacts and biodiversity offset needs and opportunities				Designing the biodiversity offset: gains and select offset options (location and activities)		
		Review the development project's scope and activities	Review legal framework and / or policy context for a biodiversity offset	Initiate stakeholder participation process	Orientation phase completed	Determine the need for a biodiversity offset based on residual adverse effects by the development	Quantify residual losses in biodiversity	Assess the biodiversity gains that could be achieved at potential offset locations	Determining offset needs completed	Finalise offset design: calculate biodiversity gains and finalise suitable offset locations and activities.	Record the offset design and enter implementation process	Biodiversity Offset Design Completed
Ambatovy Nickel Mine	2006	✓	✓	✓	✓	✓	✓	✓	✓	*	*	*
Newmont - Akyem Gold mine	2007	✓	✓	*	*	✓	✓	✓	*	*	*	*
Anglo-American PPRust	2005	✓	✓	✓	✓	✓	✓	✓	✓	*	*	*

Although as noted before, there are few lessons on BO at this point, the following capacity-building material has been produced and is being disseminated:

- Business and Biodiversity Offsets (BBOP) factsheet, 2010
- BBOP Principles with Draft Criteria and Indicators (consultation draft), 2011
- BBOP Draft Guidance Notes (consultation draft), 2011
- Resource Paper: Guidance on limits to what can be offset (consultation draft), 2011
- Resource Paper: No Net Loss and Loss-Gain calculations in biodiversity offsets (consultation draft, 2011
- BBOP Glossary with new, draft terms (consultation draft), 2011

It proved difficult to find companies that were willing to go beyond endorsement of the BO Standard. The global financial crisis may be part of the explanation. However, in addition to what was noted above, setting BO appeared not to be a priority, particularly when it could generate a range of undefined financial and reputational risks and responsibilities to corporations and businesses. When combining the latter with the global financial crisis, setting BO may be even less attractive.

Sub-Outcome 3.3: Operational models and capacity to effectively design, establish and implement PES for biodiversity in forest enterprises and community-based projects. Budget: \$524,265 over 4 years.

Output 3.3.1: New PES activities in forest enterprises and community-based projects designed and implemented with project support.

Output 3.3.2: Cases documented, lessons synthesized and tool-kit developed on how to set-up and run PES in forest enterprises and community-based PES projects.

Output 3.3.3: Pipeline developed for investment in PES in forest enterprises and community-based projects and strategy for support services.

Output 3.3.4: Mobilizing private sector buyer awareness and interest in PES and finding solutions to challenges of aggregation.

This Sub-Outcome was another challenging task. The Project was partially successful in achieving it. The KG built a robust pipeline of projects that contribute to make progress toward increasing the number of "forest enterprises and community-based projects implementing new PES"; perhaps more than the Project could handle. In order to objectively assess the result of the Project, a five phase PES project cycle was outlined:

- i) preliminary assessment;
- ii) project design and planning;
- iii) preparation of project design document (PDD);
- iv) establishment of finance agreements, project approval; and,
- v) implementation and monitoring.

Table 15 below shows the eighteen (18) projects supported under the Project, organized by region and type of PES. For the purpose of the TE, a project under implementation is defined as a projects that has completed the design phase; and an "operational project" is a project that has initiated payments to local communities, as part of its implementation phase. Table 15 shows

the PES project cycle and sub-activities by phase, estimated effort and achievement by the end of the Project.

Table 15. Project supported projects (2007-2011)

Region/Country		Project name	From	Project supported		Type of PES
				Existing	New	
Tropical America						
1	Brazil	Surui	Jul-09		1	Carbon
2	Costa Rica	Biochar / Agricultural Soil C Sequestration and Fertility	Oct-08		1	Carbon
3	Ecuador	Yasuni		1		Carbon / Biodiversity
4	Ecuador	Chachi		1		Carbon
5	Ecuador	Nudo del Azuay		1		Water
6	Ecuador	Socio Bosque		1		Carbon
7	Honduras	Pico Bonito		1		Carbon
8	Mexico	Sierra Gorda	Apr-08		1	Carbon
9	Mexico	Marismas Nacionales			1	Carbon / Water
10	Peru	Alto Huayabamba	Dec-09		1	Carbon
West/Central Africa						
1	Ghana	Nyankamba	Oct-09		1	Carbon
2	Ghana	Cocoa Carbon Project	Jan-09		1	Carbon
3	Ghana	Sustainable Charcoal			1	Carbon
4	Liberia	Wonegizi/Wologizi	Jan-09		1	Carbon
5	Nigeria	Ekuri & Mbeh/Afi Community Forest			1	Carbon
East and Southern Africa						
1	Tanzania	Tanzania Forest Conservation Group	Apr-10		1	Carbon
2	Uganda	Budongo-Bugoma	Sep-09		1	Carbon
3	South Africa	York Timber		1		Carbon
Total (18 Projects)				6	12	

Table 16 notes that the Project has supported 12 new PES projects and 6 existing projects. These projects are described as community based projects. Two out of the eighteen projects are related to water PES. According to FT reports, the KG incubators have worked with 28 different projects in stages ranging from feasibility and development to implementation in 15 countries.

According to Table 15 below, six new carbon-based PES projects have entered the “implementation phase”. These projects are:

- Sierra Gorda Carbon Project, Mexico
- Surui Forest Carbon Project, Brazil
- Alto Huayabamba Project, Peru
- Budongo-Bugoma Project, Uganda
- Tanzania Forest Conservation Group, Tanzania

- Biochar - Agricultural Soil Carbon Sequestration and Fertility, Costa Rica

Of these six projects, only two have reached the “operational” level: a) Sierra Gorda in Mexico and b) Budongo-Bugoma in Uganda. Interestingly, the Sierra Gorda project required a high level of input from the Project, while the Budongo-Bugoma did not. It will be interesting for the Project to analyze and document the reason for this.

One of the Project's “flag ship” projects, the Suruí Forest Carbon Project (SFCP) in Brazil, is not yet operational. It is noteworthy that this project can illustrate the many moving parts and lengthy process that development of a carbon PES project can entail. It has required a significant amount of time and resources from the Project. On the bright side, the Project has been successful at getting the dual validation for the SFCP: “Verified Carbon Standard (VCS), which ensures that the project is following recognized procedures for measuring carbon emissions reductions, and the Climate, Community and Biodiversity (CCB) Standard Gold, which ensures the project is being carried out in a way that preserves biodiversity and serves the people living there. The Paite-Suruí people are the first indigenous people in the Amazon and globally to earn carbon credits under internationally recognized standards for keeping carbon locked in trees – setting the stage for scores of similar projects that can unleash needed funding for indigenous people who preserve endangered tropical rainforest across the Amazon” (Forest Trends, 2012). These have been important news for the Project and for Forest Trends. However, the SFCP can be criticized because since 2009, local communities have given up logging and consequently suffered a loss of income. To date, local communities have not received any payments for their conservation effort. During the TE, CIFOR- Brazil, noted that according to sources in the Government of the State of Rondônia, the Government may still be skeptical about the Project because logging is illegal in Rondônia, and the PES aims at compensating communities for obeying the law. It is expected however, that depending on market fluctuations, communities will eventually receive payments, and possibly at a better price since their carbon has been validated. Without a doubt, the Project, in collaboration with a range of stakeholders and other donors, contributed to this important result.

Based on the above analysis, **Output 3.3.1** could be considered as successfully completed if the six new projects were in the implementation phase. However, there is a lot of uncertainty regarding when the projects will be operational. This is mainly caused by lack of institutional capacity at national level, including lack of regulatory frameworks, limited government support and limited markets.

If the “operational” level, referred above, is taken into account, the project came short of the agreed target of six. This is a Project design fault because the level of implementation was never defined precisely in the Project Document.

Table 16. Project's PES Pilot Projects status (September 2011)

Legend	
✓	Completed by 2009
✓	Completed by 2010
✓	Completed by 2011
*	In process
✓	Level of FT involvement in completing each step:
✓	Very little or none
✓	Medium
✓	High

Project #	Incubator Projects (See BBOP table for Ambatovy and others)	Country	Existing	New FT supported project	PES type	Implementation of PES Development Process (Outcome 3.3.1)																							
						READINESS										PES IMPLEMENTATION													
						a) Preliminary Assessment			b) Project Design and Planning					c) Developing a PDD				d) Establishing Finance Agreements and Earning Project Approvals				e) Implementation and Monitoring							
						Pre-Feasibility Assessment completed	Drafted Project Idea Note	Feasibility Assessment completed	Defined target market	Communities engaged	Designed project activities	Legal analysis completed	Social & Biodiversity Monitoring Plan completed	Secured PDD financing	Methodology selected	PDD analyzed	PDD finalized	Engaged prospective investors / buyers	Regulatory / Host country approved	Third-party validation completed	Finance agreements secured	Conservation activities commenced	PES being paid	Monitoring plan implemented	Verification				
1	Sierra Gorda	Mexico		1	Carbon	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓					
2	Surui	Brazil		1	Carbon	✓			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	*	*	*	✓		*					
3	Alto Huayabamba	Peru		1	Carbon		✓		✓	✓	✓	✓	✓	✓	✓	*	✓	*		*	✓		✓						
4	Budongo-Bugoma	Uganda		1	Carbon			✓	✓	✓			✓	✓	*		✓			✓	✓	✓	✓						
5	Tanzania Forest Conservation Group	Tanzania		1	Carbon			✓	✓	✓		✓	✓	✓						✓									
6	Nyankamba	Ghana		1	Carbon	✓	✓			✓							✓												
7	Cocoa Carbon Project	Ghana		1	Carbon	✓	✓	*	✓	*	*						*	*											
8	Wonegizi/Wologizi	Liberia		1	Carbon	✓		✓	✓	✓							✓												
9	Pico Bonito	Honduras	1		Carbon	✓	✓			✓	✓			✓	✓	✓		✓											
10	Sustainable Charcoal	Ghana		1	Carbon		✓		✓	*	✓	*	*		✓														
11	York Timber	S. Africa	1		Carbon	✓																							
12	Yasuni	Ecuador	1		Carbon / Biodiversity	✓																							
13	Chachi	Ecuador	1		Carbon	✓		✓																					
14	Ekuri & Mbeh/Afi Community Forest	Nigeria		1	Carbon	✓		*																					
15	Nudo del Azuay	Ecuador	1		Water	✓			✓	✓	✓			N/A			✓			✓	✓	✓							
16	Biochar / Agricultural Soil C Sequestration and Fertility	Costa Rica		1	Carbon	✓		✓	✓	✓	✓	✓		N/A			✓	✓			✓	✓							
17	Marismas Nacionales	Mexico		1	Carbon / Water	✓																							
18	Socio Bosque	Ecuador	1		Carbon	N/A			✓					N/A															
Total			6	12																									

Source: Forest Trends, 2012.

The Project, under **Output 3.3.2**, exceeded its targets of synthesizing and disseminating lessons learned. The Project published an impressive number of reports including social impact assessments and the 9-volume series "Building Forest Carbon Projects". The list of Project material for this Output is included in Table 17 below:

Table 17. Publications under Sub-Outcome 3.3

Publications (Sub Outcome 3.3)	Year	Type
Sweetening the Deal for Shaded-Grown Cocoa, A Preliminary Review of Constraints and Feasibility of 'Cocoa Carbon' in Ghana	2009	Publication (White Paper)
Realizing REDD: Implications of Ghana's Current Legal Framework for Trees Report	2009	Publication
Summary Report: Katoomba Incubator Project Clinic	2009	Publication
Manual for Social Impact Assessment of Land-Based Carbon Projects: Part: Core Guidance for Project Proponents and Part: Toolbox (Methods & Support Material)	2010	Guidelines
Consolidating National REDD+ Accounting and Subnational Activities in Ghana	2010	Publication (White Paper)
Project Clinic Report, the East Africa Katoomba Incubator Clinic in Tanzania	2010	Publication (Report)
Cocoa Carbon Initiative: Site Selection Report in partnership with NCRC	2010	Publication (Report)
Building a Carbon Map of Ghana: Summary Report on Existing Carbon Stock Data	2010	Publication (Report)
Pro-Poor REDD— How will we Know? Social Impact Assessment of land-based CO2	2010	Publication (White Paper)
Baker & McKenzie Legal Analysis Surui REDD Project Report	2010	Publication
Social impact assessment manual for PES project development formalized: Towards Cost-effective of REDD+ Projects	2011	Publication (White Paper)
Social and Biodiversity Impact Assessment Manual for REDD+ Project (Core Guidance, Social Toolbox, Biodiversity Toolbox)	2011	Guidelines
Biochar Feasibility Assessment, based on the Incubator's experience in Costa Rica	2011	Publication (White Paper)
Budongo-Bugoma Landscape REDD+ Project: Feasibility Assessment	2011	Publication (White Paper)
Building Forest Carbon Projects Series, composed of 9 documents Step-by-Step Overview and Guide	2011	Guidelines
2- REDD Guidance: Technical Project Design		
3 - AR Guidance: Technical Project Design:		
4 - Carbon Stock Assessment Guidance Inventory and Monitoring Procedures		
5- Community Engagement Guidance: Good Practice for Forest Carbon Projects		
6 - Legal Guidance: Legal and Contractual Aspects of Forest Carbon Projects		
7 - Business Guidance: Forest Carbon Marketing and Finance		
8 - Social Impacts Guidance: Key Assessment Issues for Forest Carbon Projects		
9 - Biodiversity Impacts Guidance: Key Assessment Issues for Forest Carbon Proj		

According to the Project's Implementation Report (2011), the target of Output 3.3.4--two project assessments or reviews on testing and evaluating mechanisms for PES buyer/seller aggregation--

was not met. This is because of the challenges already reported; however, aggregation activities are on-going mainly in two projects; this was noted in the MTR: “*Sierra Gorda*: aggregation of smallholder reforestation with a local NGO, *Bosque Sustentable*, acting as aggregator and *Socio Bosque*: providing support to government of Ecuador to develop carbon finance for Socio Bosque, which is a public sector model for large-scale aggregation of rural producers for access to ecosystem services finance”. It will be important for FT to document the results of these aggregations tests in the last eighteen months, as part of the Post-Project lessons.

Sub-Outcome 3.4: Develop assessment tools for coastal fishery and flood protection PES at landscape scale. Budget: \$403,039 over 4 years. This Sub-Outcome included three Outputs:

Output 3.4.1: Develop analytical framework and tools to evaluate & design PES for coastal fisheries and flood protection.

Output 3.4.2: Framework and tools used to evaluate the potential and design for two coastal PES projects.

Output 3.4.3: Resource materials on coastal PES compiled and disseminated.

Sub-Outcome 3.4 was successfully executed by the MARES team of FT. It was a less complex Sub-Outcome since it did not involve the establishment of marine or coastal PES, but focused on the development of analytical framework and tools. The reason for this design choice was that the concept of applying PES in coastal/marine ecosystems is still at a very early stage. The project has made a contribution to advance this important area for PES. To this end, the MARES team produced an initial analytical framework and tools to evaluate and design PES for coastal fisheries (Output 3.4.1).

Regarding Output 3.4.2, MARES assessed potential sites and partners, and proceeded with the evaluation of two sites using the assessment tools, including the site selection criteria. These were successfully applied twice in the Riviera Maya region, Mexico, and once in San Andres, Colombia. In Colombia, MARES has officially partnered with CORALINA¹³, the local environment authority, to design a beach production and maintenance pilot with the hotel industry. It is expected that in the next future, this strong partnership will lead the project to a success and generate important lessons.

Under Output 3.4.3, the following material was produced:

- MARES Brochure: Conserving Ocean Ecosystems and Safeguarding Coastal Communities, 2009 & 2010.
- Payments for Ecosystem Services: Getting Started in Marine and Coastal Ecosystems: A Primer, 2010 (Guidelines)
- Marine Matrix, 2011.
- Catch Share Programs in Developing Countries: A Survey of the Literature Draft Report, 2011 (White Paper)

¹³ The Corporation for the Sustainable Development of the Archipelago of San Andres, Providencia and Santa Catalina (CORAL) is an autonomous public agency established in 1993. Its mission is to manage, protect and restore the environment of the Department by applying appropriate technologies, supply and demand principles for the sustainable use of renewable natural resources, and involve communities in a participatory manner to improve the quality of life of the region.

Although Sub-Outcome 3.4 refers to tools for coastal fishery and flood protection, the above listed material mainly focus on fisheries. Therefore, further effort will be required to incorporate flood protection aspects in the next future. Nevertheless, it is considered that Sub-Outcome 3.3 was successful.

Finally, it is important to recognize once again that, as reported by FT, “the failure of the UNFCCC to deliver a global carbon markets mechanism during the COP15 in Copenhagen has significantly affected the Project. Following Copenhagen, the US’ failure to deliver a cap-and-trade mechanism further exacerbated the investment outlook. While demand for REDD projects has risen, general demand and investment in projects designed to sequester carbon with biodiversity and other co-benefits (not to mention more innovative PES) declined with these major market signals. This has resulted in a slower development of pilot projects ‘to market’ (initially estimated timeline of 18-24 months, now is probably closer to 3-5 years)” (FT, 2012).

After the project ended, in September 2011, Sub-Outcome three should have been in position to provide lessons regarding project implementation. Such lessons could help to respond to important questions such as:

- What are the options and what is the most appropriate approach to manage multiple PES/BO projects simultaneously?
- What is the PES/BO project cycle and how it can be monitored?
- How many and what type of PES projects are required to achieve the project global objectives?
- How to develop “smart” indicators for specific PES/BO projects?
- What are the best approaches to invest funding generated by PES in conservation and obtain the best conservation outcomes?
- What is the cost of implementing PES projects based on the different national contexts and needs?
- How do actual needs and costs compare to the Project budget of this Sub-Outcome?

Reporting on practical implementation lessons is an area where the Project could have put additional emphasis.

3.3.2 Country ownership and mainstreaming

In the opinion of the evaluator, this is an area of relative weakness of the Project. The reasons are: (i) Because of its global focus, the Project Document was not endorsed by any specific government; and (ii) the Project failed to see the implications of not having accountable and transparent participation of national governments.

It was noted in Section 3.2.2, that Government institutions are key stakeholders in a PES project. Government participation has been instrumental at local and state levels; the engagement of the government of the State of Acre in Brazil and the proposal for the State of Acre’s System of Incentives for Environmental Services (SISA) is a case in point. Although ownership can be developed, it is not a short term activity, and therefore securing government commitment is a key pre-condition for project approval. The project could greatly benefit from this.

Further, government ownership is indispensable for mainstreaming PES in national and local planning

and investment policies. Governments are indispensable for creating the national legal and regulatory framework required for the establishment, replication and long-term viability of PES/BO; even in the case of voluntary PES/BO. Governments are also indispensable for creating fiscal incentives for engaging the corporate sector.

As noted in Section 3.2.2, the Project achieved an impressive number of partnerships. However, formal agreements with governments in all the countries where PES/BO were tested would have been ideal to enhance the project results.

3.3.3 Sustainability (S)

Sustainability can be viewed in terms of the sustainability of the PES supported by the project and the sustainability of FT (because of the few “operational” PES established with Project support many will require future follow up). Sustainability could be analyzed from different angles including environmental, financial and social sustainability.

For the first, it is too early to determine if the actual PES supported by the Project are financially sustainable because they depend on voluntary contributions and are influenced by strong market fluctuations; and in order to achieve sustainability, PES will need to deliver a steady stream of revenue that has to be strategically invested in both conservation and social development. This, in the long run, will determine if the PES supported by the Project are sustainable. One of the key conditions for this to happen is that the enabling legal and regulatory framework is in place. This can be provided partly by governments and partly by the private sector. Further, the success of the indicated strategic investments depends on considerable national capacity, transparency and accountability. These elements will require significant strengthening in the near future.

According to the MTR, “the Project achieved broad government and social support in many countries, as evidenced by the participation of very high-level government officials and very diverse groups of stakeholders in Katoomba Group meetings, workshops and training courses, and by the many new PES policy initiatives and projects now being discussed or designed in the countries where the Project is actively working”. In the opinion of the evaluator, this is not sufficient. Government’s commitment requires tangible cash contributions and joined programming action from a range of governmental agencies within and outside the environmental sector; and this can only be negotiated and expressed through formal collaboration agreements.

Although the evaluation scope does not include an assessment of FT institutional capacity, as mentioned by the Project Director during the TE, it appears that FT has been successful at mobilizing international donor funding to carry on its work. Most of FT portfolio appears to be carbon-based PES/REDD. This is still in vogue at international level and supply-driven. Therefore, if Forest Trends does not pursue a second GEF global grant, it is unlikely that it will cause FT to put off follow-up activities planned for the next years. In addition, FT has an in-depth PES market analysis (2011) that will guide its forthcoming activities.

The Project also relied on NGOs such as NCRC in Ghana; Reforestemos Mexico in Mexico; IDESAM, IMAFORA, FUNBIO and Kaninde in Brazil; Ecodecision in Ecuador, and many others. Although these are solid national organizations, organizations permanently evolve. Thus, the collaboration with NGOs needs to be permanently assessed to avoid surprises.

The Mexican NGO “Reforestemos Mexico”, for example, noted that the organization has evolved in a different direction. They no longer consider sustainable to support internationally funded voluntary carbon-based PES, which was the Project’s approach. The organization has shifted focus to “a more sustainable nationally-driven approach” instead. In addition, Reforestemos Mexico has collaborated with FT’s EM to host and manage the Spanish version of the EM’s website. They noted that visits to the Spanish webpage are declining, apparently because people prefer the English version. In the next future EM will need to develop an alternative route to support EM in Spanish.

3.3.4 Catalytic role and impact

The Project catalytic role is discussed in relation to the number of PES project design processes that resulted from the project and the related pipeline. FT reported a pipeline of approximately 30 projects. In addition, the Project and FT appear to be highly successful at catalyzing international private and public funding to advance their work.

However, in order to be catalytic, the Project would ideally have had to provide innovative PES approaches for carbon-based projects that are simpler, faster, politically acceptable, and able to attract public and private sector investors, and combine it with GEF seed funding to support initial payments to local communities during the transition period between the project design and actual payments from buyers¹⁴. The Suruí Project is an example of this need. However, considering the number of projects at the operational level, the catalytic elements indicated above appear to be absent; and therefore the catalytic role of the project could be questioned.

In terms of impact, the Project's main objective was to “To establish institutional capacity for expanding systems of PES to a scale and quality sufficient to have a meaningful impact on global conservation of biodiversity and ecosystems services”. Based on the different analysis above, the number of operational projects and, as noted in the MTR, “the small amount of the payments that have been received or committed for Project-supported pilot projects such as the Sierra Gorda and Nudo del Azuay (which are probably far less than the transaction and design costs for projects)” the impact of the project could also be questioned. It has been noted before that voluntary PES projects in developing countries alone, without government-mandated PES, may not be sufficient to have a significant impact at global level. It is recognized however, that projects such as the Suruí Forest Carbon Project in Brazil, have a significant financial potential. Furthermore, and without a doubt, there is evidence of the Project’s localized impact. For example, the SISA in the State of Acre in Brazil, where there are tangible results in relation to the institutionalization of PES policy.

4. Conclusions, recommendations & lessons

4.1 Conclusions

The Project outcomes and outputs supported by the GEF grant were relevant and effective at increasing local (community-level), national and international awareness and practice of PES and BO. The Project

¹⁴ As discussed in the 2010 STAP Advisory document “Paying for Environmental Services and the Global Environmental Facility (GEF)”.

supported Forest Trends' program and had a main focus on carbon and eco-agriculture related PES. In addition, the Project was successful at: (a) raising the bar in terms of increasing knowledge, (b) developing networks and tools to support the design and implementation of PES, including marine and coastal PES, and (c) advancing biodiversity offsets (BO). The long-term results and sustainability of the Project will depend on several interconnected outcomes such as:

- The number and scale of PES/BO projects;
- Level of revenue generated by projects;
- Quality of investments, particularly investments in biodiversity conservation;
- Continuous strengthening of local capacity;
- Number of national governments adopting PES/BO policy;
- Quantity and quality of new PES models (simpler, faster, politically acceptable, and able to attract public and private sector investors); and
- Availability of seed funding for transitional payments to local communities.

Although the Project had a significant degree of success, some shortcomings were identified. These were a direct consequence of gaps in the project design, and decision making processes outside the control of the Project, for example:

- Underestimation of risks.
- Lack of site selection during the project formulation phase.
- Limited knowledge of the PES project cycle.
- Excessive focus on the “what to do” and little focus on the “how to do it”. The Project emphasized the science behind carbon-based PES projects and underestimated practical aspects such as: systematization of capacity building, cost analysis, monitoring, evaluation and feedback, and policy reform.
- Lack of “smart” project performance indicators.
- Limited systematization of lessons learned: “what to do” and “what not to do”, and “how to do it” and “how not to do it”. Best and worst practices. A particular critical area for the GEF is to learn lessons on start-up and implementation costs of PES projects.
- External factors outside the Project's control. E.g. global financial crisis, absence of global climate change agreement.

The overall rating of the project is (S) Satisfactory. See Table 10 in Section 3.3 for all Project ratings.

4.2 Recommendations

4.2.1 Design, implementation, M&E of the Project (include benefits of the project)

- Introduce more rigorous analysis and risk and mitigation action.
- Define scope and objective of PES.
- Apply more rigorous pre-selection of sites during the Project design phase.
- Introduce “smart” performance indicators during the Project design phase, including environmental, social and financial.
- Assess options for co-implementation between two or more GEF implementing agencies based on project needs and IA profile.
- Assess technical and managerial capacity of the executing agency vis-à-vis Project needs.
- Introduce systematization into capacity building, partner selection, production of lessons

learned and M&E.

- Increase project accountability by selecting a dedicated (full time) project manager.
- Introduce implementation agreements with government where implementation sites have been chosen.
- Introduce deliverables (lessons) related to start-up and implementation cost.

4.2.2 Future directions underlining main objectives

Besides mainstreaming the above listed recommendations for project design, it is critical that the GEF takes a more realistic approach when supporting PES. In fact, several key issues have already been raised by the 2010 revised version of the GEF STAP document “Paying for Environmental Services and the Global Environmental Facility (GEF). Particularly relevant to this project are:

(a) “Set up and pilot direct payments: GEF should fund direct payments: a) in special cases when short-run payments are likely to shift land use, b) when tests of payment effectiveness can persuade pre-identified long-term ES buyers, or c) when long-term payments through trust funds are the most promising way to secure valuable biodiversity”.

(b) “Co-finance multiple-service strategies: GEF should continue to support government-financed multiservice PES, but try to leverage what emerges as ‘best PES practice’. Co-financing start-up costs in user-financed PES (piggy-backing) can deliver global environmental benefits (GEBs) synergies, but combining this with explicit payments for GEBs to complement other flows of environmental service payments (layering) will yield better outcomes....”

(c) “Financing PES start-up costs: GEF will sometimes have a rationale for subsidizing high PES start-up costs, but will need to carefully scrutinize the feasibility of PES proposals (in particular who will make recurrent payments), and assess if the start-up costs are truly the only binding constraint on project implementation”.

4.2.3 Best and worst practices

As shown in Section 3.3, the Project produced an impressive amount of PES and BO related material. It is important however, that in the next future, the Project re-examines the lessons in order to produce lessons regarding the “what to do”, the technical and science aspects of PES, and the “how to do it”, which is related to the practical implementation aspects. This is critical for GEF, UNDP and other GEF implementing agencies, and for future FT activities.

5. Annexes

Annex 1. TOR (Separate Document)

Annex 2. List of people interviewed

(a) UNDP/UNOPS

- Andrew Bovarnick, Global Head, Green Commodities Facility & Lead Natural Resource Economist, UNDP (Former Project Manager)
- Martha Mai, Portfolio Manager, UNOPS (Former Steering Committee Member)

(b) Forest Trends and EcoAgriculture Partners' Project staff

- Michael Jenkins, President and CEO, Forest Trends
- Deborah L. McKay, Director, Operations, GEF-UNDP Grant Manager
- Kate Hamilton, Program Director, Ecosystem Marketplace
- Nathaniel Carroll, Biodiversity Program Director, EM
- Beto Borges, Program Director, Communities and Marketplace
- Steve Zwick, Editor, Ecosystem Marketplace
- Sissel Waage, Program Director, Katoomba Group
- Tommie Herbert, Program Associate, TAKG
- Slayde Hawkins, Legal Analyst, Katoomba Group
- Sara Scherr, CEO/President, EcoAgriculture Partners
- Seth Shames, Senior Project Manager, EcoAgriculture Partners
- Kerry ten Kate, Program Director, BBOP
- Patrick Maguire, Program Manager, BBOP
- Jacob Olander, Program Director, KG Incubator, Ecodecision
- Frank Hicks, KG Incubator, Africa Coordinator
- Phil Covell, Business Analyst, KG Incubator
- Tundi Agardy, Program Director, MARES
- Winnie Lau, Program Manager, MARES
- Anne Thiel, Communications Associate
- Christine Lanser, Development Associate
- Bryan Straathof, Director, Finance

(c) Partners and stakeholders (by outcome)

Outcome 1.

- Ricardo Bayon, Partner and Co-Founder, EKO Asset Management Partners
- Marta Echavarría, Founder and Project Director, Ecoclección, Quito, Ecuador
- Ernesto Herrera Guerra, President, Reforestamos Mexico AC

Output 1.1/1.2/1.3/1.4

- Vasco van Roosmalen, Director - Amazon Conservation Team – Brazil
- Eufan Ferreira do Amaral, Secretario de Estado de Meio Ambiente (Secretary for the Environment), State of Acre, Brazil
- Michael E. Colby, Ph.D., Natural Resources Economics, Enterprise, & Governance Advisor,

Outcome 2.

Output 2.1

- Sara Namriembe, ICRAF, Nairobi, Kenya
- Alice Ruhweza, UNDP, Pretoria, South Africa

Output 2.2

- Paola Bauche Petersen, Comisión Nacional Forestal, México
- Marta Isabel Ruiz Corzo, Founding Director, Sierra Gorda Biosphere Reserve, Mexico
- Fernando Leon, Former Director, Peru Ministry of Environment
- Lucio Pedroni, CEO, Carbon Decisions International

Outcome 3

Sub-Outcome 3.1

- Don Seville, Sustainable Food Lab

Sub-Outcome 3.2

- Nicholas Cotts, Group Executive, Environment & Social Responsibility, Newmont Mining Corp.
- Arthur Eijs, Biodiversity Coordinator, Ministry of Planning and Environment (The Netherlands)
- Ray Victorine, Director, Conservation Finance Program, Wildlife Conservation Society

Sub-Outcome 3.3

- Vasco von Rosmalen of ACT
- Mariano Cenamo of IDESAM, Brazil
- Pati Ruiz of Sierra Gorda Reserve, Mexico
- Lucio Pedroni, CarbonDecisions

Sub-Outcome 3.4

- Luis Bourillon, Executive Director, COBI
- Mark Fenn, Coastal Resources Center, Yale University, US

(d) In Ghana

- Flavin Chavez, Natural Resources Management Specialist, The World Bank
- Ghana George Orstin, National Coordinator, GEF-UNDP Small Grant Program (SGP) Ghana
- John Mason, Founder and CEO, Nature Conservation Research Centre (CRC), Ghana
- Nana Kofi Adu-Nsiah, Executive Director, Wildlife division, Forestry Commission, Ghana
- Robert K Banfo, Head, Climate Change, Forestry Commission, Ghana
- Rebecca Ashley Asare, Coordinator, West Africa, Katoomba Group, Forest Trends
- S. Ampofo, Chief Extension Officer, Cocoa Abrabopa Association, Ghana
- Vince McAleer, D&S Manager, Africa Region, ARMAJARO Trading Limited
- Winston Adams Asante, Africa Terrestrial Carbon Center, Ghana

(e) Other

- Sven Wunder, Senior Researcher, CIFOR
- Barry Spergel, Consultant, MTR Evaluator

Annex 3. List of Project staff, as of September 2011.

- Michael Jenkins, President and CEO, Forest Trends
- Deborah L. McKay, Director, Operations, GEF-UNDP Grant Manager
- Kate Hamilton, Program Director, Ecosystem Marketplace
- Nathaniel Carroll, Biodiversity Program Director, EM
- Beto Borges, Program Director, Communities and Marketplace
- Steve Zwick, Editor, Ecosystem Marketplace
- Sissel Waage, Program Director, Katoomba Group
- Tommie Herbert, Program Associate, TAKG
- Slayde Hawkins, Legal Analyst, Katoomba Group
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- Jacob Olander, Program Director, KG Incubator, Ecodecision
- Frank Hicks, KG Incubator, Africa Coordinator
- Phil Covell, Business Analyst, KG Incubator
- Tundi Agardy, Program Director, MARES
- Winnie Lau, Program Manager, MARES
- Anne Thiel, Communications Associate
- Christine Lanser, Development Associate
- Bryan Straathof, Director, Finance

Annex 4. PES Champion Survey

UNDP GEF Project: Institutionalizing PES, Final Evaluation

Welcome to the survey.

The GEF-UNDP funded project "Institutionalizing Payments for Ecosystems Services (PES)" was implemented by Forest Trends between 2007-2011. The overall objective of the project was to establish institutional capacity for expanding systems of payments for ecosystem services to a scale sufficient to have a meaningful impact on global conservation of biodiversity and ecosystem services. The principal outcomes of the project were:

Outcome 1. Timely, relevant market information on PES available to all stakeholders globally, through The Katoomba Group's Ecosystem Marketplace.

Outcome 2. National champions and stakeholders of PES in Eastern and Southern Africa and Tropical America have improved capacity and access to technical assistance for institutional and policy development for PES.

Outcome 3. Operational models and capacity to effectively design, establish, and implement new types of PES for biodiversity conservation. This outcome includes selected PES and BBOP (Business and Biodiversity Offset Program) projects, excluding PES projects in marine ecosystems.

UNDP/UNOPS are currently performing the project's final evaluation, covering all project Outcomes. As part of the evaluation of Outcome 2, you are invited to participate in this short survey. The results of the survey are confidential and will be used to better understand and validate the results of Outcome 2. It is estimated that completing the survey will take about 15 minutes of your time. In most of the questions, you can select multiple answers.

Thank you.

*(Questions that require answers)

FT (Forest Trends)

KG (Katoomba Group)

BBOP (Business and Biodiversity Offset Program)

1. Your name (optional)

*2. About your academic background. What is the highest educational level that you have completed?

☐ High School Diploma

☐ Post graduate (MA, MSc, PhD)

☐ College graduate or bachelors degree

☐ PhD

☐ Technical school diploma

☐ Other (please specify)

*3. What is your current professional occupation?

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*4. In what type of organization did you work between 2007 and 2011, and currently?

Between 2007-2011

Currently

Other (please specify)

*5. About your duty station. In which country are you based?

Country

6. Is your current work related to PES or BBOP?

☐ Yes

☐ No

*7. Does your current work have a regional focus? If yes, indicate which regions.

☐ No regional focus

☐ Tropical America

☐ East Africa

☐ Southern Africa

☐ West Africa

☐ South East Asia

Other (please specify)

8. Have you received PES training or been involved in PES capacity building activities supported by FT/KG, during the last 6 years?

☐ Yes

☐ No

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***9. Please indicate the period (s) during which you have participated in trainings or capacity building activities supported by FT/KG**

- ☐ Not applicable (if your answer to Question 8 was "No")
- ☐ 2007
- ☐ 2008
- ☐ 2009
- ☐ 2010
- ☐ 2011
- ☐ 2012

10. If you received training or participated in FT/KG supported capacity building activities, in the last 6 years, please indicate the nature of your participation, and number of activities.

	Nature of participation	Number of events
Regional or national training of trainers workshop	<input type="text"/>	<input type="text"/>
Regional or national PES technical training workshop	<input type="text"/>	<input type="text"/>
PES information sharing events (Global, regional or national)	<input type="text"/>	<input type="text"/>
Technical meeting/discussion	<input type="text"/>	<input type="text"/>
High-level PES negotiations	<input type="text"/>	<input type="text"/>
One to one coaching	<input type="text"/>	<input type="text"/>
Exchange visits	<input type="text"/>	<input type="text"/>
Web based training	<input type="text"/>	<input type="text"/>
Specialized training courses (in classroom)	<input type="text"/>	<input type="text"/>
Other (please specify)	<input type="text"/>	

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***11. How useful have KG/ FT activities, tools, and networks been in supporting your work? Use the ranking scale 1 to 3 (1 for least effective, 2 for generally effective, and 3 for most effective. Use n/a if not familiar).**

	Rating
Technical PowerPoint presentations at workshops	<input type="text"/>
PES development guides/manuals	<input type="text"/>
Lessons learned document	<input type="text"/>
PES technical papers	<input type="text"/>
PES Case study documents	<input type="text"/>
One to one discussions/experience exchange	<input type="text"/>
Group discussions (for example, during workshops)	<input type="text"/>
Training courses	<input type="text"/>
Learning networks	<input type="text"/>
Direct advice from KG/FT experts	<input type="text"/>
Direct advice from external experts supported by FT/KG	<input type="text"/>
Action training / On the job training	<input type="text"/>
Ecosystems Marketplace electronic news letter	<input type="text"/>
Other	<input type="text"/>
When selecting "Other", please specify	
<input type="text"/>	

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***12. About the skills you acquired. Please indicate in which of the following areas you have strengthened your skills through FT/KG supported trainings, capacity building activities and Ecosystems Marketplace Website.**

- | | |
|--|---|
| <input type="checkbox"/> Forest/carbon-based PES | <input type="checkbox"/> Coastal PES |
| <input type="checkbox"/> Fresh water-related PES | <input type="checkbox"/> Business Biodiversity Offset (BBOP) |
| <input type="checkbox"/> Agriculture-related PES | <input type="checkbox"/> None of the above. I was a PES specialist before collaborating with Forest Trends/Katoomba Group |
| <input type="checkbox"/> Marine related PES | |

Other (please specify)

***13. Which of the following knowledge levels best describe your current PES skills?**

- ☐ I was a PES expert before collaborating with FT/KG; the collaboration with with FT/KG strengthened my PES skills.
- ☐ Became a PES Expert with support of FT/KG. I have been involved in the design of at least one PES project or policy. I have technical expertise in a specific aspect of PES project or policy implementation, and can conduct specialized training to provide direct advice on aspects of PES.
- ☐ Became a PES Facilitator with support of FT/KG. I am collaborating to build general transactional capacity for PES in one or more regions. I have strong global knowledge on the aspects involved in the design & implementation of PES projects and policies; and I am able to facilitate workshops, communicate PES related information through presentations, summarize market trends.
- ☐ Became a PES Stakeholder with support from FT/KG. I am engaged in PES implementation, and have first-hand knowledge of the PES process, and can participate in PES training to bring theory to practice.

Other (please specify)

UNDP GEF Project: Institutionalizing PES, Final Evaluation

14. In general, if you received any form of training/capacity building supported by FT/KG, how will you best describe the quality, frequency and follow up to this service provided by FT/KG? If not familiar, select n/a.

	Overall quality	Frequency	Follow up to training
FT/KG supported training/capacity building activities	<input type="text"/>	<input type="text"/>	<input type="text"/>

Additional comments

15. Please indicate if your involvement with KG/FT has increased your skills as a regional PES champion for PES and REDD+, and how.

- ☐ No, it has not increased my skills
- ☐ Gained access to global best practice in project implementation
- ☐ Had exposure to international policy frameworks
- ☐ Reinforced my organization's capacity
- ☐ Increased understanding of risks and opportunities for PES and REDD+ transactions
- ☐ Lower transaction costs by making information widely available
- ☐ Increased impact of organizational activities
- ☐ Gained access to international finance
- ☐ Became member of a PES network and share information with other PES practitioners
- ☐ I have provided training or technical advice in a country other than my duty station in the last two years

If no, please indicate why?

***16. Please provide, in a concise manner, a recommendation to improve FT/KG's approach to deliver PES trainings/capacity building activities in the future.**

Annex 5: List of partnership agreements

GEF-UNDP Project Institutionlizing PES: partnership agreements 2008-2011								
Implementation Partner (institution/individual)		Country	Regional focus	Objective		Type of Agreement/Date		
				PES (A: Carbon, B: Fresh water, C: Marine, D: Coastal; E: Other)	BO	MOU	Subcontract	Date (M/D/Y)
1	Alianca da Terra	Brazil	Yes	A			•	
2	Amazónicos por la Amazonía – AMPA	Peru	Yes	A			•	3/31/2010
3	Ambatovy Project	Madagascar	Yes		X			
4	AmbientalPV Brazil	Brazil	Yes	A			•	
5	Anglo American	South Africa	Yes		X			
6	Asesorandes	Peru	Yes	A			•	
7	Associação do Povo Surui	Brazil	Yes	A		•	•	
8	Baker McKenzie		Global	A			•	
9	BioCarbon Fund (WB)	Global	Global	A			•	
10	Biological Capital	Peru	Global	A			•	
11	Bridger Capital Group	Brazil	Yes	E			•	6/15/2009
12	Bridger Capital Group	Brazil	Global	A			•	
13	Camco	Uganda, Ghana	Yes	A			•	
14	CarbonDecisions	Peru	Yes	A			•	
15	CATIE	Costa Rica	Yes	A			•	
16	Centro Nac. Producción Limpia	Costa Rica	Yes	A			•	
17	Conafor Mexico	Mexico	Yes	A				
18	Conservation International	ECU/PE/ LIB	Global	A			•	
19	Conservation International	USA	Global		X			6/29/1905
20	CORALINA	Colombia	Yes	C,D		•		1/10/2012
21	Corporación EcoPar	Ecuador	Yes	A				
22	Cross River State Forestry Commission	Nigeria	Yes	A				
23	EcoDecisión	Ecuador	Global	A, B			•	7/1/2008
24	EcoLogic Development Fund	Honduras	Yes	A			•	
25	Eko Asset Management Partners	USA	Global	A				
26	Fauna and Flora International	Namibia	Yes		X		•	9/1/2011
27	Forest Commission Ghana	Ghana	Yes	A				
28	Forest Development Authority	Liberia	Yes	A				
29	Forestry Department, Sabah	Malaysia	Yes		X	•		4/1/2010
30	FUNAI	Brazil	Yes	A				
31	Fundacion Cordillera Tropical	Ecuador	Yes	B			•	
32	FUNBIO	Brazil	Yes	A		•	•	
33	GIZ	Ecuador	Yes	A				
34	Gobierno Regional de San Martin	Peru	Yes	A				
35	Grupo Ecologico Sierra Gorda	Mexico	Yes	A, B, E		•	•	

GEF-UNDP Project Institutionlizing PES: partnership agreements 2008-2011								
Implementation Partner (institution/individual)		Country	Regional focus	Objective		Type of Agreement/Date		
				PES (A: Carbon, B: Fresh water, C: Marine, D: Coastal; E: Other)	BO	MOU	Subcontract	Date (M/D/Y)
36	Imaflora	Brazil	Yes	A				
37	IDESAM	Brazil	Yes	A		•	•	9/1/2012
36	Instituto de Pesquisas Amazonicas	Brazil	Yes	A				
36	International Biochar Initiative	Costa Rica	Global	A			•	
36	Jane Goodall Institute	Uganda, Tanzania	Yes	A				
36	Assoc. Defesa Etnoambiental	Brazil	Yes	A		•		
36	Ludovino Lopes Advogados	Brazil	Yes	A			•	
36	Michael Crowe	Australia	Global		X		•	1/1/2011
37	Ministerio del Ambiente	Ecuador	Yes	A				
38	Ministry of Agricultural & Rural Dev.*	Vietnam	yes		X			5/1/2010
39	Ministry of Environment - Peru	Peru	Yes	A				
40	Ministry of Nature, Env. and Tourism*	Mongolia	Yes		X			5/1/2010
41	National Env. Management Authority*	Uganda	Yes		X			4/1/2010
42	National Forestry Authority	Uganda	Yes	A		•		
43	NCRC	Ghana	Yes		•	•	•	11/9/2012
		Ghana	Yes	A, E	X		•	10/1/2009
51	New Forests	Malaysia	Yes		X	•		8/1/2010
52	Newmont Mining Corporation	Ghana	Yes		X			
53	Proforest	UK	Global		X		•	10/1/2010
54	Rainforest Alliance	MEX, BR, Ghana	Global	A			•	
55	Skills/Agricultural Development Serv.	Liberia	Yes	A				
56	State Government of Acre	Brazil	Yes	A		•		
57	Susie Brownlie	South Africa	Global		X		•	3/1/2010
58	The Biodiversity Consultancy	UK	Global		X		•	7/1/2010
59	The Carbon Neutral Company	UK	Global	A				
60	Toby Gardner	UK	Global		X		•	12/1/2010
61	Trench, Rossi e Watanabe	Brazil	Yes	A			•	
62	Treweek Env. Consultants	UK	Global		X		•	Dec-09
63	Tropical Forest Cons. Group	Tanzania	Yes	A			•	
64	Uganda Carbon Bureau	Uganda	yes	A		•		
65	Wave Action	UK	Global		X		•	10/1/2010
66	WCS	USA	Global		X		•	11/1/2009
67	Wildlife Division, Forestry Comm.*	Ghana	Yes		X			12/1/2009
68	Winrock International	USA	Global	A		•		
69	York Timber	South Africa	Yes	A			•	
70	COBI	Mexico					•	2/1/2010
71	Centro Ecologico Akumal	Mexico						2/10/2010

Annex 6. List of PES Champions (2008-2011) and analysis

P	Region/ Country	Trainer vs. Trainee		Type of PES Champion			Areas of Expertise in the PES Development Process														
		Trainer	Trained	A: PES Expert	B: PES Facilitator	C: PES Stakeholder	Identification of ES prospects and buyers				Assessment of technical and instit. capacity			Structuring PES Agreements					Implementing PES Agreements		
							Define, Measure Assess ES	Valuation	ID Buyers	Sell as Indiv. or Group	Assess Legal/ Policy Context	Examine Market Rules	Survey Supporting Orgs	Design Biz. Plans	Reduce Transaction Cost	Review Payment Option	Establish Equity Criteria	Contract Type	PES Mgmt Plan	Verify PES Service Delivery	Monitor/ Evaluate Deal
Tropical America (Amazonia/ Andes)																					
Doris Domínguez	Bolivia		1																		
Elena Guardia de L.	Bolivia		1																		
Nigel Asquith	Bolivia	1		1			1	1												1	1
Ramiro Vargas	Bolivia		1																		
Almir Surui	Brazil		1		1				1	1	1		1	1			1		1		
Ana-Jessiva Araujo de C.	Brazil		1																		
Andre Tomazi	Brazil		1																		
Carlos E. Young	Brazil	1		1			1	1						1	1			1			
Daniela Lerda	Brazil	1			1		1	1	1		1	1	1								
Diego Gonzales	Brazil		1								1	1	1								
Erika di Paula	Brazil	1				1							1				1		1		
Ernesto Roessing	Brazil	1			1								1	1	1	1	1	1			
Eufan Ferreira do Amaral	Brazil	1			1				1	1	1			1	1	1	1	1			
Fabiana Da Silva Costa	Brazil		1																		
Fernanda Correa De M.	Brazil		1																		
Gabriel Carrero	Brazil	1				1	1												1	1	1
Guilherme Salles	Brazil		1																		
João Tezza Neto	Brazil	1		1			1	1	1	1	1										
Joaquim Tashka Y.	Brazil		1			1			1	1				1			1		1		
Julio Surui	Brazil		1			1			1	1	1	1		1	1		1		1		
Ludovino Lopes	Brazil	1		1					1	1	1	1	1	1	1	1	1	1	1		
Luis Meneses Filho	Brazil	1		1							1	1	1								
Maria Lourdes de Nuñez	Brazil	1				1			1					1					1		
Mariana Pavan	Brazil	1			1						1	1	1								
Mariano Cenamo	Brazil	1		1			1	1	1	1	1			1		1		1	1	1	1
Mario Monzoni	Brazil	1		1			1	1	1	1				1	1	1	1	1			
Maurício Voivodic	Brazil	1		1			1				1						1	1	1	1	1
Monica de Los Rios	Brazil	1			1					1	1	1	1			1	1	1		1	1
Nasser Takieddine	Brazil		1																		
Palmira da Cruz Reto	Brazil		1																		
Paula Peirão De Oliveira	Brazil		1																		
Paulo César Nunes	Brazil	1					1	1		1	1		1		1				1		
Paulo Mountinho	Brazil	1		1																	
Pedro Leitão F	Brazil		1																		
Roseana Guerrez B.	Brazil		1																		
Rubens Gomes	Brazil	1			1						1	1						1			
Teófilo Maio	Brazil		1																		
Vanessa Lima Carneiro	Brazil		1																		
Marcos Rugnitz Tito	Brazil/ Peru	1		1			1	1		1				1		1	1			1	1
Rodrigo Sales	Brazil/Aust.										1	1				1	1	1			
Maria Emilia Correa	Chile	1					1		1				1		1	1		1	1		
Elizabeth Taylor	Colombia	1					1	1	1	1	1										
Natalie Rosado	Colombia		1																		
Manuel Rodríguez B.	Colombia	1			1		1					1								1	
Alberto Chinchilla	Costa Rica	1					1	1	1		1		1				1		1		
Carlos Manuel Rodriguez	Costa Rica	1		1			1	1												1	1
Elvin Mungia	Costa Rica		1																		
Javier Mateo Vega	Costa Rica	1			1		1	1		1			1				1		1	1	1
Juan Jose Dada	Costa Rica	1					1	1	1	1	1			1	1	1	1	1	1		
Lucio Pedroni	Costa Rica	1		1			1	1			1	1		1	1	1	1	1			
Luis Gamez	Costa Rica		1				1					1		1		1		1	1	1	1
Varinia Rojas	Costa Rica	1			1																
Andrea Garzon	Ecuador	1			1		1	1			1		1								
Catherine Schloegel	Ecuador	1			1		1			1	1				1				1	1	1
Jacob Olander	Ecuador	1		1			1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Marco Chiu	Ecuador	1		1			1				1	1								1	1
Margaret Stern	Ecuador	1			1							1				1			1	1	1
Marianela Jintlach	Ecuador																				
Marta Echavarría	Ecuador	1		1					1	1			1	1		1		1	1	1	
Pablo Lloret	Ecuador	1			1						1				1	1	1		1	1	1
Robert Bensted-Smith	Ecuador	1		1							1	1	1	1			1		1		
Sebastian Charchalac	Guatemala	1			1				1				1		1		1	1	1		

Name	Region/ Country	Trainer vs. Trainee		Type of PES Champion			Areas of Expertise in the PES Development Process															
		Trainer	Trained	A: PES Expert	B: PES Facilitator	C: PES Stakeholder	Identification of ES prospects and buyers				Assessment of technical and instit. capacity			Structuring PES Agreements				Implementing PES Agreements				
							Define, Measure Assess ES	Valuation	ID Buyers	Sell as Indiv. or Group	Assess Legal/ Policy Context	Examine Market Rules	Survey Supporting Orgs	Design Biz Plans	Reduce Transaction Cost	Review Payment Option	Establish Equity Criteria	Contract Type	PES Mgmt Plan	Verify PES Service Delivery	Monitor/ Evaluate Deal	
Tropical America (Amazonia/ Andes)																						
Adan Alvarado	Honduras		1																			
Antonio Rico	Honduras		1																			
Candido Lopez	Honduras		1																			
Elvin Hernandez	Honduras		1																			
Felipe Alonso Tosta	Honduras		1																			
Francisco Urbina	Honduras		1																			
Hector Santos	Honduras		1																			
Ivo Alvarado	Honduras		1																			
Misael Leon Carvajal	Honduras		1																			
Nimian Ortega	Honduras		1																			
Noe Polanco M	Honduras		1																			
Oscar O Esponal O	Honduras		1																			
Raquel Patricia Lopez	Honduras		1																			
Sergio Herrera	Honduras		1																			
Susana Ferreira	Honduras		1																			
Zoila Cruz	Honduras		1																			
Roberto Garcia Benavides	Honduras		1																			
Carlos Muñoz	Mexico	1		1			1	1								1	1		1		1	1
Eduardo Rolon	Mexico	1			1		1	1			1	1	1			1	1	1				
Gael Almeida	Mexico	1			1		1	1			1	1	1			1			1	1		
Juan Manuel Frausto	Mexico	1			1		1	1	1	1			1				1	1	1	1		
Juan Manuel Torres Rojo	Mexico	1			1		1	1			1	1	1						1			
Lorenzo Rosensweig	Mexico	1				1		1	1	1	1	1	1	1	1	1	1		1			
Maria José González	Mexico		1																			
Marisol Rivera	Mexico	1				1					1	1	1									
Martha Isabel Ruiz Corzo	Mexico		1			1	1			1			1			1	1	1				
Paola Bauche Petersen	Mexico	1		1							1	1	1	1				1	1	1	1	1
Paul Sanchez Navaro	Mexico	1				1	1	1	1	1	1			1	1	1		1	1			
Sergio Graf Montero	Mexico	1		1			1	1	1		1	1	1					1	1	1	1	1
Maria Padra sanabria	Mexico		1																			
Luis Tacio Herbacio	Nicaragua		1																			
Arturo Cerezo	Panama		1																			
Betanio Chiquidama	Panama		1																			
Diogenes Ibarra	Panama		1																			
Elibardo Membache	Panama		1																			
Felix Kasamatsu	Paraguay		1																			
Alberto Paniagua	Peru		1																			
Angel Salazar	Peru		1	1							1	1	1									
Carlos Loret de Mola	Peru	1			1						1		1									
Fernando Leon	Peru	1		1			1	1			1	1	1							1	1	
Fredy Quertehuari	Peru		1																			
Guillermo Alvarado	Peru		1																			
Hector Vilchez	Peru		1																			
Jose Luis Capella	Peru	1			1						1	1	1									
Juan Reategui	Peru	1				1							1									
Karina Pinasco	Peru	1				1	1				1							1		1	1	
Klaus Quicque	Peru		1																			
Manuel Pulgar-Vidal	Peru	1		1							1	1	1									
Marcela Quintero	Peru	1			1		1	1			1						1					1
Patricia Porras	Peru	1				1	1													1	1	
Subtotal TA	13	56	54	22	22	17	33	25	20	23	36	27	31	17	19	24	27	23	29	21	19	

Name	Region/ Country	Trainer vs. Trainee		Type of PES Champion			Areas of Expertise in the PES Development Process															
		Trainer	Trained	A: PES Expert	B: PES Facilitator	C: PES Stakeholder	Identification of ES prospects and buyers				Assessment of technical and instit. capacity			Structuring PES Agreements					Implementing PES Agreements			
							Define, Measure Assess ES	Valuation	ID Buyers	Sell as Indiv. or Group	Assess Legal/ Policy Context	Examine Market Rules	Survey Supporting Orgs	Design Biz Plans	Reduce Transaction Cost	Review Payment Option	Establish Equity Criteria	Contract Type	PES Mgmt Plan	Verify PES Service Delivery	Monitor/ Evaluate Deal	
Africa (Western/ Central)																						
Amr Ali	Egypt	1		1					1	1	1		1									
Berned Kumi-Boateng	Ghana		1																			
Charles Anin-Agyei	Ghana		1																			
Conrad Weobong A.	Ghana		1																			
Daniel Benefoh Tutu	Ghana	1		1			1	1			1	1								1		
Dominic Ayine	Ghana	1			1						1											
Emmanuel Boakye A.	Ghana		1																			
Ernest Foli	Ghana	1				1	1	1			1								1	1		
Gene Birakorang	Ghana	1			1		1	1			1											
Gloria Djagbletey	Ghana		1																			
James Ohemeng	Ghana	1		1			1	1			1											
John Mason	Ghana	1			1		1	1	1	1	1	1	1	1	1	1	1	1	1	1		
Kwadwo Kyeremateng	Ghana		1																			
Mawuh Gbekor	Ghana		1																			
Nana Kofi Adu-Nsiah	Ghana	1				1					1	1	1									
Nicholas Breslyn	Ghana	1				1	1				1		1						1			
Paul Tutu	Ghana		1																			
Rex Victor Barnes	Ghana		1																			
Yaw Kwakye	Ghana	1				1	1	1			1	1	1				1		1	1		
Yaw Osafo	Ghana	1			1						1	1	1			1		1				
Sulemana Adamu	Ghana	1			1		1	1			1		1									
Winston Asante	Ghana	1			1		1	1			1		1						1	1		
Pierre Berner	Ivory Coast	1				1	1	1	1	1		1		1	1	1		1	1			
Michael Taire	Liberia	1				1	1				1								1			
Peter Mulbah	Liberia	1			1		1				1								1			
BRIDGET NKOR	Nigeria		1																			
Bridget Nkor	Nigeria	1			1		1															
Chief Edwin	Nigeria	1				1	1															
Dr. Julius Okputu	Nigeria	1				1																
EFIOMA EDU	Nigeria		1																			
EWARA EWARA	Nigeria		1																			
JOE UGBE	Nigeria		1																			
Joe Ugde	Nigeria	1			1		1															
Moses O. Agbor	Nigeria		1																			
Odigha Odigha	Nigeria	1		1			1	1	1		1	1	1			1	1		1			
Yinka Agidee	Nigeria	1		1							1	1	1			1		1				
Peter Turay	Sierra Leone	1				1		1														
Subtotal W/C Africa	6	23	14	5	10	8	17	10	4	3	18	8	10	2	2	5	3	4	9	2	5	

Name	Region/ Country	Trainer vs. Trainee		Type of PES Champion			Areas of Expertise in the PES Development Process														
		Trainer	Trained	A: PES Expert	B: PES Facilitator	C: PES Stakeholder	Identification of ES prospects and buyers				Assessment of technical and instit. capacity			Structuring PES Agreements					Implementing PES Agreements		
							Define, Measure Assess ES	Valuation	ID Buyers	Sell as Indiv. or Group	Assess Legal/ Policy Context	Examine Market Rules	Survey Supporting Orgs	Design Biz Plans	Reduce Transaction Cost	Review Payment Option	Establish Equity Criteria	Contract Type	PES Mgmt Plan	Verify PES Service Delivery	Monitor/ Evaluate Deal
Africa (Eastern/ Southern)																					
Bruno Hugel	DRC	1		1			1	1	1		1	1	1	1		1	1	1	1	1	1
Rebecca Yohannes	Ethiopia		1																		
Aggrey Rwetsiba	Kenya		1																		
Dr. James Mwangi	Kenya	1		1			1		1		1	1									
Emmanuel Ekakoro	Kenya		1																		
Enoch Kanyanya	Kenya		1																		
Msafiri Philip Wambua	Kenya		1																		
Obadiah Ngigi	Kenya		1																		
Peter Ndunda	Kenya		1																		
Philip Kisoiyan	Kenya		1																		
Sara Namirembe	Kenya	1		1			1	1	1	1	1	1	1	1	1				1	1	1
Yusuf Ole Petenya Shani	Kenya		1	1			1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Geoffrey Odhiambo Onyang	Kenya		1																		
James Kiyiapi	Kenya	1				1											1		1		
Peter Minang	Kenya	1			1		1	1	1	1	1	1	1	1	1						
Dr Aristide Andrianarimisa	Madagascar	1				1	1	1			1								1	1	1
Johannes Ebeling	Madagascar	1		1			1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Dennis Kayambazinthu	Malawi	1			1				1		1		1				1		1		1
Alice Ruhweza	South Africa	1		1			1	1			1	1	1								
Christo Marais	South Africa	1		1						1				1			1		1	1	
Jeff Manuel	South Africa	1			1		1	1			1	1	1								
Susie Brownlie	South Africa	1			1		1	1	1		1	1	1								
Tunde Morakinyo	South Africa	1			1		1		1		1		1	1					1	1	1
Damson Mponjoli	Tanzania		1																		
Fares Enock Mahuha	Tanzania		1																		
Francis Stolla	Tanzania	1				1					1	1				1	1	1	1		
Juma Mgoi	Tanzania	1				1								1		1	1	1	1	1	
Mark Ellis-Jones	Tanzania	1		1							1				1	1	1	1			
Tuyeni Mwampamba	Tanzania	1		1													1				
Beatrice Ahimbisibwe	Uganda		1			1				1							1		1		1
Chemutai Wilfred	Uganda		1																		
Christine Akello	Uganda	1			1						1	1	1								
Francis Mwaura	Uganda		1																		
Gerald Isiko Kairu	Uganda	1				1								1	1	1	1	1	1	1	1
Godfrey Kairagura	Uganda		1																		
Julius Kajwava Mwebaze	Uganda		1																		
Lilly Ajarova	Uganda	1				1			1	1	1		1			1	1	1			
Martin Alituha	Uganda		1																		
Martin Asimwe K	Uganda		1																		
Onesmus Mugenyi	Uganda		1		1					1	1	1	1								
Philippe Bouzet	Uganda		1																		
Pinkline Ampaire	Uganda		1																		
Rachael Musoke	Uganda		1																		
Raphael Eribankya	Uganda		1																		
Rev. Fred R Musimenta	Uganda		1																		
Robert Kiizar	Uganda		1																		
Ronald Twongyirwe	Uganda		1																		
Timothy Akugizibwe	Uganda		1																		
Wildred Abitegeka	Uganda		1																		
Xavier Mugumya	Uganda	1		1			1	1			1	1							1	1	1
Yolamu Nsamba	Uganda		1																		
Biryahwaho Byamukama	Uganda	1		1			1	1	1	1		1		1		1		1	1		
Moses Nyago	Uganda		1																		
Pauline Nantongo	Uganda	1		1			1	1	1	1				1	1	1	1	1	1	1	1
Peter Baguma	Uganda		1																		
Subtotal E/S Africa	8	23	32	12	7	7	14	12	12	10	18	14	13	11	6	10	13	10	15	10	11
South East Asia/ China																					
Jintao Xu	China	1			1		1				1						1		1	1	1
Nuyun Li	China	1					1	1	1	1		1		1	1		1	1	1		
Wang Xiaping	China	1		1			1									1	1	1	1	1	1
Mmei Mai	China	1		1			1	1	1	1				1	1	1	1	1			
Fred Kugan	Malaysia	1			1						1	1	1								
Ha Thi Tuyet Nga	Vietnam	1			1						1	1	1								
Ha Cong Tuan	Vietnam	1			1						1	1	1	1							
Richard McNally	Vietnam	1					1	1			1			1			1				
Pham Thu Thuy	Vietnam	1			1						1	1	1	1							
Subtotal SEA/C	3	9	0	2	5	2	5	2	2	3	5	5	4	3	2	3	5	3	2	2	2
TOTALS	30	120	100	43	49	36	74	51	40	42	82	59	62	36	31	45	53	43	57	37	39

Annex 7. List of capacity building events 2010-2011

Project's capacity building events 2010 - 2011		Place	Date	
Event			M	Y
1	Katoomba XVI - California Building a Blueprint to Harness New Investment for the Protection of Marine and Coastal Ecosystem Services, Moore Foundation, Palo Alto, CA, February 9-10, 2010	USA	Feb	2010
2	BBOP workshops with Ministry of Environment, Peru and other civil society stakeholders, Lima, Peru, February 8 – 9, 2010	Peru	Feb	2010
3	Idesam/Incubator Project Clinic, March 2010, Manaus, Amazonas	Barzil	Mar	2010
4	BBOP Assurance & Guidelines Working Group Meeting, Clare College, Cambridge, UK, March 16 -18 2010	UK	Mar	2010
5	Emerging Opportunities in Payments for Ecosystem Services and Hydrological Resources: Realizing the potential for payments for ecosystem services, Lima, Peru, May 24, 2010	Peru	Mar	2010
6	Curso: Pago por Servicios Ambientales y REDD para Líderes Comunitarios, May 24-27, 2010, Madre de Dios, Peru	Peru	May	2010
7	Carbon Biomass Sampling Training, May 31 - June 5 2010, Asumura, Ghana	Ghana	June	2010
8	Biomass Sampling Training CRS, Nigeria, June 2010	Nigeria	June	2010
9	Compensacion y Pagos por Servicios Ambientales para Comunidades en Centroamerica, August 9 - 13, 2010, La Ceiba, Honduras	Hond.	Aug	2010
10	Biocarbon Conference - Biochar Presentation, Honduras, August 16, 2010	Hond.	Aug	2010
11	Eighth Meeting of the Business and Biodiversity Offsets Programme (BBOP) Advisory Group, Paris, France, September 14-17 2010	France	Sept	2010
12	Ecosystem Services and Poverty Alleviation Workshop – Hosted by Oxford University, Cross River State, Nigeria, September 19-23	Nigeria	Sept	2010
13	Carbon Sampling and Carbon Quantification Capacity-Building, Cross River State, Nigeria, September 10 – October 3, 2010	Nigeria	Sept	2010
14	Presentation on opportunities for innovative PES project finance to Forestry Team at IFC, Washington, DC, October 7, 2010	USA	Oct	2010
15	Mesa REDD Meeting, San Martin, Peru, October 15, 2010	Peru	Oct	2010
16	Workshop on Options for REDD+ Architecture , Ghana, October 26, 2010	Ghana	Oct	2010
17	Marine and Coastal Katoomba Group Private Meeting, La Paz, Mexico, November 1 -4, 2010	Mexico	Nov	2010
18	Community Meeting on Cocoa Carbon Initiative, Ghana, November 2010	Ghana	Nov	2010
19	Environmental Services Capacity Building Course for Technical Staff of the Government of Acre: A workshop hosted by FT and the State Secretary of Environment (SEMA), Rio Branco, Acre, Brazil, November 9 - 12 , 2010	Brazil	Nov	2010
20	The Role of Environmental Funds in the Design and Implementation of PES Projects: Training workshop for RedLAC, jointly with EKO Asset Management Partners and FT's KG, Guadalajara, Mexico, Nombor 12 - 14, 2010	Mexico	Nov	2010
21	Payments for Ecosystem Services and CC with Fundação Getulio Vargas (FGV) : 8 h component of 'Management for Low Carbon', a 60 hour course offered by FGV's Center for Sustainability Studies, Sao Paolo, Brazil, November 2-9, 2010	Brazil	Dec	2010
22	Wonegizi REDD+ Project Carbon Stock Assessment and Capacity-Building in Carbon Accounting, Liberia, December 12 – 21, 2010	Liberia	Dec	2010
23	REDD and PES Workshop (#1), Honduras, January 25-26, 2011	Hond.	Jan	2011
24	REDD and PES Workshop (#2), Honduras, January 27-28, 2011	Hond.	Feb	2012
25	Climate-Smart Agriculture Finance Facility High-Level Meeting, Accra, Ghana, February 10, 2011	Ghana	Feb	2011
26	Launch of Biomass Map, Accra, Ghana, February 15 2011	Ghana	Feb	2011
27	Ghana Carbon Map Training – Capacity Building Event on MRV, Ghana, February 15 – 16, 2011	Ghana	Feb	2011
28	Climate-Smart Agriculture Finance Working Group Meeting, Accra, Ghana, March 3, 2011	Ghana	March	2011
29	International Workshop on Nested Approaches to REDD+, Miami, USA, March 16-17, 2011	USA	March	2011
30	BBOP Assurance Working Group meeting, London, United Kingdom, April 1-2 2011	UK	April	2011
31	Training Private Sector and Government Decision Makers on Payment for Ecosystem Services (PES) in Uganda, Kampala, Uganda, April 4, 2011	Ugan.	April	2011
32	Training Community Stakeholders on Payments for Ecosystem Services in Uganda, Hoima Kolping Guest House, Hoima, Uganda, April 06-08, 2011	Ugan.	April	2011
33	Training on Payments for Ecosystem Services (PES) and Reduced Emissions from Deforestation and Degradation (REDD), Nairobi, Kenya The Kentmere Club, August 08-09, 2011	Kenya	Augus	2011
34	Training Workshop on the Social Impact Assessment of REDD+ Projects, The Kentmere Club, Nairobi, Kenya, August 10-12, 2011	Kenya	Augus	2011

Annex 8. List of Project material and analysis

Project Products (2009-2011)		Year	Product Type	Stakeholders / Users								
				Project Developers	Local Communities	Industry	Government Inst.	Financial Inst.	Donors and Prospects	Civil Society Organizations	Partners	Media
OUTCOME 1	Timely, relevant, <u>market information for PES</u> available to all stakeholders globally, through the Katoomba Group's Ecosystem Marketplace (EM)											
Outputs 1.1, 1.2: 1) EM bulletin and website have expanded and deepened coverage of biodiversity PES and new market information services and 2) EM has expanded information services relevant for community-based stakeholders on website, bulletin and other information centers Indicator: Extensive Community PES market information services available through the EM	Avoided Deforestation (REDD) and Indigenous Peoples: experiences, challenges and opportunities in the Amazon Context.	2011	Publication (Case Study)	•	•		•		•	•	•	
	Free, Prior and Informed Consent, Surui Carbon Project	2011	Publication (White Paper)	•	•		•		•	•	•	
	Rewarding Upland Poor for Ecosystem Services in Indonesia	2011	Publication (Case Study)	•	•		•		•	•	•	
	PES Bundling in Forest Communities: Watershed Management & Carbon Offsetting, Pico Bonito Honduras	2011	Publication (Case Study)	•	•		•		•	•	•	
	Forest Restoration for Climate, Community, and Biodiversity (FCCB) in Tengchong County, China	2011	Publication (Case Study)	•	•		•		•	•	•	
	Protecting the Sierra Gorda Biosphere Reserve in Queretaro, Mexico	2011	Publication (Case Study)	•	•		•		•	•	•	
	Biodiversity Conservation and Carbon Sequestration Services of Silvopastoral Practices, Matiguas – Rio Blanco Nicaragua	2011	Publication (Case Study)	•	•		•		•	•	•	
	Community-Based Joint Forest Management in Tanzania	2011	Publication (Case Study)	•	•		•		•	•	•	
	Mgahinga-Bwindi Impenetrable Forest Conservation Trust (MBIFCT)	2011	Publication (Case Study)	•	•		•		•	•	•	
	Equitable Payments for Watershed Services in Tanzania	2011	Publication (Case Study)	•	•		•		•	•	•	
	Fostering Ecosystem Services in the Danube Basin	2011	Publication (Case Study)	•	•		•		•	•	•	
	The Working for Water Program South Africa	2011	Publication (Case Study)	•	•		•		•	•	•	
	Payments for Ecosystem Services: An Analysis of Cross Cutting Issues in 10 Case Studies	2011	Publication (Case Study)	•	•		•		•	•	•	
	Community Forum Newsletters: September newsletter available as well as all previous newsletters:	2011	Newsletter	•	•		•		•	•	•	
Output 1.3: Awareness, utilization and application of EM information services by key stakeholders Indicator: Extensive biodiversity PES market information services available through EM	Forests: Taking Root in the Voluntary Carbon Market	2009	Publication (White Paper)	•		•	•	•	•	•	•	
	Forests: Taking Root in the Voluntary Carbon Market, 2nd edition (English and Portuguese)	2009	Publication (White Paper)	•		•	•	•	•	•	•	
	Beyond Carbon: Water and Biodiversity Markets	2009	Publication (White Paper)	•		•	•	•	•	•	•	
	Negotiating for Nature's Services: A Primer for Sellers of Ecosystem Services on Identifying and Approaching Private Sector Prospective Buyers	2009	Guidelines	•	•				•	•	•	
	State of Biodiversity Markets: Offset and Compensation Programs Worldwide:	2010	Publication (Report)	•		•	•	•	•			•
	State of the Voluntary Carbon Markets 2011 Report	2011	Publication (Report)	•		•	•	•	•			•
	2011 Update: State of Biodiversity Markets	2011	Publication (Report)	•		•	•	•	•			•
	Ecosystem Marketplace: 2011 Reader Survey Report	2011	Survey	•		•		•		•	•	•

Project Products (2009-2011)			Year	Product Type	Stakeholders / Users								
		Project Developers			Local Communities	Industry	Government Inst.	Financial Inst.	Donors and Prospects	Civil Society Organizations	Partners	Media	
OUTCOME 2	National champions and stakeholders of PES in E. West and S. Africa and Tropical America have <u>improved capacity and access to technical assistance</u> for institutions and policy development for PES												
Outputs 2.1, 2.2: 1) Fully functioning East, West, and Southern African Katoomba Group (KG) network; 2) Fully functioning Tropical America Katoomba Group network	SinergiA Newsletter May 2011	2011	Newsletter	•	•		•			•	•		
	SinergiA Newsletter January 2011	2011	Newsletter	•	•		•			•	•		
	SinergiA Newsletter July 2010	2010	Newsletter	•	•		•			•	•		
	SinergiA Newsletter March 2010	2010	Newsletter	•	•		•			•	•		
	SinergiA Newsletter December 2010	2010	Newsletter	•	•		•			•	•		
	SinergiA Newsletter August 2009	2009	Newsletter	•	•		•			•	•		
Output 2.3: <i>Models, Tools and Best Practice Guidelines for PES Policy, Planning and Institutions developed and disseminated in East Africa and Tropical America regional networks</i>	Connecting Communities, Conservation, and Markets, The Katoomba Incubator Program Brochure(English, Portuguese, and Spanish)	2009	Brochure	•			•		•	•	•		
	Payments for Ecosystem Services: Getting Started, a Primer (English, Portuguese, and Spanish)	2009	Guidelines	•	•				•	•	•		
	2008 PES Inventories for six African countries (Malawi, Kenya, Madagascar, Tanzania, Uganda, South Africa) plus a synthesis report	2010	Publication (Case Studies	•	•		•		•	•	•		
	Forest Trends and The Katoomba Group Training Materials Matrix	2011	Website	•	•		•		•	•	•		
	Beta version of the PES contract drafting resource center is online and undergoing review and testing.	2011	Website	•	•		•		•	•	•		
	Aprendendo sobre Serviços Ambientais: Material de Apoio para o Curso de Capacitação em Serviços Ambientais para Técnicos do Governo do Acre (Learning about Ecosystem Services: Supporting Material for the Training Course on Environmental Services Technician of the Government of Acre, in Portuguese)	2011	Training Materials	•	•		•		•	•	•		
	Aprendiendo sobre Pagos por Servicios Ambientales: Fundamentos para la elaboración de proyectos de carbono forestal (Learning about Payments for Ecosystem Services: Fundamentals for Developing Forest Carbon Projects, in Spanish)	2011	Training Materials	•	•		•		•	•	•		
	Introduction to Payments for Ecosystem Services: A Reference Book for Uganda	2011	Training Materials	•	•		•		•	•	•		
	Ugandan Tribe Struggles to Maintain Forests and Access Benefit	2011	Article	•	•		•		•	•	•	•	
	PES Assessments and Case Studies: East and Southern Africa	2011	Publication (Case Study)	•	•		•		•	•	•		
	A.Malawi: Potential Payment for Ecosystem Service (PES) in Malawi	2011	Publication (Case Study)	•	•		•		•	•	•		
	B. Kenya: Payments for Ecosystem Services (PES) In East and Southern Africa: Assessing Prospects &Pathways Forward	2011	Publication (Case Study)	•	•		•		•	•	•		
	C. Madagascar (August 2008): An Inventory of Initiatives/Activities and Legislation Pertaining to Ecosystem Service Payment Schemes (PES) in MADAGASCAR.	2011	Publication (Case Study)	•	•		•		•	•	•		
	D. Uganda: An Inventory of PES Schemes in Uganda	2011	Publication (Case Study)	•	•		•		•	•	•		
	E. South Africa: An Inventory of Current and Potential Projects and Markets for Payments for Ecosystem Services	2011	Publication (Case Study)	•	•		•		•	•	•		
	A series of case studies on was developed for countries including Brazil, Bolivia, Colombia, Peru	2011	Publication (Case Study)	•	•		•		•	•	•		
	REDD Opportunities Scoping Exercise: A Tool for Prioritizing Sub-National REDD+ Activities - Case Studies from Ghana, Tanzania, and Uganda	2011	Guidelines	•	•		•		•	•	•		
	Contracting for Forest Carbon: Elements of a Forest Carbon Purchase Agreement	2011	Guidelines	•	•		•		•	•	•		
	Getting Started a Marine PES primer, Pago por Servicios Ambientales: Primeros Pasos en Ecosistemas Marinos y Costeros,	2011	Guidelines	•	•		•		•	•	•		
	Ghana Biomass Map	2011	Publication (Analysis)	•	•		•		•	•	•		
	Investing in Forest Carbon: Lessons Learned from the First 20 Years.	2011	Publication (White Paper)	•	•				•	•	•		
	Nested Approaches to REDD+: An Overview of Issues and Options	2011	Publication (White Paper)	•	•		•	•	•	•	•		
	Nested Approaches to REDD+: An Overview of Issues and Options (Issue Brief)	2011	Brief	•	•		•	•	•	•	•		
	Presentation: Nested Approaches and Mobilizing Fast Start Private Financing for REDD.	2011	Presentation	•	•		•	•	•	•	•		
	The Project Feasibility Assessment Template	2011	Other	•									
	Roots in the Water: Legal Analysis for Mangrove PES in Vietnam	2011	Publication (White Paper)	•	•		•		•	•	•		
	Roots in the Water: Legal Analysis for Mangrove PES in Vietnam (Issue Brief)	2011	Brief	•	•		•		•	•	•		
	"Towards cost-effective social impact assessment of REDD+ projects meeting the challenge of multiple benefit standards." International Forestry Review	2011	Article	•	•				•	•	•		

Project Products (2009-2011)		Year	Product Type	Stakeholders / Users									
				Project Developers	Local Communities	Industry	Government Inst.	Financial Inst.	Donors and Prospects	Civil Society Organizations	Partners	Media	
OUTCOME 3	Operational models and capacity to effectively design, establish and implement new types of PES for biodiversity conservation												
Sub Outcome 3.1: Operational models and capacity to effectively design, establish and implement effective payment for biodiversity conservation in agricultural landscapes													
Sub Output 3.1.1: Learning Network actively sharing, evaluating and disseminating best practices on payments for biodiversity in agricultural landscapes	Ecoagriculture Partners PES Newsletter (Quarter two)	2009	Newsletter	•	•		•				•	•	
	Ecoagriculture Partners PES Newsletter (Quarter three)	2009	Newsletter	•	•		•				•	•	
	Ecoagriculture Partners PES Newsletter (Quarter four)	2009	Newsletter	•	•		•				•	•	
	Ecoagriculture Partners PES Newsletter (Quarter one)	2010	Newsletter	•	•		•				•	•	
	Ecoagriculture Partners PES Newsletter (Quarter two)	2010	Newsletter	•	•		•				•	•	
	Ecoagriculture Partners PES Newsletter (Quarter three)	2010	Newsletter	•	•		•				•	•	
	Ecoagriculture Partners PES Newsletter (Quarter one)	2011	Newsletter	•	•		•				•	•	
	Ecoagriculture Partners PES Newsletter (Quarter two)	2011	Newsletter	•	•		•				•	•	
	Advances in Agricultural GHG Measurement and Monitoring: Implications for Policy Makers	2010	Policy Brief	•			•		•	•	•	•	
	Maing REAL(U) Right: Harmonizing Agriculture, Forests and Rights in the Design of REDD+”	2011	Policy Brief	•					•	•	•	•	
	Strategies for Sustainable Development in Rural Africa: A Framework for Integrating Investment in Agriculture, Food Security, Climate Response and Ecosystems	2010	Policy Brief	•			•		•	•	•	•	
	Reducing project costs and improving farmer benefits in smallholder carbon projects	2011	Book Chapter	•	•		•		•	•	•	•	
	Institutional Innovations for Engaging Smallholder Farmers in Agriculture Carbon Projects”: Scientific paper, presented at Earth Systems Governance Conference (GEF username and password needed to access)	2011	Publication (White Paper)	•	•		•		•	•	•	•	
	Scaling-up Landscape Investment Approaches in Africa: Where do Private Market Incentives Converge with Landscape Restoration Goals?	2011	Publication (White Paper)	•			•	•	•	•	•	•	•
Performance and Potential of Conservation Agriculture for Climate Change Adaptation and Mitigation in Sub-Saharan Africa (Discussion paper analyzing work of CARE and WWF on Conservation Agriculture in Africa)	2011	Publication (White Paper)	•			•		•	•	•	•	•	
Sub Outcome 3.2: Operational models and capacity to effectively design, biodiversity offsets													
Output 3.2.2: Best practices and lessons learned documented, disseminated	Business and Biodiversity Offsets (BBOP) factsheet	2010	Other (Factsheet)	•		•	•		•			•	
	BBOP Principles with Draft Criteria and Indicators (consultation draft)	2011	Guidelines	•		•	•		•			•	
	BBOP Draft Guidance Notes (consultation draft)	2011	Guidelines	•		•	•		•			•	
	Draft Resource Paper: Guidance on limits to what can be offset (consultation draft)	2011	Guidelines	•		•	•		•			•	
	Draft Resource Paper: No Net Loss and Loss-Gain calculations in biodiversity offsets (consultation draft)	2011	Guidelines	•		•	•		•			•	
	BBOP Glossary with new, draft terms (consultation draft)	2011	Guidelines	•		•	•		•			•	
Sub Outcome 3.3: Operational models and capacity to effectively design, establish and implement PES for biodiversity in forest enterprise and community-based projects													
Output 3.3.2: Cases documented, lessons synthesized and tool-kit developed on how to set-up and run PES in forest Enterprises and community-based PES projects	Sweetening the Deal for Shade-Grown Cocoa, A Preliminary Review of Constraints and Feasibility of ‘Cocoa Carbon’ in Ghana	2009	Publication (White Paper)	•			•		•	•	•	•	
	Realising REDD: Implications of Ghana’s Current Legal Framework for Trees Report	2009	Publication (Report)	•			•		•	•	•	•	
	Summary Report: Katoomba Incubator Project Clinic, a report on A Katoomba Incubator Project Clinic	2009	Publication (Report)	•			•		•	•	•	•	
	Manual for Social Impact Assessment of Land-Based Carbon Projects: Part I: Core Guidance for Project Proponents and Part II: Toolbox of Methods and Support Materials	2010	Guidelines	•			•		•	•	•	•	
	Consolidating National REDD+ Accounting and Subnational Activities in Ghana	2010	Publication (White Paper)	•			•		•	•	•	•	
	Project Clinic Report, a report on the East Africa Katoomba Incubator Project Clinic in Tanzania	2010	Publication (Report)	•			•		•	•	•	•	
	Cocoa Carbon Initiative: Site Selection Report in partnership with NCRC	2010	Publication (Report)	•			•		•	•	•	•	
	Building a Carbon Map of Ghana: Summary Report on Existing Carbon Stock Data, Katoomba Incubator Workshop Report	2010	Publication (Report)	•			•		•	•	•	•	
	Pro-Poor REDD – How will we know?, Social Impact Assessment of Land-based Carbon Activities	2010	Publication (White Paper)	•			•		•	•	•	•	
	Baker & McKenzie Legal Analysis - Surui REDD Project Report	2010	Publication (Report)	•			•		•	•	•	•	
	Social impact assessment manual for PES project developers finalized: Towards Cost-effective Social Impact Assessment of REDD+ Projects	2011	Publication (White Paper)	•			•		•	•	•	•	
	Social and Biodiversity Impact Assessment Manual for REDD+ Project (Core Guidance, Social Toolbox, Biodiversity Toolbox)	2011	Guidelines	•			•		•	•	•	•	
	Biochar Feasibility Assessment, based on the Incubator’s experience in Costa Rica	2011	Publication (White Paper)	•			•		•	•	•	•	
	Budongo-Bugoma Landscape REDD+ Project: Feasibility Assessment	2011	Publication (White Paper)	•			•		•	•	•	•	
	Building Forest Carbon Projects Series, composed of 9 documents: 1 - Step-by-Step Overview and Guide	2011	Guidelines	•			•		•	•	•	•	
	2- REDD Guidance: Technical Project Design			•			•		•	•	•	•	
	3 - AR Guidance: Technical Project Design:			•			•		•	•	•	•	
	4 - Carbon Stock Assessment Guidance: Inventory and Monitoring Procedures			•			•		•	•	•	•	
	5 - Community Engagement Guidance: Good Practice for Forest Carbon Projects			•			•		•	•	•	•	
	6 - Legal Guidance: Legal and Contractual Aspects of Forest Carbon Projects			•			•		•	•	•	•	
	7 - Business Guidance: Forest Carbon Marketing and Finance			•			•		•	•	•	•	
	8 - Social Impacts Guidance: Key Assessment Issues for Forest Carbon Projects			•			•		•	•	•	•	
	9 - Biodiversity Impacts Guidance: Key Assessment Issues for Forest Carbon Projects			•			•		•	•	•	•	

Project Products (2009-2011)			Year	Product Type	Stakeholders / Users									
					Project Developers	Local Communities	Industry	Government Inst.	Financial Inst.	Donors and Prospects	Civil Society Organizations	Partners	Media	
Sub Outcome 3.4: Develop assessment tools for coastal fishery and flood protection PES at landscape scale														
Output 3.4.1: Develop analytical framework and tools to evaluate & design PES for coastal fisheries and flood protection	MARES Brochure: Conserving Ocean Ecosystems and Safeguarding Coastal Communities	2009 & 2010	Brochure	•			•		•	•	•			
	Payments for Ecosystem Services: Getting Started in Marine and Coastal Ecosystems: A Primer	2010	Guidelines	•			•		•	•	•			
	Marine Matrix (GEF password needed)	2011	Other	•			•	•	•	•	•			
	Catch Share Programs in Developing Countries: A Survey of the Literature Draft Report	2011	Publication (White Paper)	•			•		•	•	•			
Websites that have been created/revised as part of the Project														
OUTCOME 1	Timely, relevant, <u>market information for PES</u> available to all stakeholders globally, through the Katoomba Group’s Ecosystem Marketplace (EM)													
Output 1.1	Species Banking Website	2009	Website	•			•	•	•	•	•	•		
	SpeciesBanking.com global expansion	2011	Website	•			•	•	•	•	•	•		
	Ecosystem Marketplace website	2009	Website	•			•	•	•	•	•	•		
	Mercados Ambientales website (Spanish Ecosystem Marketplace):	2009	Website	•			•	•	•	•	•	•		
	Forest Carbon Portal	2009	Website	•			•	•	•	•	•	•		
	EKO-ECO.com blog	2009	Website	•			•	•	•	•	•	•		
	Ecosystem Marketplace Communities website	2009	Website		•				•	•	•			
OUTCOME 2	National champions and stakeholders of PES in E. West and S. Africa and Tropical America have <u>improved capacity and access to technical assistance</u> for institutions and policy development for PES													
Output 2.1 and 2.2	East and Southern Africa Katoomba Group website	2009	Website	•	•		•		•	•	•			
	Tropical America Katoomba Group website:	2009	Website	•	•		•		•	•	•			
	Katoomba Group Rapid Response Team website	2010	Website	•			•	•		•	•			
	The Katoomba Group Training Initiative with draft training materials resource center (final development stages)	2011	Website	•	•		•		•	•	•			
	Forest Trends and The Katoomba Group Training Materials Matrix	2011	Website	•	•		•		•	•	•			
	Katoomba Group Legal Initiative contract clauses resource center	2011	Website	•	•		•	•	•	•	•			
	OUTCOME 3	<u>Operational models and capacity</u> to effectively design, establish and implement new types of PES for <u>biodiversity conservation</u>												
Sub Outcome 3.2: Operational models and capacity to effectively design, biodiversity offsets														
	BBOP website	2009	Website	•		•	•	•	•	•	•			
Sub Outcome 3.3: Operational models and capacity to effectively design, establish and implement PES for biodiversity in forest enterprise and community-based projects														
	Katoomba Incubator website	2011	Website	•	•		•		•	•				
Sub Outcome 3.4: Develop assessment tools for coastal fishery and flood protection PES at landscape scale														
	Marine Ecosystem Services Program website	2009	Website	•	•		•		•	•	•			
				119	65	14	113	21	103	110	115			

Annex 9. Summary logframe with achievement level

LOGFRAME AS OF TERMINAL EVALUATION (September, 2011)

3179 GLO	Logical Framework for Project on Institutionalizing Payments for Ecosystem Services					
	GOAL: The Overall Goal of the Project is to increase the financial incentives for conservation of ecosystems and biodiversity					
OBJECTIVE	OUTPUT	INDICATOR	MEANS OF VERIFICATION	BASELINE	TARGET 2011	Achievement level
Project Objective: To establish institutional capacity for expanding systems of payments for ecosystem services to a scale and quality sufficient to have a meaningful impact on global conservation of biodiversity and ecosystem services. Total budget: \$4,366,487 over 4 years		Number of new PES projects developed in project countries	Project assessments	0	12 ¹⁵	Partially
		Number of existing or new PES projects using innovative biodiversity models ¹⁶	Project assessments	0	8	Achieved
		Number of PES projects with improved biodiversity outcomes as a result of the project	Project assessments	0	8	Partially
		Number of PES projects with buyers as a result of project activities	Project assessments	0	4	Partially (2)

¹⁵ It is understood that some projects included in the different targets may relate to multiple indicators.

¹⁶ This refers to existing or new PES that now incorporate innovative business modes

OBJECTIVE	OUTPUT	INDICATOR	MEANS OF VERIFICATION	BASELINE	TARGET 2011	Achievement level
		Volume in US\$ of PES operating to which the project contributed		0	\$50M	Not achieved
		Area in production landscapes with <i>direct</i> ¹⁷ improvements in biodiversity from project-related PES	Project assessments	0	800,000 hectares	Partially (411,870 hectares)
		Area in production landscapes with <i>indirect</i> ¹⁸ improvements in management practices for biodiversity from project-related PES	Project assessments	0	1,200,000 hectares	Achieved (1,249,593 hectares)
		Area in production landscapes with (direct and indirect) improved management practices for biodiversity conservation from project-related PES	Project assessments	0 / 0	2,000,000 hectares	Partially (-400,000 hectares)
		Number of countries with leaders from key stakeholder groups with capacity for strategic analysis, planning and implementation of PES schemes and actively networked	Country PES inventories and KG members networking	0/0	8	Achieved
		Number of countries with new policies or plans supporting or improving PES as a result of project	Survey of KG members Country reports to UNCBD provide info on PES	0 / 0	8	Partially

¹⁷ Area with direct improvements is defined as landscapes or seascapes (including protected and conservation areas) in which the project will work to deliver improvements in biodiversity

¹⁸ Area with indirect improvements is defined as landscapes or seascapes (including protected and conservation areas) outside the project that replicate project models and methodologies resulting from their links to project networks/partners (KG networks, Learning Networks, and others).

OBJECTIVE	OUTPUT	INDICATOR	MEANS OF VERIFICATION	BASELINE	TARGET 2011	Achievement level
Outcome 1 Timely, relevant, market information for PES available to all stakeholders globally, through the Katoomba Group's Ecosystem Marketplace (EM) Budget: \$1,099,005 over 4 years	Output 1.1 EM bulletin and website have expanded and deepened coverage of biodiversity PES and new market information services	EM widely used by key market actors around the world	Marketplace user tracking, by country and by type Subscriptions Participants in Katoomba Dialogues (to include participants in launch EM-sponsored events/dialogues, webinars, and social media groups because EM has begun to use online and social media to further dialogue facilitation.)	18,000 (10,000 in the US & UK; 8,000 international) 1,200 500	75,000 (25,000 outside US & UK) 5,000 3,000	Achieved beyond target
	Output 1.2 EM has expanded information services relevant for community-based stakeholders on website, bulletin and other information centers	Extensive Community PES market information services available through the EM	Content Analysis Key lessons learned as measured by case studies disseminated.	2005 review of content/s ervices 0	2010 review of content services 20	Achieved
	Output 1.3 Awareness, utilization and application of EM information services by key stakeholders Output 1.4 EM is financially sustainable	Extensive biodiversity PES market information services available through EM EM is financially sustainable	Centralized biodiversity markets portal Global biodiversity markets report Portion of budget self-financed relative to grants	0 0 5%	1 2 20%	Achieved Achieved Not achieved

OBJECTIVE	OUTPUT	INDICATOR	MEANS OF VERIFICATION	BASELINE	TARGET 2011	Achievement level
Outcome 2 National champions and stakeholders of PES in East. West and S. Africa and Tropical America have improved capacity and access to technical assistance for institutions and policy development for PES Budget: \$1,049,396 over 4 years	Output 2.1 Fully functioning East, West and Southern African Katoomba Group (KG) network providing information, analytical tools and technical support to key stakeholders, including community organizations Output 2.2 Fully functioning Tropical America Katoomba Group network providing information, analytical tools and technical support to key stakeholders, including community organizations	Number of East. West and S. Africa and Tropical America national PES leaders in key sectors actively engaged in and benefiting from Katoomba Group networks	Survey of regional Katoomba Group members	5 members in each of the ESA KG participating country that have been working closely with the Katoomba Group have improved capacity / 30 people overall in TAKG # of particip.	100	Achieved
	Output 2.3 Models, Tools and Best Practice Guidelines for PES Policy, Planning and Institutions developed and disseminated in East Africa and Tropical America regional networks	Number of cases documented of PES policy or institutional innovation informed by KG network members	Reports and updates by partners PES inventories include research and work on policy planning and institutional models	0 / 0	4	Achieved
		Increased participation of rural communities in PES as a result of project activities	Project assessments	0 / 0 Plan vivo / Sierra Gorda	8	Partially

		Synthesis and dissemination of lessons learned on key themes of PES policy and program design	Number of reports	2 learning tools on line and 10 community case studies / 25 in the world on Latin America	6	Achieved
OBJECTIVE	OUTPUT	INDICATOR	MEANS OF VERIFICATION	BASELINE	TARGET 2011	
Outcome 3 Operational models and capacity to effectively design, establish and implement new types of PES for biodiversity conservation		Collaborating counties are implementing new types of PES for biodiversity conservation	Country inventories and Number of countries where the Incubator is operating on biodiversity conservation projects Country inventories and Number of countries where the Project is operating on biodiversity conservation projects]	0 / 0	20	Partially
Sub-Outcome 3.1 Operational models and capacity to effectively design, establish and implement effective payment for biodiversity conservation in agricultural landscapes. Budget: \$392,666 over 4 years	Output 3.1.1 Learning Network actively sharing, evaluating and disseminating best practices on payments for biodiversity in agricultural landscapes	Number of projects of improved agri-ecological PES due to project Lessons learned from landscape models synthesized Number of newsletters distributed	Country inventories Reports	0 / 0 0 / 0 0	3 2 8	Achieved Achieved Achieved
	Output 3.1.2 Improved payment schemes designed and piloted in E. and S. Africa and Tropical America					
	Output 3.1.3 New approaches to agri-environmental payments informing decision-making by national farmer or industry groups	New approaches to agri-environmental payments reflected in policy design	Policy statements	0 / 0	3	Not achieved

OBJECTIVE	OUTPUT	INDICATOR	MEANS OF VERIFICATION	BASELINE	TARGET 2011	
Sub-Outcome 3.2 Operational models and capacity to effectively design, biodiversity offsets Budget: \$461,468 over 4 years	Output 3.2.1 Participating offsets projects designed	Number of businesses that have designed biodiversity offsets	communication with companies	0 / 0	2 Projects	Partially
	Output 3.2.2 Best practices and lessons learned documented, disseminated	Biodiversity offset methodologies/guidelines and experience from pilot projects published, disseminated	Report	0 / 0	1	Achieved beyond target
	Output 3.2.3 Biodiversity offsets policies endorsed by key institutions and companies	Number of policies that promote biodiversity offsets adopted by companies, local government, national government or international bodies	Contact with companies and governments	0 / 3 companies and 30 governments	4 Including companies and/or governments	Not achieved (BBOP Standard completed)
Sub-Outcome 3.3 Operational models and capacity to effectively design, establish and implement PES for biodiversity in forest enterprise and community-based projects Budget: \$524,265 over 4 years	Output 3.3.1 New PES activities in forest enterprises and community-based projects designed and implemented with project support	Number of businesses implementing new PES in forest enterprises	PES project implementation documentation (such as PINs, PDDs for C projects)	1 in project (Precious Woods) / 2 in world: Temple Inland and New Forests	6	Achieved at "implementation" level / Partially at "optimization" level.

	Output 3.3.2 Cases documented, lessons synthesized and tool-kit developed on how to set-up and run PES in forest Enterprises and community-based PES projects.	Lessons learned from PES in forest enterprises synthesized	Report	1 in project: Precious Woods case study / 2 in world: WRI and FT	2	Achieved
	Output 3.3.3 Pipeline developed for investment in PES in forest enterprises and community-based projects and strategy for support services		Project reviews and assessments			Achieved
	Output 3.3.4 Mobilizing private sector buyer awareness and interest in PES and finding solutions to challenges of aggregation	Number of mechanisms for PES buyer and/or seller aggregation tested and evaluated	Project reviews documenting Private Sector engagement/investment	0 / 1 in world	2	Not achieved
Sub-Outcome 3.4 Develop assessment tools for coastal fishery and flood protection PES at landscape scale Budget: \$403,039 over 4 years	Output 3.4.1 Develop analytical framework and tools to evaluate & design PES for coastal fisheries and flood protection	Analytical framework for coastal PES developed	Report: matrix filed and verified	Draft matrix exists but not verified; fish quota market analysis only for some fisheries	2	Achieved
	Output 3.4.2 Framework and tools used to evaluate the potential and design for two coastal PES projects	Assessment tools developed and tested in two sites	Number of sites evaluated with toolkits	No baseline exists	2	Achieved
	Output 3.4.3 Resource materials on coastal PES compiled and disseminated	2 Reports	Reports published and disseminated	0	2	Achieved

Annex 10. Recent project activities in countries implementing PES

(Source: FT/Eco-agriculture Partners' Project Completion Reports)

Uganda

After delivering the Budongo-Bugoma feasibility assessments, the Incubator has maintained an active profile in Uganda. In addition 44 Community Leaders participated in the Training Community Stakeholders on Payments for Ecosystem Services in Uganda held in Hoima, Uganda from April 6-8, 2011. EcoAgriculture supported project through Participatory Action Research on institutions in smallholder agricultural carbon projects: The Trees for Global Benefits Program of ECOTRUST encourages small landholders in four socio-ecologically diverse districts of Uganda to improve agri-ecological ecosystem services and carbon sequestration via tree plantings on farms. The Environmental Conservation Trust of Uganda (Ecotrust-Uganda) coordinates the project. An aim of this registered Plan Vivo project is to develop and operationalize a model for carbon trading with smallholders and to enhance technical capacity of participating institutions to implement carbon projects

Ghana

Capacity-building through national policy development for carbon-based PES (REDD) and project-based advancement of carbon-based PES (REDD and agroforestry). Through continued collaboration with partner NCRC the Incubator has supported PES project and policy development through a range of activities. In the last year, we were involved in the national assessment of carbon stocks and forest definition through the creation of a carbon/biomass map, we held a workshop on remote-sensing and the creation of this map, and we held a three-day training on modeling and mapping for forest carbon MRV for governmental, academic, and NGO representatives. The Incubator also held a workshop on REDD+ at the landscape scale in August 2010, and another workshop for 40 governmental, civil society, and private sector institutions on REDD+ Architecture and Subnational Options in October 2010. Project-based support has focused on the development of several innovative projects which are being designed to leverage finance from carbon markets, eco-tourism, sustainable agriculture, and sustainable charcoal production for in the Cocoa Carbon, Nyankamba REDD, and sustainable charcoal projects.

EcoAgriculture supported project through Participatory Action Research on institutions in smallholder agricultural carbon projects: The Cocoa Carbon Initiative (CCI) Project in western Ghana is working to improve agri-ecological ecosystem services by improving tree cover while enhancing sustainability of cocoa production. By reforesting degraded lands with cocoa, the initiative aims to transform cocoa plantations into full shade systems. This is in addition to conserving the last vestiges of the remaining intact forests. This initiative is beginning to establish the level of reduced emission that is achievable through these activities.

Liberia

The support focused on capacity-building for terrestrial carbon PES through policy and project development. Through its relationship with Conservation International, the Incubator has achieved strong coordination with the Government of Liberia. The Incubator has worked with regional partners to hold several trainings and workshops in the last year – namely, a workshop on forest monitoring for Liberian forestry managers held in October 2010 and a field training in carbon stock sampling held at the Wonegizi project site in December 2010. Field reports and meetings at the Wonegizi REDD project – currently in the feasibility assessment stage – have also taken place through this period. The Incubator has also been able to facilitate capacity-building exchanges between project staff at the Liberia and Ghana sites.

Peru

The Incubator worked to advance PES policies in carbon and watershed services, building capacity for PES through the dual approaches of high-level engagement with policymakers and on-the-ground project development.

In the carbon (REDD) arena, the Incubator focused on national and departmental policy development for REDD “nesting.” Direct discussions with policy makers, government officials, and regional working groups have been complemented with (and partly accomplished through) workshops on REDD policy and the ongoing development of baseline models by Forest Trends and our partners. Project-level activities for carbon PES development are anchored by the Alto Huayabamba project, described above.

On the watershed services front, the Incubator has continued to develop the proposed Payments for Watershed Services Incubator with local partners and MINAM, the Peruvian Ministry of Environment. This PWS Incubator would initially support a portfolio of 4 initiatives throughout Peru, working with MINAM and other key research and community organizations to design payment schemes, scale up existing and pilot projects, develop supportive policy, and build capacity locally and nationally.

Mexico

Forest Trends has worked in Mexico both to build capacity for PES in Mexico primarily through project-based activities, with our initial focus on terrestrial carbon (REDD) more recently expanding in the region to also cover marine and coastal PES. The Sierra Gorda AR project (detailed above) will be the first validated project for the Incubator and is the first VCS and CCB-validated project in Mexico. Forest Trends' MARES program is now assessing the feasibility of one project for marine and coastal PES while developing the concept and seeking further support for another. As part of the assessment of the Riviera Maya project, MARES has hired a socio-economic scientist to help both project developers and local communities to better understand how this marine PES project can be most effectively designed to meet both conservation and livelihood objectives. Also Mexico: Forest Trends and the Katoomba Group are partnering with The Mexico National Forestry Commission (CONAFOR) and the Mexican Fund for the Conservation of Nature (FMCN) to inform the REDD+ policy construction process. More information on this collaboration is available upon request.

Honduras

Following the conclusion of Incubator activities on the Pico Bonito REDD project, Forest Trends' focus in this country has shifted to building capacity among community organizations for REDD project development. In January 2011, two two-day workshops were held in Siguatepeque, Honduras. Each of these workshops had approximately 25 leaders from communities, nongovernmental organizations and government bodies. Topics presented included ecosystem services, payments and markets for ecosystem services, REDD, legal framework, social and environmental safeguards, and a case study.

The Incubator also coordinated with a member of an academic non-profit and other NGOs on potential for biochar in the Central American region.

Brazil

Focusing on carbon PES (primarily REDD), the Incubator has worked to build capacity in this arena with key stakeholders from senior government officials to indigenous groups in the form of project-based activities, regional working groups, and legal and policy analyses. The major projects in Brazil that have continued to progress since the last PIR include: the Surui REDD+ project and, to some extent, the Sustainable Beef Branding project. Key policy and legal developments include the Memorandum of Understanding signed with the state of Acre to contribute to the development of the new PES/REDD program for indigenous communities there and recognition by FUNAI of the Surui REDD+ project. The Incubator has also helped to develop technical capacity in the region, and to share lessons learned, by conducting the first social impacts assessment according to the manual published by FT and CCBA in 2010 for the Surui REDD+ project.

Costa Rica

The Incubator continued project-based activities with the biochar project. Though payments for soil carbon in the biochar context are not likely to grow to any significant scale until the price of carbon increases substantially, there may be opportunities to develop and leverage PES based on biochar's added value to A/R and sustainable agriculture. EcoAgriculture and Forest Trends are working together to identify options for PES to incentivize more sustainable pineapple production throughout Costa Rica.

Ecuador

Capacity-building in Ecuador focuses on PES for hydrological services for high biodiversity and is led by project activities in the Nudo del Azuay, working closely with the government's Socio Bosque program. The Incubator is also involved in the general development and expansion of the Socio Bosque program for REDD activities in Ecuador, covering also a carbon component of PES.

Nigeria

Carbon PES – High-level policy development with the Cross River State government (discussed in previous

section) as well as technical assistance in feasibility assessment of Ekuri Community Forestry project.

Additionally, the Incubator hosted two workshops in fall 2010: the first addressed Ecosystem Services and Poverty Alleviation with the participation of government officials and community forestry leaders. The second training was designed for FC staff and selected community members on carbon sampling and analysis.

Colombia

As part of the efforts to develop the Marine PES project in the San Andres Archipelago in Columbia, Forest Trends' MARES program introduced local stakeholders to the concept of payments for marine ecosystem services, and held a training workshop for CORALINA staff on the same subject, in April 2011.

Tanzania

The support focused on project-based activities to build capacity for carbon PES. The Incubator has assisted a local NGO, the Tanzania Forest Carbon Group, by providing methodological guidance for the development of an Improved Forest Management and Joint Forest Management project.

EcoAgriculture evaluated the CARE-led Equitable Payment for Watershed Services (EPWS) project efforts to promote Conservation Agriculture, agroforestry, and farm terracing in a critical sub-catchment in the Uluguru Mountains in a critical sub-catchment in the Uluguru Mountains.

Sierra Leone

The Incubator has provided a minimal amount of capacity building to Sierra Leone's PES policy development: a SL government official and university professor attended the Incubator's PES research workshop held in September 2010. The Incubator is prepared to continue assisting with national-level PES policy development – specifically REDD readiness -- but at the moment this effort has been hindered by general delays in governmental progress on this front.

Madagascar

The support focused on the Ambatovy nickel mine biodiversity offset: PES Element: Biodiversity Offset. The Project's objective is to assist Ambatovy Project in the design of a biodiversity offset for their mining facilities that aims to achieve no net loss of biodiversity. Ambatovy is a large-tonnage nickel project with an annual design capacity of 60,000 tons of nickel, 5,600 tonnes of cobalt and 190,000 tons of ammonium sulphate. Production is scheduled to begin in 2010, with full capacity expected to be achieved by 2012. The project's assessed reserve life is 27 years, with potential for more. The Ambatovy Project is located in the eastern domain of the Republic of Madagascar. It includes a mine site near Moramanga in the Alaotra-Mangoro Region and a large processing plant in Toamasina, Atsinanana Region.

Ethiopia

Within the context of a forthcoming Climate-Smart Agricultural Finance Facility (CAFF) in Ethiopia efforts have continued to provide a mechanism for channeling climate finance to agricultural smallholders, with an initial focus on the coffee sector. A report has been produced on the prospects associated with NAMA financing and climate smart agricultural practices.

EcoAgriculture supported project through Participatory Action Research on institutions in smallholder agricultural carbon projects: The Humbo Assisted Regeneration Project in Ethiopia will help local community groups receive direct carbon payments, and let them benefit from agro-ecosystem restoration. Humbo is the first large scale African afforestation/reforestation project to be registered under the Clean Development Mechanism (CDM) of the UN Framework Convention on Climate Change (UNFCCC).

Kenya

EcoAgriculture supported project through Participatory Action Research on institutions in smallholder agricultural carbon projects: The CARE Western Kenya AFOLU Project, focuses on project design and implementation at community scale, and has developed a set of supporting activities to address equity issues and enhance scaling-up. Project activity is distributed across a range of locations, farming systems and land tenure arrangements within a watershed. Agri-ecological interventions include dispersed inter-

planting and boundary plantings of trees, woodlots, and fruit orchards and soil carbon enhancement through tillage practices and organic amendments on farms. The project includes a learning agenda, and will capture and use knowledge generated by the initiative to support adaptive management as the project is implemented.

EcoAgriculture supported project through Participatory Action Research on institutions in smallholder agricultural carbon projects: The Western Kenya Smallholder Agricultural Carbon Finance project, which is funded by the Swedish NGO Swedish Cooperative Centre-Vi-Agroforestry (also known as Vi Agroforestry), is the most advanced of this kind. The project mainly promotes the adoption of a wide range of sustainable agricultural land management practices, with added focus on degraded land, and smallholders are expected to access carbon markets and receive additional revenues through the adoption of productivity enhancing practices and technologies. The Vi Agroforestry Project became the first project to sell soil carbon credits in Africa in November 2010. This project is special in that it will pave way for a new approach to carbon accounting methodologies, and will illustrate concretely how carbon finance can both support the environment and generate income for smallholders.

Mozambique

EcoAgriculture worked with CARE-WWF in and around Quirimbas National Park to assess the potential eligibility for Carbon PES and the ways in which climate change mitigation and adaptation efforts could be complementary.

Annex 12. List of documents reviewed

- UNDP Evaluation Guidance for GEF-financed projects (version for external evaluators (Final draft, March 17th 2011)
- Project documents:
 - ✓ GEF-UNDP- Forest Trends Project Document: Institutionalizing Payments for Ecosystem Services, 2005/2008.
 - ✓ Project's Log-frames 2005, 2008, 2010.
 - ✓ Mid-Term Evaluation of the UNDP-GEF Global Project "Institutionalizing Payments for Ecosystem Services", Barry Spergel, Independent Consultant, July 16, 2010
 - ✓ Institutionalizing Payments for Ecosystem Services. Inception Report, Forest Trends, 2008
 - ✓ Tracking Tool for Biodiversity Projects in GEF-3, GEF-4, and GEF-5.
 - ✓ Project's Quarterly reports 2010-2011
 - ✓ Project's PIRs
 - ✓ Project Brochure
 - ✓ Log Frame Analysis Logframe Analysis at PIR 2010 (and adjustments)
 - ✓ Achievements by Outcome 2008
 - ✓ Annexes: Project intervention, Logframe, GEF Tracking Tool, Summary of Expenses by Outcome, Project Co-financing, Staff, roles and Responsibilities.
 - ✓ Project Steering Committee meeting minutes: 06/28/08, 07/29/08, 12/15/08, 09/24/09, 11/30/09, 08/13/10, 08/20/10 and 12/10/10
 - ✓ Implementing / executing partner arrangements
 - ✓ EcoAgriculture Partners sub-contracts 2010/2011
 - ✓ Project budget
 - ✓ Project outputs/executing program and responsible project staff
 - ✓ Annual Project Implementation Reports: 2009, 2010 (incl. Project Tracking Annex), 2011 (Final submission) and download Annex: GEF Tracking Tool.
 - ✓ Annual work plans and highlights: 2009/2010
- Final Report to the Rockefeller Foundation, The Cocoa Carbon Initiative: Strengthening Farmer Organization Capacity for Forest Carbon Finance in the Cocoa Sector, 2011.
- Conservation and development: Evidence from Thai protected areas Katharine R. E. Sims, Department of Economics, Amherst College, Amherst, MA, US.
- Greiber, Thomas (Ed) (2009). *Payments for Ecosystem Services. Legal and Institutional Frameworks*. IUCN, Gland, Switzerland.
- Arild Vatn, David N. Barton, et al. 2011. Can Markets Protect Biodiversity? An evaluation of different financial Mechanisms.
- Project's partners websites
- Cocoa farming and biodiversity in Ghana, Annual Report 2007.
- Biomass Map of Ghana 2008/2009
- Selected Project publications:
 - ✓ Payments for environmental Services, A Primer, 2008
 - ✓ Negotiating for Nature's Services, A primer for sellers of ES, 2008
 - ✓ Building Forest Carbon Projects Series (1 to 9)
 - ✓ Avoided Deforestation (REDD) and Indigenous Peoples: experiences, challenges and opportunities in the Amazon Context. 2011
 - ✓ Free, Prior and Informed Consent, Surui Carbon Project, 2011

- ✓ Protecting the Sierra Gorda Biosphere Reserve in Queretaro, Mexico, 2011
 - ✓ Payments for Ecosystem Services: An Analysis of Cross Cutting Issues, 10 Case Studies, 2011
 - ✓ Community Forum Newsletters
 - ✓ Beyond Carbon: Water and Biodiversity Markets, 2009
 - ✓ Negotiating for Nature's Services: A Primer for Sellers of Ecosystem Services on Identifying and Approaching Private Sector Prospective Buyers, 2009
 - ✓ State of the Voluntary Carbon Markets 2011 Report, 2011
 - ✓ Sweetening the Deal for Shade-Grown Cocoa, A Preliminary Review of Constraints and Feasibility of 'Cocoa Carbon' in Ghana, 2009
 - ✓ Realizing REDD: Implications of Ghana's Current Legal Framework for Trees Report 2009
 - ✓ Summary Report: Katoomba Incubator Project Clinic, a report on A Katoomba Incubator Project Clinic, 2009
 - ✓ Manual for Social Impact Assessment of Land-Based Carbon Projects: Part I: Core Guidance for Project Proponents & Part II: Toolbox of Methods and Support Materials, 2010.
 - ✓ Cocoa Carbon Initiative: Site Selection Report in partnership with NCRC, 2010
 - ✓ Baker & McKenzie Legal Analysis - Surui REDD Project Report, 2010
 - ✓ Standard on Biodiversity Offsets, BBOP, 2012
- Payments for ecosystems services, GEF, 2010.
 - Sistema de Incentivo a Serviços Ambientais, Governo Do Acre, Brazil.
 - Estado Do Acre, Lei No. 2.308, SISA, 2010

Additional consulted material is listed in Annex 8, and included in the Report's foot notes.

Annex 13. Evaluation Consultant Agreement Form

(Separate document)

