

Project N°: 00073902

Title of the project:

**Financial Sustainability of the
National System of Protected Areas (SNAP), Ecuador**

FINAL EVALUATION

March 2017

Final Report

Consulting Team:
Marlon Flores
Jorge Leiva

Project title:	Financial Sustainability for the National System of Protected Areas (SNAP)			
GEF Project ID:	3829	Funding:	At endorsement (Million US\$)	At completion (Million US\$)
UNDP Project PIMS ID:	4142	GEF financing:	6,400,000	6.400.000
Country:	Ecuador	IA/EA own:	128,000	139,585
Region:	Latin America	Government:	5,670,000	7,301,715
Focal Area:	Biodiversity	Other:	4,266,718	5,638,317
Operational Program:	UNDP	Total co-financing:	10,064,718	13,079,617
Executing Agency:	Ministry of Environment of Ecuador	Total Project Cost:	16,464,718	19,479,617
Other Partners involved:	National Corporation of Private Forest and Reserves of Ecuador, The Nature Conservancy, Conservation International, National Environmental Fund The Tembladera Wetland	Prodoc Signature (date project began):	5-May-10	
		Operational Closing Date:	Proposed: 30 May 2015	Actual: 30-Nov-16

The data included in the Table was until November 15, 2016, which is why it could vary from the closing financial report of the project at the end of 2016.

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Marlon P. Flores, Financial Expert (Team Leader)
Jorge A. Leiva, Senior Evaluation Expert

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Acronyms and abbreviations

PA	Protected Area
CPA	Community Protected Area
PRIPA	Private Protected Area
DPA	Decentralized Protected Area
ASOGROTEM,	by its Spanish acronym Association of Agro-Artisan Producers La Tembladera
RTA	Regional Technical Advisor
GP	Good Practices
CBD	Convention on Biological Diversity
CFA	<i>Conservation Finance Alliance</i>
CSF	<i>Conservation Strategy Fund</i>
CI	Conservation International (NGO)
CNBRPE,	by its Spanish acronym National Corporation of Forests and Private Reserves of Ecuador
COOTAD,	by its Spanish acronym Organic Code of the Territorial Organization, Autonomy and Decentralization
GDLA	General Directorate of Legal Affairs
DNB,	by its Spanish acronym National Biodiversity Directorate
PD	Provincial Directorates
FE	Final Evaluation (Terminal)
SOE	State-Owned Enterprise
SFS	Strategy for Financial Sustainability
FAP,	by its Spanish acronym Protected Areas Fund
FAN,	by its Spanish acronym National Environmental Fund
GAD,	by its Spanish acronym Decentralized Autonomous Governments
GEF	<i>Global Environment Facility</i>
GCF	<i>Green Climate Fund</i>
GOE	Government of Ecuador
GIZ	German Agency for International Cooperation
SNI	Sustainable Net Income
KFW,	by its German acronym German Development Bank
GEFSPPA	Guidelines for Elaboration of Financial Sustainability Plans of PA
MAE,	by its Spanish acronym Ministry of Environment of Ecuador
METT	Management Effectiveness Tracking Tool
MF	Ministry of Finance
CFM	Competitive Fund Mechanism
MICSE,	by its Spanish acronym Ministry of Coordination of Strategic Sectors
MINTUR	Ministry of Tourism
ITTO	International Tropical Timber Organization
NGO	Non-Governmental Organization
CCAP	Climate Change Adaptation Project
PANE,	by its Spanish acronym Patrimony of Natural Areas of the State

PASNAP,	by its Spanish acronym	SNAP's Support Program
PIR		Project Implementation Reports
NP		National Park
PNBV,	by its Spanish acronym	National Plan for Good Living
CCNP		Cayambe Coca National Park
SGNP		Sumaco Napo Galeras National Park
POA		Annual Operating Plan
SGP		Small Grants Programme (UNDP)
PGOA		Annual Operational Management Plan
UNDP		United Nations Development Programme
PRAS,	by its Spanish acronym	Environmental and Social Repair Program
PRODOC		Project Document
PES		Payment for Environmental Services
FSP		SNAP's Financial Sustainability Project
ER		Ecological Reserve
IER		Illinizas Ecological Reserve
REDD		Reducing Emissions from Deforestation and Forest Degradation
RETAN,	by its Spanish acronym	Regulation of Tourism Operations in Protected Areas
RIABM,	by its Spanish acronym	Ibero-American Model Forest Network
MTR		Midterm Review
CHFPR		Chimborazo Fauna Production Reserve
CSR		Corporate Social Responsibility
SENAGUA,	by its Spanish acronym	National Water Secretariat
SENECYT,	by its Spanish acronym	National Secretariat for Higher Education, Science and Technology
SENPLADES,	by its Spanish acronym	National Secretariat for Planning and Development
SIB,	by its Spanish acronym	Biodiversity Information System
SIGOB,	by its Spanish acronym	Information System for Democratic Governance
SNAP,	by its Spanish acronym	National System of Protected Areas
SRI,	by its Spanish acronym	Internal Revenue Service
SUIA,	by its Spanish acronym	Single Environmental Information System
TEEB		<i>The Economics of Ecosystems and Biodiversity</i>
FSS		UNDP's Financial Sustainability Scorecard
TSA		<i>Targeted Scenario Analysis</i>
TOR		Terms of Reference
IRR		Internal Rate of Return
TNC		<i>The Nature Conservancy (NGO)</i>
TULAS,	by its Spanish acronym	Unified Text of Secondary Environmental Legislation of the MAE
PEU		Project Execution Unit (FSP)
IUCN		International Union for Conservation of Nature
USAID		United States Agency for International Development
NPV		Net Present Value
WCS		<i>Wildlife Conservation Society (NGO)</i>

Executive Summary

The objective of the final evaluation (FE) of the Financial Sustainability Project (FSP) of the National System of Protected Areas of Ecuador (SNAP) was to assess the project's execution and performance, examining the potential impact and sustainability of the outcomes. This includes contributing to the development of capacity for effective management of protected areas and the achievement of global and country-specific environmental objectives. The evaluators framed the evaluation effort using the criteria of relevance, effectiveness, efficiency, sustainability and impact, as defined and explained in the UNDP Guide for final evaluations of GEF-funded projects.

The evaluation followed a participatory and consultative approach ensuring close engagement with government partners and other FSP strategic partners. In addition to reviewing a large number of FSP-related documents, the FE included a mission to Ecuador to conduct interviews with FSP strategic actors: UNDP, Ministry of Environment, National Corporation of Forests and Private Reserves of Ecuador (CNBRPE) and Conservation International (CI), and field visits to the Chimborazo FPR and La Tembladera Wetland. This mission took place between 13 and 20 October 2016.

This evaluation is expected to set up a significant opportunity to provide donors, government and project partners with an independent assessment of the relevance and achievement of the objectives and impact indicators to determine progress towards the outcomes.

Biodiversity in Ecuador is threatened by pressures related to mining, illegal hunting, poor agricultural practices, informal activities and, to a certain extent, tourism. To confront these pressures, Ecuador designated 20% of its territory with varying degrees of protection, with a total of 50 protected areas of the PANE. These areas correspond to 11 national parks, 6 biological reserves, 9 ecological reserves, one geo-botanical reserve, 10 wildlife refuges, 3 marine reserves and 6 national recreation areas. In addition, there are the private PA (PRIPA) and community PA (CPA) subsystems, both with very little development yet, and only a decentralized autonomous PA. The FSP worked with seven PAs of the PANE, one CPA and one PRIPA node.

The FSP began its implementation in April 2010 and its completion, which according to the PRODOC was scheduled for May 2015, was extended until December 2016 on the recommendation of the MTR. The project stipulated a duration of 5 years, but finally its duration was 6 years and 8 months.

The FSP sought to contribute to improving the financial sustainability of Ecuador's SNAP by addressing the four main obstacles to financial sustainability: **(i) Institutional laws, regulations, policies and responsibilities are not conducive to the long-term financial sustainability of the SNAP; ii) The institutions and individuals responsible for PA management do not have a strong capacity for financial and business planning, and results-based and cost-effective management for PAs; iii) Throughout the system, the contribution of the SNAP to the economic growth and the reduction of inequalities is limited; and iv) There are not enough experiences with practical mechanisms to diversify reserve revenues and reduce costs through partnerships between the state, local communities and private reserve owners.**

During the implementation of the FSP, it faced a series of institutional challenges, for example, the Government eliminated the entrance fees to the PAs of the PANE in 2012 and in April 2016 eliminated the National Environmental Fund (FAN), which implemented a specific fund (FAP) to cover part of the ordinary expenses of PAs of the PANE. On the other hand, the Yasuní-ITT initiative, which aimed to obtain international compensation for the non-extraction of oil, was abandoned in 2013 due to insufficient resources to compensate for the loss of income from oil extraction. In addition, the FSP faced excessive institutional changes during its long implementation period.

According to the PRODOC, the long-term objective of the project was to improve the sustainability of the National System of Protected Areas (SNAP) in order to provide development results through a healthy and sustainable environment and to guarantee the Rights of Nature. Therefore, the overall environmental objective of the project is to contribute to the protection of the globally important biodiversity of Ecuador by improving the sustainability of its system of protected areas.

The project development objective is to contribute to the financial sustainability of the SNAP by implementing a proven operational financial framework in practice for an expanded SNAP including the PANE, private, community and autonomous PAs.

The main players that are part of this project, according to the PRODOC, are the following: MAE, CNBRPE and FUNDAR (which withdrew from the project). The strategic partners of the FSP were: The Nature Conservancy (TNC), Conservation International (CI) and the National Environmental Fund (FAN).

In order to measure the progress towards achieving its results, the FSP established a series of indicators which are related to the UNDP's Financial Sustainability Scorecard (FSS); and, according to the PRODOC, the FSP strategy had to use three approaches: **a) diversify sources of income generation, b) improve the operational effectiveness and cost-effectiveness of PAs through a results-based budgeting system (RBB), and c) reduce the cost burden of the SNAP.**

The FSP was fully in line with the strategic objectives of the GEF and, to achieve an adequate execution, the FSP had a Steering Committee composed of the Ministry of

Finance, UNDP and MAE, a National Director linked to the Undersecretariat of Natural Heritage, a national coordinator, technical team and an advisory committee composed of UNDP, MAE, CNBRPE, TNC, CI and FAN. The project team, in coordination with key stakeholders, prepared the annual work schedule and gave the respective follow-up.

The PRODOC mentions that results-based management will establish a framework of interest for international cooperation and that **the project will ensure the coverage of the basic costs of the PAs of the 4 subsystems of the SNAP and will reduce the existing financial gap.** The PRODOC identifies as elements of high risk for sustainability the "uncertain institutional and political framework" and "low knowledge about the economic benefits of having a funded SNAP." On the other hand, the replication (catalytic effect) of FSP outcomes was based on models of cooperation and coordination with other projects and players.

The project had a total budget of \$16.46 million, of which the GEF provided a cash donation of \$6.4 million¹. As a counterpart, the MAE would be the largest contributor with sum of \$5 million in cash and \$670,000 in kind. Other contributors would be TNC (\$540,000 in cash and \$56,000 in kind), FAP (\$1.3 million in kind) and UNDP (\$180,000 in cash).

Findings

According to the analysis made to the project, either in its design, execution and achievement of results, the FSP score is shown in the following table. The assigned scores do not necessarily correspond to those achieved in the PIRs. These scores reflect the FE observations and findings that go beyond the FSS and PIR indicators.

Project Performance Score		
Criteria	Comments	

¹ See amendment to the project carried out in 2014: PROJECTS' SUBSTANTIVE DOCUMENT.

Monitoring and evaluation: 6: Highly satisfactory (HS), 5: Satisfactory (S), 4: Moderately satisfactory (MS), 3: Moderately unsatisfactory (MU), 2: Unsatisfactory (U), 1: Highly Unsatisfactory (HU)		
Overall quality of M&E	(qualify with a 6-point scale)	4 (MS)
M&E design at the beginning of the project	(qualify with a 6-point scale)	5 (S)
Execution of the M&E plan	(qualify with a 6-point scale)	3 (MU)
Execution of IA and EA: Very satisfactory (VS), Satisfactory (S), Somewhat satisfactory (SS), Somewhat unsatisfactory (SU), Unsatisfactory (U), Very Unsatisfactory (VU)		
Overall quality of project implementation and execution	(qualify with a 6-point scale)	4 (VS)
Execution of the implementing body	(qualify with a 6-point scale)	4 (VS)
Execution of the execution body	(qualify with a 6-point scale)	4 (VS)
Outcomes: Very satisfactory (VS), Satisfactory (S), Somewhat satisfactory (SS), Somewhat unsatisfactory (SU), Unsatisfactory (U), Very Unsatisfactory (VU)		
Overall quality of project outcomes	(qualify with a 6-point scale)	4 (VS)
Relevance: relevant (R) or not relevant (NR)	(qualify with a 2-point scale)	2 (R)
Effectiveness	(qualify with a 6-point scale)	4 (VS)
Efficiency	(qualify with a 6-point scale)	4 (VS)
Sustainability: 4: Likely (L), 3: Somewhat likely (SL), 2: Somewhat unlikely (SU), 1: Unlikely (U).		
Overall probability of risks for sustainability:	(qualify with a 4-point scale)	3 (SL)
Financial resources	(qualify with a 4-point scale)	3 (SL)
Socioeconomic	(qualify with a 4-point scale)	3 (SL)
Institutional framework and governance	(qualify with a 4-point scale)	3 (SP)
Environmental	(qualify with a 4-point scale)	4 (L)

The FE explored the design and formulation of the project, starting with the analysis of the logical framework. This analysis resulted in a number of findings, and the most important include:

- (i) The FSP is unclear with respect to its objectives, outputs and activities. This lack of clarity is the result of the fusion –in 2007– of 3 projects that had different objectives: i) FUNDAR (microcredit project) and SNAP support; ii) project to support the CNBRPE; and iii) SNAP financial sustainability project.
- (ii) The main success indicators of the FSP are referred to the UNDP's Financial Sustainability Scorecard (FSS), which is a basic tool (quantitative and qualitative) of rapid application that allows a preliminary diagnosis of the situation of PAs in several zones. These indicators were not enough to capture the details of the quality, applicability and impact of the FSP.
- (iii) Absence of indicators on the diversification of resources to finance specific PA operations nor at the SNAP level and their financial relevance vis-à-vis financial gaps.

- (iv) Weak risk analysis, where the capacity of execution of several key players is underestimated.
- (v) Limited participation of strategic partners such as private organizations as The Nature Conservancy (TNC) and Conservation International (CI), and other key players such as the Ministry of Finance (MF). There was a weakness in the issue of specific collaboration for the development of financial mechanisms, results-based budgeting and other key issues that go beyond tourism concessions.
- (vi) The FSP made progress in achieving its outcomes, but there were limitations. There was a lot of progress in the area of PA management (legal framework), very interesting outputs and successful projects funded by the Competitive Fund Mechanism (CFM).

Project execution

Adaptive management had a positive impact, especially at project outputs, and even in certain cases the CFM leverage additional resources for these projects. There were no changes in relation to the development and environmental objectives of the project during the implementation. The changes occurred after the MTR, which recommended adjustments to give a greater financial profile to the project; for example, greater emphasis on legal reform related to PA financing, development of financial management tools (business plans), conducting TSA economic valuation studies, and developing impact indicators for CFM projects. The FSP in general made the adjustments requested by the MTR.

The FSP followed the PRODOC guidelines for M&E, which always sought to align itself with political and institutional changes. Adaptive management was based on inputs given by: an Executive Committee (EC), an Advisory Committee (AC), the FSP Management Unit, the SPN, the DNB, the project coordination and a large team. UNDP regularly participated in the EC and in the AC. Although the Steering Committee (SC) consisted of the MAE, UNDP and MF, the latter (MF) had a very limited role and its impact is difficult to capture. There was little collaboration with organizations or networks specialized in the subject of financial sustainability. FSP monitoring was carried out in accordance with the protocol established by UNDP for this type of projects.

The evaluation team reviewed the use of the FSP's PIRs, which contain valuable information on the FSP advances, but because of their size and format were of limited utility. In the opinion of the evaluators, the PIRs were too biased toward compliance with the UNDP's Financial Sustainability Scorecard (FSS) indicators. Measuring the progress of a project as complex as the FSP always requires a deeper qualitative as well as a quantitative analysis. The FSP's PIRs also have weaknesses since in several areas they are built on the basis of previous PIR measurements.

With respect to financial execution, cash co-financing contributions, which were 24% below the commitment, could be appreciated, but in kind contributions far exceeded

the commitment by almost 1,000%, mainly due to the fact that the MAE made investments and operating cost support in PAs for approximately \$8.5 million during the project implementation period. MAE's main investment items were control and surveillance, productive projects, management and conservation in PA and infrastructure construction. Therefore, it can be stated that the total co-financing commitment was exceeded by almost \$860,000. It is important to mention that certain CFMs managed to increase co-financing. Such is the case of the project in La Tembladera Wetland.

Monitoring and evaluation: design at the beginning and implementation of the FSP, received a score of 4 (MS). This rating is based on the fact that the FSP did not develop a specific monitoring plan. The FSP's M&E protocol was based on UNDP/GEF institutional recommendations and as part of the monitoring and follow-up of the Program for the Conservation of the Natural and Cultural Heritage of the Yasuní Biosphere Reserve. Despite not having an M&E plan *per se*, the FSP, in coordination with UNDP, met the requirements for preparedness, progress and financial reporting in a timely manner.

Execution by UNDP and implementing partners was rated with a score of 4 (VS). This score was assigned on the basis that a project as complex as the FSP required more follow-up by UNDP. UNDP-Ecuador, for its part, manages a large portfolio of environmental projects. This outcomes in a formidable workload for the Environment and Energy Area and the technicians who support the environmental portfolio. These factors limited the capacity of UNDP to further monitor the FSP. However, UNDP has played an instrumental role in promoting solutions to conflicts and institutional changes that occurred during the implementation of the FSP. This is the case of collaboration with the CNBRPE and the constant repositioning of the FSP before the MAE. These same limitations affected the MAE and the Project Execution Unit (PEU) which managed to execute the project until its completion despite difficult times in 2012, where the FSP was almost closed.

Project Outcomes

Overall project outcomes received a score of 4 (VS).

Outcome 1. Institutional laws, standards and guidelines to improve the financial sustainability of the PANE; private and community subsystems of the SNAP are formally in operation with the technical support of the project

Following the UNDP's FSS indicators, the outcomes of this Component (Outcome 1) would have been met satisfactorily. But when the elements that support these outcomes are analyzed in more depth, the image is somewhat different. It is precisely this deeper analysis the only one that can generate lessons from the execution of the FSP, which in the future can help with the difficult task of the financial sustainability of the expanded SNAP. This observation, in the opinion of the evaluators, is valid for all components of the FSP.

At the end of the FSP, the SNAP is not yet institutionalized in the respective sectoral laws and regulations, which is one of the reasons why the allocation of resources to the SNAP is difficult. On the other hand, with the support of the project, substantial progress was made in the legal structure to establish procedures for the declaration and management of protected areas of the subsystems: autonomous decentralized, private and community of the SNAP.

It was observed that, at the time of the FE, the SNAP does not yet have clearly defined PA budgets and, particularly results-based budgets. Also, the CPAs, GAD's PAs and PRIPAs do not have a defined legal framework to develop their results-based budgeting (RBB) and complementary legislation to establish specific financial mechanisms that could complement their budgets.

The FSP put great emphasis on providing technical support for the TULAS dispatch, where several financial mechanisms are mentioned, which is a great step forward, despite the fact that these mechanisms are still not working. The TULAS mentions PA funding mechanisms, such as rates and fees described in Book IX. However, fees collected by the PA are still directed to the Treasury Single Account and from there it will be part of the General State Budget. Although the issue of how to prevent the resources generated by the PAs remain in the PAs was not a specific objective of the FSP, this is another central issue for financial sustainability and has not yet been resolved.

The FSP achieved two key tools to improve PA financial planning: a) Strategy for Financial Sustainability (SFS) of the SNAP, and b) Guide for the Elaboration of PA Business Plans (Guidelines for the Elaboration of Financial Sustainability Plans for PAs). While these tools help budget planning (not results-based), these tools have limitations with respect to the definition of financial goals and mechanisms that will support a partial and progressive reduction of financial gaps, and do not include clear elements of cost-effectiveness and cost reduction.

Although the SNAP's SFS includes an analysis of the State-Owned Enterprise (SOE) model, the creation of the SOE has been one of the FSP's fronts, but its approval has not been achieved and it is estimated that this will not be possible in the current financial/economic crisis that affects the already extensive Ecuadorian public administration.

On the other hand, the Corporate Social Responsibility (CSR) or "Punto Verde" Program is one of the most interesting outputs of the FSP, focused on the participation of the business sector at various levels, through investment. The mechanism for the transfer of financial flows proposed for the CSR was the FAN. Unfortunately it was closed in April 2016, leaving the CSR in a suspended state. It is estimated that this situation can be resolved, at least partially, once the new Fund replacing the FAN is put into operation in 2017. The CSR can be a great outcome of the FSP, so it is imperative to develop a specific exit strategy for this mechanism.

Finally, the FSP developed the SNAP Web Portal and the SNAP "APP" that is linked to the information on the web page. This output has made good progress, but in the future it should include more financial information.

Outcome 2. Strengthened capabilities for financial planning, management and monitoring by results, to improve long-term sustainable net income of the SNAP.

Outcome 2 advanced significantly; in the six years of the project's life, a large number of people and institutions were trained. Although the Strategic Plan (SP) of the SNAP "*per se*" was not presented as a consolidated and ongoing plan, based on several Ministerial Agreements, it was verified that the SNAP already includes the 4 subsystems and the achievements of Outcome 2 point to strengthen the SP-SNAP.

In terms of the development of management plans, the quantitative outcomes were very good: the goals were met or exceeded. As for the business plans, as the plans are relatively new, it was not possible to see if their effect has been positive on the communities in general, nor if they will have a significant impact on the reduction of costs for the management plan.

The FSP has made significant progress in the M&E issue through the SIB, but there is still much work to be done as already indicated in the topic of results-based planning and the mechanism for access to information, for example by communities and the private sector. The MAE is expected to assume the remaining part of this management system.

The FSP established the "Aula Verde" self-training program for the PAs staff, which in addition to giving an introduction on financial, administrative and planning issues, includes complete video tutorials of the SIB modules. Even in the FE, the training outcomes presented by the FSP were very encouraging. However, it was not possible to verify the level of training at the community level, that is, small enterprises of communities, not members of the CNBRPE. It was observed that the training helped, for example, for the formulation of the SFS at the level of individual PAs. It was not clear how the MAE will continue to update the contents of Aula Verde.

Outcome 3. The value of the SNAP is best recognized in communities in protected areas, public sector authorities and private, national public and international investors).

The FSP proceeded with the economic valuation studies and the communication of the outcomes with partial results. This Outcome was well designed, although the economic valuations and the communications were not executed and exploited in a more optimal way.

The Targeted Scenario Analysis (TSA) studies were recommended in the MTR as an appropriate methodology to mobilize political will through presenting the values of PAs ecosystem services as input to sector production. While the methodological steps for

the TSA were followed, each of these phases had significant gaps that could have been addressed through timely consultations with the technicians in the TSA of UNDP. Although the outcomes of the TSA studies have been partially fed into the FSP communications strategy, the great potential of these studies was not used.

The FSP also carried out the communication campaign based on the economic and social value "Water Resources: Energy Source for Ecuador," in which stands out PAs such as the Cotacachi-Cayapas Reserve. This campaign is aimed at a general public and not necessarily at specific politicians or executives who make decisions to invest in conservation and good natural resource management. In any case, this campaign has helped position the SNAP as a valid option for public and private investment.

Finally, the negotiation capacities has increased in the MAE. It has been possible to sign at least 6 agreements related to tourism that support the generation of own resources.

Outcome 4. Replicable profitable management models to obtain proven sustainable net incomes in the field or across the community and partnership approaches in the sector.

The development of replicable profitable models is a somewhat controversial issue in the FSP. There are good outcomes and others less satisfactory. The PRODOC established a Competitive Fund Mechanism (CFM) worth approximately \$1.2 million, which financed 19 community development projects, including one from the CNBRPE, which is the highest amount. These projects benefited 10 PAs and their buffer zones.

Apart from the project with the CNBRPE, the FE confirmed that most of the pilot projects of the PANE and, like the ones of the CPAs, have no profile of financial mechanisms to generate income, since, according to the FSP, these were not designed for that purpose. However, in some cases these projects can optimize costs in the medium and long term, if properly executed.

The lack of a defined and properly programmed exit plan for the CFM was observed. There are no funds, nor an agreement with any institution for the continuity and extension of the CFM program. However, it is hoped that the CSR mechanism could be a financial support in the future.

A sampling of several CFMs was carried out: i) Concession of the shelter in the Chimborazo FPR; ii) Project of use of the vicuna in the Chimborazo FPR; iii) Sustainable community tourism in La Tembladera Wetland; iv) the visit of the delegation of Francisco de Orellana to Quito was made, to discuss the project of women working in the typical gastronomy, without the use of bushmeat; and v) an organization of waste pickers. In general these projects are successful, for example:

- a) One of the successful and replicable experiences is the concession in the Chimborazo FPR, where the concession of the high mountain shelter to an

experienced company reported a good level of business, reason why this experience is considered replicable in parks with similar conditions.

- b) The vicunas project at the same Chimborazo FPR is a successful community development project that can avoid costs of managing the PA in the future, as it is eliminating the use of livestock that causes damage to the ecosystem (bovine). However, both the PA staff and the beneficiaries showed little knowledge of the relationship between the activities of this intervention and the possible reduction of costs of the Reserve.
- c) The pilot project in La Tembladera Wetland is another successful case that should be analyzed in more detail and replicated in other similar sites. It consisted in financing the research to reproduce and commercialize a type of fish (blue vieja) that is practically extinct in the wetland, obtaining until now to repopulate the lagoon with some specimens.
- d) The project with the association of recyclers of the city of Francisco de Orellana in the Yasuní NP is an expanding and successful project. This partnership was already in place before the FSP, but with the support of the CFM, the business expanded and its transportation and recycling capacity increased; but they are not clear about the cost savings they cause to the Park management.

In addition to the above indicated CFM projects, the project was analyzed with the CNBRPE, which received approximately the equivalent of three CFM funds (\$146,114) for the operation of an information, collection and commercialization center of outputs (CICOP, by its Spanish acronym). The evaluation team reviewed the document "CICOP Investment Project" to make a quick analysis of its financial viability and concluded that the document requires revision. The work with the CNBRPE was tough since it is a difficult organization. UNDP leadership was instrumental in reaching final agreements on the delivery of CICOP physical works and arrange to agree on the final steps for its operation.

Lessons learned from various projects were incorporated into the CFM execution, and the "Socio-Bosque" Program was worked closely. Unfortunately, at the time of the FE, the SB Program is in a critical situation of defunding, exacerbated by the closure of the FAN in April 2016.

Outcomes measured through UNDP's FSS indicators

The following table shows the FSS scores before and after the FSP. It shows a great breakthrough. The FE took these scores into account and compared them with the FE findings. For this reason the scores assigned by the FE are lower.

Components of the UNDP Financial Scoreboard	Maximum score obtainable	Score at the beginning of the FSP as % of the maximum possible score			Score at the end of the FSP as % of the maximum possible score			Diff (final-initial)/initial		
		PANE	PRIPA*	CPA**	PANE	PRIPA*	CPA**	PANE	PRIPA*	CPA**
Component 1: Legal, institutional, regulatory framework	88	45%	17%	14%	63%	73%	74%	39%	56%	60%
Component 2: Business planning and tools for effective cost management	61	33%	30%	10%	62%	60%	74%	89%	30%	64%
Component 3: PA tools for income generation	72	39%	14%	9%	56%	63%	75%	44%	49%	66%
Total	221	40%	20%	11%	61%	65%	74%	53%	45%	63%

* Average pilot areas

** Pilot area

The FE also analyzed the 23 indicators used by the FSP to measure their outcomes; and estimated compliance according to the FSS and the opinion of the evaluators based on the FE findings.

In terms of "Relevance," the FSP is considered completely relevant. The project is fully in line with the GEF strategic objectives.

Regarding the Effectiveness and Efficiency of the FSP, the evaluators assigned a score of **4 (VS)**. This score was given on the basis that the FSP managed to strengthen the administrative management and institutional structure of the SNAP, which is highly important and is one of the basis (but not the only) for achieving that the SNAP in the future be more financially sustainable. Effectiveness may be questionable, for example, in terms of SNAP advances in outcomes based on management, scope and utility of the PIRs, and the relevance of certain outputs developed by the FSP.

Due to the nature of the project and its possible impact in the medium and long term, the FE cannot confirm with certainty that the resources used by the FSP (funds, experience and time) were used in the best possible way. Likewise, it is not possible to affirm with certainty that the level of outcomes achieved by the FSP are of the best quality and obtained at the lowest possible cost.

The appropriation by the Government of Ecuador (GOE) is a central issue and it is closely related to sustainability. The GOE, and especially the MAE, has played an important role in the implementation of the FSP. The MAE's experience in resource mobilization is more focused on international cooperation than on optimizing budgets and developing complementary public and private financial mechanisms. Achieving appropriation of the MAE in terms of financial sustainability still requires much work.

On the issue of incorporation of outcomes, it is fair to indicate that the MAE has incorporated in its policies and regulations much needed provisions to improve the effectiveness of the management and institutionality of the SNAP. Unfortunately, what can be achieved in terms of effective management without adequate financial resources and cost-effectiveness measures is limited.

The score assigned to the sustainability theme is 3 (SL). It was determined that the highest risks to sustainability are financial. At the moment there is no high performance financial mechanism or output of the operating FSP generating significant new resources for the SNAP; that is, a mechanism that goes beyond the resources saved through concessions and other mechanisms related to visits and use of PANE's PAs. There are also political risks. The government's predisposition to approve the legislation related to the SNAP funding is low.

Finally, in terms of impact, there are clearly significant improvements to the legal and regulatory framework to improve the administration and management of the SNAP; and it can be said that the FSP achieved verifiable and attributable basic improvements to the FSP (such as concessions) in the state of the SNAP funding and cost savings through its CFM. However, there is still much to do with institutionalization and governance in the financial area. In general, and in the opinion of the evaluators, the FSP has had a positive impact, but this impact has been attenuated by the project's own design, the changing policies of the MAE, the country's economy and the lack of participation of strategic partners, such as TNC and CI. On the other hand, the FSP was instrumental in enabling UNDP to strategically address the constant change in government policy.

Summary of the most important Conclusions and Recommendations:

Most important conclusions

1. The project did not have well delimited its final objectives and actions, because it is the outcome of the fusion of projects whose objectives were not aligned optimally. This resulted in a combination of objectives and very general outputs and overlap of outputs. This combination of projects also reduced the expectations of the project partners and limited the outcomes for each of the levels of the SNAP subsystems. The fusion of projects added complexity and extension to the FE. It should be noted that the evaluation team faced a major technical and time challenge in the face of the option to use only the indicators determined in the FSS or choose to verify if additional indicators were developed to execute the FSP and to compare the outcomes of the FSS and other indicators with the observations and findings of the FE of the FSP.
2. The current financial situation of the SNAP, even after the FSP, shows the need to continue working to more accurately identify actual maintenance costs and improve the current financial management of the PA, and to diversify funding sources.
3. The effective progress of the FSP consists on strengthening the administrative management and institutional structure of the SNAP.
4. There is much to be done to improve the diversification of income generation mechanisms and to address the issue of "cost reduction" and "avoided costs" more precisely, and the refinement of the financial planning tools left by the FSP.

5. There is still a long way to go in the area of performance and cost-effectiveness indicators to improve the quality of direct and indirect biodiversity costs.
6. The FSP has been positive in implementing certain community development projects, but actions must be taken to develop a cost-reduction measurement mechanism.
7. The indicators of the FSS, which is only a basic general tool (quantitative and less qualitative) that provides a preliminary diagnosis of the situation of PAs, are not enough. The FSS indicators are the main axis of the PIRs, which due to their density were not very useful for the FE. The FSP needed indicators that were closer to the SMART model.
8. It is very important that a project as complex as the FSP leaves a "Departure Plan" duly formulated (with due anticipation) and validated. That is, a plan prepared and agreed with its strategic partners and new partners that are linked to the financial mechanisms or cost-saving mechanisms generated through the project.

Main recommendations (Section 4 includes an expanded list of recommendations)

- Merging several projects with different (but not exclusive) objectives into one project is not recommended.
- Due to the complexity of the project and its thematic (financial sustainability), it is critical that a project of this type has a specialized advisory committee that goes beyond the same actors or beneficiaries of the project, which are mostly in a learning process.
- More rigorously apply the SMART model when performance indicators are developed.
- Strengthen the selection process of the coordinator for this type of projects. It requires specialized executive staff, with high technical profile and backed by previous specific and verifiable experience. Leadership in this regard is a critical element not only to obtain quality outputs and outcomes that lead to lasting impacts, but also must be a resource or source of consultation and ongoing technical advice for strategic partners and other key players.
- Establish a group of external experts (volunteers) to peer review output quality and viability.
- In coordination with BIOFIN, develop a follow-up plan to the key outputs of the FSP. For this, all the elements indicated in the Recommendations Section must be taken into account.
- For future undertakings like the CFMs, it is advisable to fine-tune "break-even" analyzes to get closer to achieving sustainable net income at the community level.
- Regarding the work with CNBRPE, it is recommended to analyze a new concession model for a private company (an operator of national and international social and business events), which has the capacity to use the CICOP for multipurpose events and already has an established clientele.

Finally, in addition to what has already been indicated in the conclusions and recommendations, since the theme of the project "financial sustainability" is a cross-cutting matter, a project of this nature should not be centralized within a single agency (MAE). It is necessary to reinforce the cross-cutting nature of the environment between the government institutions and leave spaces of participation to institutions that have shared attributions, such as MINTUR, MAGAP, FINANZAS and SENPLADES.

1. Introduction

Ecuador is ranked fifth in the megadiverse countries (17 in total), since despite its small size, it has the highest biodiversity density (9.2 species on average per km²) of the South American continent. Approximately 20% of the territory of Ecuador has different degrees of protection, with a total of 50 protected areas of the Patrimony of Natural Areas of the State (PANE), as well as private protected area subsystems (PRIPA), community protected areas (CPA) and a decentralized autonomous protected area (DPA). These three subsystems of protected areas (PAs) are underdeveloped. As in other countries, biodiversity is being pressured by economic activities such as mining, hunting, agriculture, informal activities and, to a certain extent, tourism.

The long-term objective of the Financial Sustainability Project (FSP) was to improve the sustainability of the National System of Protected Areas (SNAP) in order to provide development outcomes through a healthy and sustainable environment and to guarantee the Rights of Nature. The immediate objective of the project was to implement an institutional operational framework, funded and field tested for an expanded SNAP.

1.1 Purpose of the evaluation

The final evaluation (FE) will assess the project's execution and performance, examining the potential impact and sustainability of the outcomes. This includes contributing to the development of capacity for effective management of protected areas and the achievement of global and country-specific environmental objectives.

This evaluation is expected to set up a significant opportunity to provide donors, government and project partners with an independent assessment of the relevance and achievement of the objectives and impact indicators to determine progress towards the outcomes.

The final evaluation of the project should cover design aspects (indicators, consultations to stakeholders, etc.), execution (financial and of activities, co-financing), integration with other development activities (government priorities, UNDP country program), sustainability and progress towards the desired impacts of the project. The indicators proposed for the project were compared with the outcomes and findings of the FE.

In this way, the final evaluation is expected to draw lessons learned and deliver recommendations that will improve the sustainability of the project's outcomes and also support the improvement of the overall programming of UNDP and the GEF. It is also expected that the national implementing agency and the other strategic partners of the project will be able to take advantage of this evaluation exercise to improve and

correct aspects for the execution and design of future projects, as well as to take advantage of these lessons learned.

Finally, it is desired that the evaluation minimally covers the criteria of relevance, effectiveness, efficiency, sustainability and impact, using the table of qualifications established in the evaluation methodology of the UNDP/GEF projects.

1.2 Scope and methodology

According to the evaluation methodology of the UNDP/GEF projects and the Terms of Reference (TOR) for this evaluation, the outcomes of the project were reviewed jointly with the stakeholders: Ministry of Environment of Ecuador (MAE), National Corporation of Forests and Private Reserves of Ecuador (CNBRPE), Conservation International (CI) and RAMSAR Communities of La Tembladera Wetland.

The evaluation of the project was led by two senior experts: one expert in biodiversity finance (Team leader) and one in GEF project design and evaluation (Senior evaluation expert). The evaluators were in charge of the preparation of the initial draft and the final report. According to the TOR, the Financial Expert (Team leader) was responsible for analyzing the measurement and monitoring of the PA financial gaps, including the capacity for financial planning and analysis of the capacity to monitor and apply income-generating mechanisms to meet financing needs within the PAs. The senior Expert evaluated the extent to which the project is achieving impacts or progress towards attaining the stated objectives.

The Financial Expert worked closely with the senior Expert to share the technical inputs for the analysis and for the conclusions and recommendations included in this final report of the project evaluation. The main findings analyze whether the project has demonstrated:

- a) benefits and costs of including a private protected area subsystem (PRIPA) and a community protected area (CPA) subsystem to the SNAP,
- b) the cost of retaining APPRIs; y
- c) if this cost is managed cost-effectively.

The main conclusions are focused on determining whether the project demonstrated:

- a) baseline information on financial assets,
- b) verifiable reductions in the financial gap,
- c) demonstrated progress towards these impact achievements.

In addition, evaluators addressed issues related to the project's evaluation, management, governance and finance methodology. The evaluation examined the following aspects of the project:

- i. Relevance
- ii. Efficiency
- iii. Effectiveness
- iv. Sustainability of outcomes
- v. Achievement of expected impacts of the project
- vi. Contribution to expected effects

The criteria and scores used for the evaluation are included in Table 1:

Table 1: Criteria for the final evaluation (FE)		
<p><i>Scores of outcomes, effectiveness, efficiency, monitoring and evaluation (M&E) and implementation of Administration and Execution (AaE)</i></p> <p>6: Highly Satisfactory (HS): the project did not present deficiencies in the achievement of its objectives in terms of relevance, effectiveness or efficiency.</p> <p>5: Satisfactory (S): There were only minor deficiencies.</p> <p>4: Moderately Satisfactory (MS): There were minor deficiencies.</p> <p>3. Moderately Unsatisfactory (MU): The project presented significant deficiencies.</p> <p>2. Unsatisfactory (U): There were major deficiencies in achieving project objectives in terms of relevance, effectiveness or efficiency.</p> <p>1. Highly Unsatisfactory (HU): the project presented serious deficiencies.</p>	<p>Sustainability scores:</p> <p>4. Likely (L): Insignificant risks to sustainability.</p> <p>3. Somewhat likely (SL): Moderate risks.</p> <p>2. Somewhat unlikely (SU): Significant risks.</p> <p>1. Unlikely (U): Serious risks.</p>	<p>Relevant scores:</p> <p>2. Relevant (R)</p> <p>1. Not relevant (NR)</p> <p>Impact scores:</p> <p>3. Significant (S)</p> <p>2. Minimum (M)</p> <p>1. Insignificant (I)</p>
<p>Additional scores where applicable: Not applicable (N/A) Not assessable (N/AS)</p>		

This evaluation follows the methodology developed by UNDP (updated in 2012). This method allows for the final evaluations of projects financed by the GEF and executed by UNDP. The evaluators framed the evaluation effort using the criteria of relevance, effectiveness, efficiency, sustainability and impact, as defined and explained in the UNDP Guide for final evaluations of GEF-funded projects. For the purposes of the evaluation, a set of questions was written that cover each of these criteria and are included in the TOR. The questions and criteria are shown in Annex 6.

The evaluation provides information based on credible, reliable, useful evidence and expert judgment of the evaluators. The evaluation followed a participatory and

consultative approach ensuring close engagement with government partners and other FSP strategic partners, in particular the operational focal point of the GEF, UNDP country office, project team and other stakeholders.

The evaluators have used the formats and agenda prepared for the evaluation mission, and the pilot areas selected from three subsystems of the SNAP were covered: Natural Patrimony of the State (PANE), Private Conservation PA (PRIPA) and Community PA (CPA). Decentralized PAs (DPAs) were not considered in the sample because the project did not implement activities in this type of PA.

Numerous interviews were conducted with members of the institutions involved in the Project. A list of interviewees is included in Annex 3.

The collection and validation of information was done through:

- Review of the agenda for the evaluation mission in Ecuador.
- Review of all relevant sources of information, such as the project document, project reports including annual project execution reports, budget reviews, Midterm Review (MTR), progress reports and monitoring tools of the GEF focal area. In addition, documents were also reviewed on the National Biodiversity Strategy, National Strategy for Financial Sustainability, legal documents and determination of the financing gap, among the most important. The list of documents reviewed is included in Annex 5.
- Interviews with different FSP actors: strategic partners and beneficiaries. For this, semi-structured interviews were used, covering a very wide range of technical questions related to the selection, feasibility, design and execution of financial mechanisms, and how cost saving mechanisms were incorporated into the SNAP's strategy for financial sustainability. During the interviews, both the strategic partners and the beneficiaries of the FSP were given ample opportunity to freely express their experience about the project and its different components, the lessons learned about the nature of the type of management used by the FSP to execute the different components of the project, make the necessary adjustments according to the scenarios encountered, the participation of the key partners and the provision of technical advice that the different components required, among the most relevant topics.
- Conferences (Skype) with strategic partners after the face-to-face interviews to investigate in depth and verify key findings that were repeated at the level of strategic partners and beneficiaries.
- Interviews with strategic partners included in the project document and other strategic partners that were not available at the time of the project design, such as the BIOFIN-UNDP Initiative and the National Water Secretariat (SENAGUA).
- Field visits, not only to carry out group and individual interviews with beneficiaries, but also to verify physical works whose construction was supported by the project. The evaluators asked the FSP team for additional field visits to validate information. Thus, in addition to visiting the Reserve of Chimborazo Fauna and Flora Production Reserve (CHFFPR) and La Tembladera Wetland (TW), visited

the Cotopaxi National Park (CNP)² and the Information Center "Entre Bosques" of the CNBRPE.

- Group and individual interviews with the FSP team at the beginning of the evaluation and after the field visits.
- Collection of inputs from the redesign process of the National Environmental Fund (FAN), which was carried out at the same time as the final evaluation of the FSP; that is, several inputs from the interviews with members of the FAN Liquidating Commission and executives of the KFW, CI, IUCN and the UN REDD+ team were taken into account. These additional inputs are related to the effectiveness and efficiency of the Protected Areas Fund (FAP) and its strategic role (past and future potential) in the implementation of the SNAP's financial strategy.
- In order to evidence and verify the information collected, the evaluation team worked to correlate the information provided by strategic partners and beneficiaries with the findings that resulted from the review of documents and the technical analysis of outputs and outcomes of the FSP; in addition, an additional view was made to verify the state of the physical works of the CNBRPE that were financed by the FSP.
- Interviews with the UNDP staff responsible for the FSP execution at the end of the evaluation mission.
- Finally, comments and inputs from the revision of the draft report of the final evaluation of the FSP have been incorporated, including a matrix of systematization of comments.

1.3 Structure of the evaluation report

The present report follows the structure recommended in the TOR that are included in Annex 1. This structure consists of 5 main interrelated sections:

1. Introduction
2. Project description and development context
3. Findings
4. Conclusions and recommendations
5. Annexes

Each of these sections and their respective subsections are developed below.

2. Project description and development context

² The Cotopaxi NP was not one of the pilots of the project. Nevertheless, communities that work in the concessions of the visitor center and tourist guides of the CNP were interviewed. This was valuable in observing how the FSP business management models are applied in other PAs.

This section briefly describes the FSP and the context in which it was designed before 2010 in accordance with the PRODOC and also includes the main changes in the legal and institutional context that occurred during the implementation of the project.

2.1 The FSP, its initial context, beginning and duration

Ecuador is a megadiverse country that is home to 2 of the 34 biodiversity hot spots on the planet, also showing a high level of endemism. Biodiversity in Ecuador is threatened by pressures related to mining, illegal hunting, poor agricultural practices, informal activities and, to a certain extent, tourism.

To cope with these pressures, 20% of Ecuador's territory has some degree of protection, with a total of 50 protected areas of the PANE. These areas correspond to 11 national parks, 6 biological reserves, 9 ecological reserves, 1 geo-botanical reserve, 10 wildlife refuges, 3 marine reserves and 6 national recreation areas. In addition, there are subsystems of private PAs and community PAs, both with very little development yet, and only a decentralized autonomous PA. The FSP worked with the following pilot PAs:

PANE:

1. Cayambe-Coca National Park
2. Chimborazo Fauna Production Reserve
3. Cuyabeno Fauna Production Reserve
4. Galera-San Francisco Marine Reserve
5. Los Ilinizas Ecological Reserve
6. Yasuní National Park
7. Mache-Chindul Ecological Reserve

CPA:

8. La Tembladera Wetland

PRIPA:

9. Northwest Node of Pichincha of the CNBRPE.

These pilot PAs were selected based on technical analysis to ensure that the FSP benefits can be doubled in the medium and long term. It should be noted that at the beginning of the FSP, the PAs of the PANE had a scheme of payment of entrance fees.

With regard to institutionality, it should be mentioned that during the process of preparing the project (2009-2010), the new Constitution of the Republic (2008) was already approved, which recognizes the rights of nature and the subsystems of PAs. Thus, the new Constitution, together with the Policies and Strategic Plan of the National System of Protected Natural Areas (SNAP) 2007-2016, facilitated the development of the "protected area subsystems" model, integrated by private protected areas (PRIPA), Community Protected Areas (CPA) and Decentralized Protected Areas (DPA). This expansion of the SNAP is also considered by the National Plan for Good Living and is part of its specific goals.

Beyond the institutional changes existing inside and outside the MAE, other important legal aspects that add complexity to the management of the SNAP are presented, which are described in the following paragraphs.

The entity in charge of administration, control, monitoring and design of public policies for PAs is the MAE, but there is also an overlap of attributions with the Ministry of Tourism (MINTUR), since the latter is in charge of policies and administration of tourist infrastructure within the PAs of the PANE. In fact, the **Tourism Law** (97/2002 Law) establishes that the MINTUR and the MAE must coordinate and regulate tourist activities in protected natural areas (art. 20). These activities include the fixing and charging of entrance fees and restrictions to tourists in these areas. In addition, art. 21 establishes the Tourist Protected Areas, whose declaration is the exclusive competence of the President of the Republic.

The **Regulation of the Tourism Law**(Executive Decree 1186, modified in 2008), in its art. 64 indicates that for tourism activities in the PANE areas, the MAE "may" require a technical report from the MINTUR, which will only have a referential value, and mentions that the coordination mechanisms are found in the Special Regulations for Tourism in Natural Areas Protected. It also establishes that the entrance fees to PAs will be determined by the MAE, while the MINTUR will be consulted by the tourism component in the Management Plans (art. 66).

With regard to the **Special Tourism Regulation in PAs of the PANE** (Decree 827/2016), specific competences are established for the MAE and the MINTUR (art. 5), where the MAE must control, program, authorize and supervise tourist uses of the natural and cultural resources of the PAs of the PANE, while the MINTUR will promote, regulate and control the tourist operations within its competences and establish in a private way the minimum requirements to carry out tourist activities and the quality levels of these tourist services. In particular, it shall define and regulate the activities, services and modalities of tourist operation (art. 6).

The special regulation establishes shared powers between the MAE and the MINTUR, regarding the planning of tourist services and activities within the PAs of the PANE, establishment of indicators for a statistical base, control and monitoring of tourist operation activities, among others (art. 7).

There are other categories of protection, such as protective forests, contemplated in art. 5 of the Forestry Law (Law 2004-017), where it is mentioned as one of the objectives of this type of forest, soil conservation and wildlife. It is estimated that these forests cover approximately 2.2 million ha³.

As indicated in the MTR, the FSP began its implementation in April 2010 and its completion, which according to the PRODOC was scheduled for May 2015, was

³ PRODOC, page. 8

extended until December 2016 on the recommendation of the MTR. The project stipulated a duration of 5 years, but finally its duration was 6 years and 8 months.

2.2. Main changes to the context of the FSP implementation

During the execution of the project, the government eliminated the entrance fees to the PAs of the PANE (agreement 006 of January 17, 2012), but as compensation, allocated \$21 million for the administration of these areas that same year. In any case, the FSP prepared an internal report to determine the income values in a differentiated way.

The new agreement 867 of the year 2015 allows the collection of tourist operation fees and permits.

By Executive Decree 998 of April 2016, the government eliminated the National Environmental Fund (FAN), a private non-profit entity, which implemented a specific fund (FAP) to cover part of the ordinary expenses of PAs of the PANE.

The Yasuní-ITT initiative, which aimed to obtain international compensation for the non-extraction of oil, was abandoned in 2013 due to insufficient resources to compensate for the loss due to the non-extraction of oil. Although not directly related to the project, it was a potential source of funding to adequately manage PAs in Ecuador.

During the execution of the project (2010-2016) there were 4 environment ministers, 5 deputy ministers and a large rotation of departmental advisors and directors, who interacted directly with the FSP. Likewise, changes were made in other key institutions for the project, such as the Ministry of Tourism.

As will be appreciated throughout this report, project management faced strong institutional changes, in addition to the complex drafting of regulations for the new expanded SNAP system and adjustments in the internal procedures of management of the public system promoted by the government.

2.3 Problems that the project sought to address

The FSP expect to contribute to improving the financial sustainability of Ecuador's SNAP by addressing the four main obstacles to financial sustainability: **i) institutional laws, regulations, policies and responsibilities are not conducive to the long-term financial sustainability of the SNAP; ii) institutions and individuals responsible for the protected areas management do not have a strong capacity for financial and business planning, and results-based and cost-effective management for PAs; iii) throughout the system, the contribution of the SNAP to the economic growth and the reduction of inequalities, so the support of decision-makers and the general public is still weak; and iv) there are not enough experiences with practical mechanisms to diversify reserve revenues and contain costs through partnerships between the state, local communities and private reserve owners.**

The main impediments to efficient and sustainable PAs management were the existence of a financial gap that needed to be defined and updated; a resource allocation for PAs that had no basis in management costs or conservation objectives, but was based only on the size of the PA; and limited financial management (administration) capacity at the SNAP level, including the absence of an information system for financial management that supports decision making.

When creating the new private, community and decentralized subsystems of the SNAP, these have the same or greater limitations than those existing in the PAs of the PANE. This generated a major challenge in terms of lack of policy to support the mobilization of resources for an expanded SNAP and the need to expand the coverage of SNAP's strategy for financial sustainability.

Prior to the FSP, concession-based income models did not exist. The self-managed income of the PANE's PAs was mainly based on the collection of entrance fees to the PAs, and there was no business model that took advantage of the tourist potential and/or other ecosystem services offered by the PAs.

On the other hand, the self-generated resources in the PAs were not used in investments in the PAs themselves, but returned to a single fiscal account and to another district account. At the same time, management and decision-making from the national level to the 24 provinces was decentralized, simultaneously generating a new budget allocation mechanism through the Provincial Directorates of the MAE. In this way, the PAs of the PANE do not manage their budgets.

Another of the situations that had to be resolved was the poor preparation of the PAs managers in the financial management of the PAs, being limited to a management of budget execution instead of a management by definition of management costs.

As reported in the MTR, a substantive increase was defined for forest rangers dedicated to the PAs of the PANE, but the occasional service contract figures of state personnel that have a maximum of 2 years in that category are used, with no option to renewal. This affects the incorporation and strengthening of forest rangers in a sustainable manner.

The lack of technical personnel is a barrier to the implementation of management programs; for example, there are no technicians in tourism management in PAs that have the focus to implement actions that allow the ordering and management of tourism at the case level, especially for the most visited PAs. ^[1]_{SEP}

The total budget available for PAs increased from \$4.6 million in 2008 to \$21 million in 2012, and is still kept. On the one hand, this increase is highly positive; on the other hand, significantly increases the risk of defunding, since more than 90% of the funds come from the central budget of the state, and may be subject to cuts at any time during this administration or the subsequent ones. Therefore, resources from the national

budget are subject to the level of knowledge and awareness of decision makers on the utility of PAs for national development. According to the Project Document (PRODOC), this awareness was not enough and it was necessary to raise awareness among the actors of the system to improve their perception of the services provided by a PA.

Finally, other sources of SNAP funding come from international cooperation, and self-generated resources are of a smaller amount.

2.4 Immediate and development project objectives⁴

According to the PRODOC, the long-term objective of the project was to improve the sustainability of the SNAP, in order to provide development outcomes through a healthy and sustainable environment and to guarantee the Rights of Nature.

Therefore, the overall environmental objective of the project is to contribute to the protection of the globally important biodiversity of Ecuador by improving the sustainability of its system of protected areas.

The project development objective is to contribute to the financial sustainability of the SNAP by implementing a proven operational financial framework in practice for an expanded SNAP including the PANE, private, community and autonomous PAs.

2.5 Main stakeholders

The main players that are part of this project, according to the PRODOC, are the following:

- ✓ The Ministry of Environment, which would be the executing agency;
- ✓ The National Corporation of Forests and Private Reserves of Ecuador (CNBRPE), which would act as co-executing entity representing the PRIPA;
- ✓ The Foundation for Rural Agricultural Development (FUNDAR), which is an NGO dedicated to the delivery of microcredits, would be the other co-executor, but withdrew from the project⁵.

The project management arrangements establish that the National Biodiversity Directorate (DNBD, by its Spanish acronym) of the MAE, under the Undersecretariat of Natural Heritage (SPN, by its Spanish acronym), will be responsible for the execution of the activities, while the departments of planning, administration and finance of the

⁴ PRODOC, see page 34.

⁵ ASOGROTEM, a community organization located in La Tembladera Wetland, replaced FUNDAR, but its participation is as a beneficiary entity of the FSP and not as co-executor of the it.

Ministry would participate in the technical committees and in the activities related to the outcomes.

The strategic partners of the FSP were:

- The Nature Conservancy (TNC)
- Conservation International (CI)
- National Environmental Fund (FAN)

2.6 Established benchmarks

The project establishes 23 indicators, which are shown in Table 1. As can be seen, indicators related to the UNDP's Financial Sustainability Scorecard (FSS)⁶ are 5 and affect the objective of the project and Outcomes 1, 2 and 4.

Table 1: Summary of the expected outcomes of the project and its main indicators.

Objective/Outcome		Indicator
Objective: Establishment of a field proven financial and operational framework for an expanded SNAP	1	Increased SNAP financial capacity as measured by the total score of components 1, 2 and 3 of Section II of the Financial Sustainability Scorecard.
	2	Increase in the financial capacity of two sub-networks of the Ecuador's Private Forest Network as measured by the Total Average Score of components 1, 2 and 3 of Section II of a modified UNDP Financial Board.
	3	Reducing the SNAP financial gap to meet basic management standards.
	4	Existence of specific funds for conservation of biodiversity in a community PA, replicable to other community PAs.
	5	Increase management effectiveness of PAs that make up the SNAP as measured by an agreed tool.
	6	Increase management effectiveness of the Pilot PAs according to the METT.
	7	Number of private, community and public PA hectares in key ecosystems that have been incorporated into the SNAP based on an expanded and formally adopted selection matrix.
Outcome 1: laws and regulations for the expanded SNAP in	8	Strengthened Governance Frameworks for sustainable PA funding, as measured by the highest scores on the 9 elements of Component 1 of the UNDP's Financial Sustainability Scorecard.
	9	Elaboration of Law for the SNAP and support regulations.

⁶ UNDP has developed the PA's Financial Sustainability Scorecard (FSS) (in 2010) to help project teams and governments monitor their progress to make PA systems more financially sustainable. The FSS records significant aspects of the PA financing system, its accounts and underlying structural fundamentals, to show the current health status and indicate if the system is moving in the long run towards a better financial situation. The FSS is designed for national PA systems, but could be used by subnational systems: state, regional or municipal. While the FSS recognizes the importance of cost-effective management in PA funding, it does not provide specific guidance on the use of funds or the quality of expenditure. The FSS has three sections: **Part I** - General financial situation of the protected area system. This includes basic information on protected areas and a financial analysis of the national PA system; **Part II** - Evaluation of the elements of the financing system; and **Part III** - Score.

Objective/Outcome		Indicator
formal operation with project support	10	The competency profiles of staff and institutional procedures in the SNAP/MAE are customized for new financial frameworks at the levels i) Central Steering (MAE); ii) of Supervision at regional directorates; iii) forest ranger level
	11	Institutional basis of the pilots to finance networks and subsystems of private reserves.
Outcome 2: Strengthened capabilities for financial planning, management and results-based monitoring by PAs of the expanded SNAP, with the aim of improving sustainable incomes	12	Strengthened capacities for business planning and other tools for the profitable management of two subgroups of the CNBRPE and Abras de Mantequilla as measured by the 5 Elements of Component 2 of a UNDP's Adapted Management Board.
	13	Strengthened capacities for business planning and other tools for the profitable management of two subgroups of the RBPE (by its Spanish acronym) and Abras de Mantequilla as measured by the 5 Elements of Component 2 of a UNDP's Adapted Management Board.
	14	% of Protected Areas with Management Plans and Updated Business Plans (PANE, RBPE).
	15	% of the SNAP technical-administrative staff (system-wide, site-level of PA and RBPE) with the necessary skills for financial management and the results-based M&E system.
	16	Improvement in expenditure accountability, and cost evaluation linked to the effectiveness of the management of the SNAP's PAs (through a financial reporting system (including METT and indicators)).
Outcome 3: Achieving recognition of the value of PAs among the relevant actors (government, communities, private and investors), through specific studies, assessments of availability of biomass and communication campaigns	17	Increase in the budget assigned to the SNAP by the National Government.
	18	Increase in the % of resources allocated to the budget from new financing mechanisms based on international resources (Yasuni ITT and carbon markets).
	19	Increase of visits per year to the Pilot PAs, as a outcome of implemented marketing strategies (within the carrying capacity).
	20	Increase of budget from new sources based on cross-sectoral partnerships in Pilot PAs (Private, Municipal).
Outcome 4: Development of profitable management models and generation of resources in 9 pilot areas, with the objective of later replication.	21	% of improvement of Tools for income generation as measured by the following seven elements of component 3 of the UNDP's Financial Sustainability Scorecard.
	22	Reduced funding gap due to improved net income in Pilot PAs for the end of the project.
	23	Specific Pilot indicators will be developed as CBSI initiatives are selected.
* Compliance with the indicator is not necessarily linked to long-term outcomes or impact in terms of improving the financial capacity of PAs. Compliance with the indicator makes an indeterminate contribution.		

According to the PRODOC, at the beginning of the FSP, the UNDP's FSS for the PANE's PAs and the PRIPAs and CPAs showed the following scores:

a. Summary of the Financial Sustainability Scorecard applied to the PANE (PRODOC, at the beginning of the project)			
Components of the Financial Management Board	Maximum Possible Score (MPS)	Obtained score	Score as % of the MPS
Component 1: Legal, institutional, regulatory framework	88	40	45
Component 2: Business planning and tools for effective cost management	61	20	34
Component 3: PA tools for income generation	72	28	39
Total	221	88	40

b. Summary of the Financial Sustainability Scorecard applied to the PRIPA and CPA (PRODOC, at the beginning of the project)				
Components of the Financial Sustainability Scorecard	Maximum Possible Score (MPS)	Obtained score	Score as % of the MPS	
			PRIPA (average pilot areas)	CPA (pilot area)
Component 1: Legal, institutional, regulatory framework	88		17	14
Component 2: Business planning and tools for effective cost management	61		30	10
Component 3: PA tools for income generation	72		14	9
Total	221		20	11

Note: In Table (b), the PRODOC does not indicate the obtained score, only percentages.

2.7 Principles of design, expected outcomes

The general approach of the project is to address those situations considered as barriers to achieving an efficient management system of the SNAP and its resulting financing. Therefore, it is about carrying out activities that lead to the elaboration of new regulations or changes in existing rules. The project proposes the elaboration of these regulations once the pilot experiences have been made in different types of PAs and that the lessons learned have been extracted. However, the FSP worked on the regulatory framework in parallel with the pilot experiences.

The policy development and institutional strengthening activities of the FSP system-wide project would be complemented by demonstration of financial sustainability within 9 protected areas representing public (7), private (1) and communal (1) areas. The project would focus on the development of the basic information that will contribute to the financial sustainability of the pilot PA through the development of business plans, development of productive project profiles and updating of management models with participatory approaches and improvement of the tourist infrastructure.

According to the PRODOC, the project strategy⁷ would be based on the use of three

⁷ See page 30, para.100 of the PRODOC.

approaches that were considered aligned to the SFS of the SNAP⁸ and the Political Constitution:

(i) **diversify sources of income generation** at the individual PA level and PA system.

To achieve this, it was proposed to eliminate legal, regulatory and capacity barriers that affect financial mechanisms or act as disincentives for the generation of resources in situ; and test mechanisms for generating income;

(ii) **improve the operational effectiveness and cost-effectiveness of PA management** through the definition of a results-based budgeting system (RBBS) to allocate resources and produce reports, management and business plans, and develop capacity to ensure that PA investments are better managed and linked to conservation benefits and other benefits;

(iii) **reduce the burden of SNAP cost** through work in buffer zones of PAs and communities to develop sustainable livelihoods (and sustainable businesses) to reduce threats and their sources; and facilitate participation in PAs management. These two elements will reduce costs, share the burden of PAs costs, and promote shared benefits.

Through these three approaches, the FSP would strengthen system, institutional, and individual capacities to design and install the extended SNAP financial and operational framework.

Among the main activities, a study was carried out on the existing legislation to propose a new regulation, or adjustments to the existing one, and studies to show the economic and environmental potential of PAs.

The proposed form of work was the participation of FSP strategic partners and beneficiaries, may they be governmental, provincial, community or private, to eliminate barriers to financial sustainability of the SNAP and to achieve the outcomes identified in the PRODOC, including:

1. Laws and regulations for the expanded SNAP in formal operation with project support.
2. Strengthened capabilities for financial planning, management and results-based monitoring by PAs of the expanded SNAP, with the aim of improving sustainable incomes.
3. Achieving recognition of the value of PAs among the relevant actors (government, communities, private and investors), through specific studies, assessments of availability of biomass and communication campaigns.

⁸ See page 12, para. 32 of the PRODOC.

4. Development of profitable management models and generation of resources in 9 pilot areas, with the objective of later replication.
5. In this way, the FSP generated a series of outputs, which are listed in Annex 10, including an illustration of their relationship to: a) PA management, b) presenting the case of how PAs are a "good investment," c) capacity enhancement, and d) direct support for mobilization of financial resources and/or cost savings.

2.8 Eligibility and approval of the FSP under the GEF framework and value (GEF total amount)

The project is fully in line with the GEF's strategic objectives in generating financial mechanisms that deliver sustainability in PA operations so that they can meet their conservation and sustainable use objectives for the country's biodiversity. In this regard, it responds to the Strategic Objective (SO) -1 of the GEF-4: "Catalyzing the Sustainability of Protected Area Systems," with its Strategic Program (SP) -1: "Sustainable Financing of Protected Area Systems at the national level" and SP-3: "Strengthening Networks of Terrestrial Protected Areas."⁹

According to the above, the FSP responds to Strategic Results (SR) -1: i) Assured increase in incomes from Protected Area Systems and diversification of income streams to bring together total expenditures required to meet the objectives of management; ii) Reduction of the financial gap to meet the management objectives of the protected area; SR-3: i) Improved coverage of underrepresented terrestrial ecosystems areas, as part of the National Protected Areas Systems; ii) improvement in the management of Protected Terrestrial Areas.

Indicators for assessing project outcomes, according to the GEF, would be: i) Total income and diversification of income streams (for the SP-1); ii) coverage of terrestrial ecosystems in national PA systems; and iii) Effectiveness in area management, as measured by financial sustainability scorecards for each PA.

This is also relevant for Ecuador, whose new constitution establishes and enshrines the rights of nature. In addition, the Government of Ecuador is making efforts to improve the quality of public management in the country, including the administration of the protected areas of the PANE. Finally, the new Constitution of 2008 recognizes the expanded vision of the SNAP to include community, private and local government protected areas, as well as the need to promote community participation, consultation and collective rights, although the elaboration of a regulation that makes this extended SNAP system in practice is still lacking. In addition, the FSP also responds to the "National Policy and Biodiversity Strategy (PENB, by its Spanish acronym)", elaborated

⁹ FOCAL AREA STRATEGIES AND STRATEGIC PROGRAMMING FOR GEF-4, GEF Policy Paper October 2007, pag. 9.

in 2007, where one of its outputs is the elaboration of the "Financial Sustainability Strategy of the SNAP."

With regard to UNDP, the project is framed in the Country Programme Action Plan 2010-2015, aimed at improving sustainable and equitable environmental planning capacity, whose main indicators would be the development of legal and institutional instruments to support the environmental authority in its monitoring role and the design and implementation of financial mechanisms agreed with stakeholders, maintaining gender equity. In addition, CPAP also includes community development projects on biodiversity management, with a gender and intercultural approach.

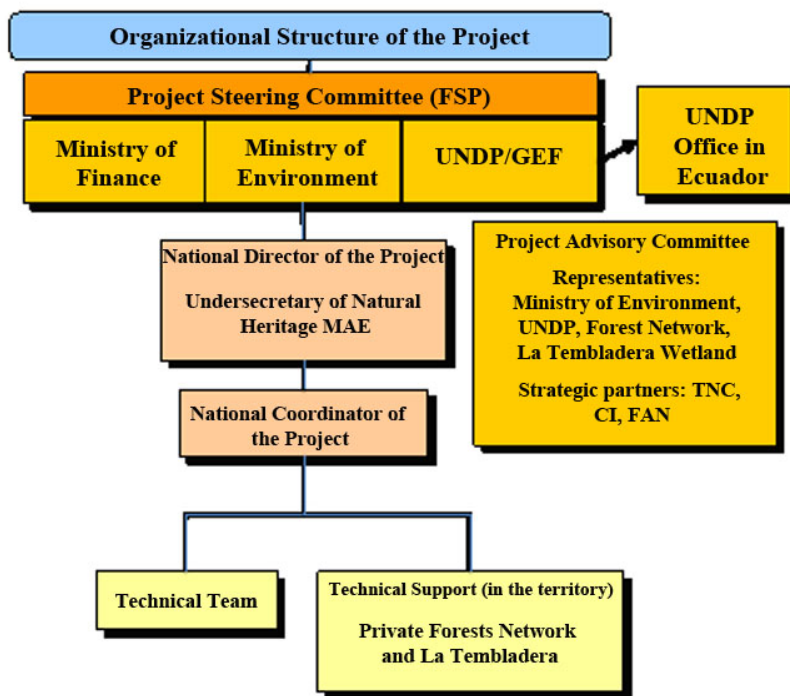
With respect to the actors, the project is relevant to the CNBRPE and to the CPAs, due to the constitutional recognition of the private and community PAs, and to the improvement in the management of conservation of this type of protected areas.

In this way, the GEF approved the FSP, granting it a budget of \$6.4 million, and would have an estimated duration of 5 years.

2.9 Implementation and execution (the management model that was used, identifying the main actors)

The organizational and administrative structure that supported the implementation and execution of the project is illustrated in Figure 1. The project was executed under the DNB and after the SPN, where the project also underwent changes in its staff, especially its coordinator. It should be noted that as a recommendation of the MTR, the FSP invited the Ministry of Finance to participate in the Steering Committee.

Graph 1. Organizational and administrative structure that supported the implementation of the FSP.



Source: FSP

For its part, the MAE carries out the daily operations of project management and places at its service the necessary technical and regulatory infrastructure to support the fulfillment of the project's goals.

2.10 Monitoring and evaluation (M&E)

The FSP had the Guidelines for Monitoring and Evaluation (M&E) contemplated by the GEF and in coordination with the UNDP Office in Quito. These guides include the periodic evaluations (Implementation Reports - PIR), the RMT, the Final Evaluation and reports of implementation of the partners and the follow-up and financial reports. In particular, the MTR included specific recommendations to improve the project's focus on the key issue, "financial sustainability of the SNAP," and other issues. It should be noted that for the final evaluation two specialists were sought, one of whom is a specialist in biodiversity finance.

In addition to the use of the monitoring tools mentioned above, the project defines a high-level Steering Committee to define policy and strategic issues during the project execution, a technical committee, and a national implementing unit located in the MAE for day-to-day management of the project. In this way, it was expected that the project would have adequate controls and follow-up to obtain its desired results.

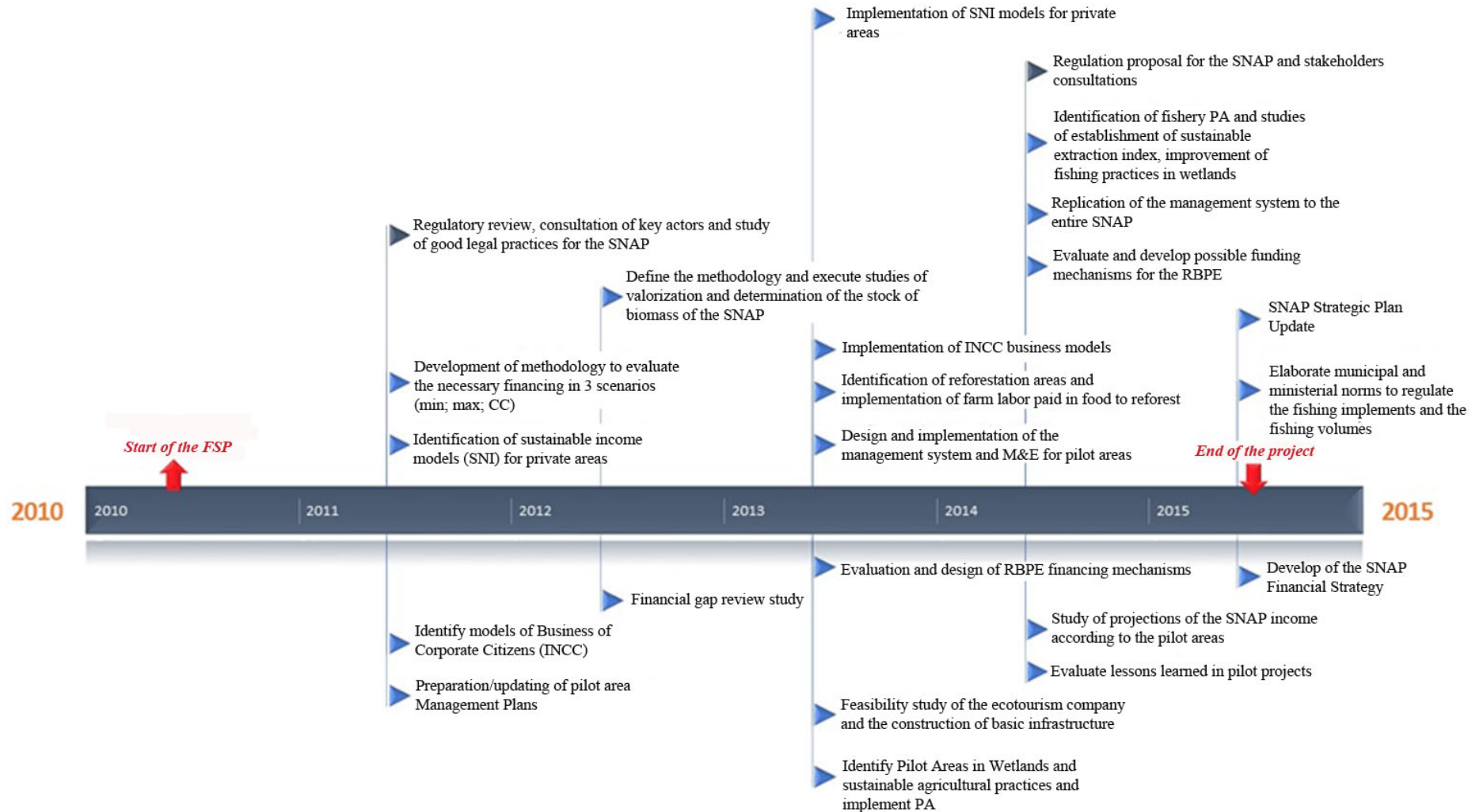
The outcomes of M&E activities are found in section 3.2.3.

2.11 Project timeline

According to the PRODOC, the project would start in April 2010 and end in May 2015, that is, it would last for 5 years. The PRODOC did not include an implementation timeline.

Figure 2 shows the main milestones of the project and their spatial distribution, which gives a good idea of how the project's implementation and its main tasks were originally conceived. Not all project activities were placed because of the large number of them, but the most significant ones were extracted to provide a synopsis of the project execution.

Graph 2: Timetable and main milestones of the project, according to the work plans delivered by the implementing unit.



2.12 Initial project budget

The project had a total budget of \$16.46 million, of which the GEF provided a cash donation of \$6.4 million¹⁰. As a counterpart, the MAE would be the largest contributor, contributing a cash sum of \$5 million and \$670,000 in kind.

Other contributors would be TNC (\$540,000 in cash and \$56,000 in kind), FAP (\$1.3 million in kind) and UNDP (\$180,000 in cash).

The analysis of what is done with resources can be found in section 3.2.4, while Table 2 shows the different initial contributions to which the different parties involved had committed themselves.

Table 2: GEF/UNDP original budget of the project with the corresponding balancing entry, according to the PRODOC (in \$)¹¹

Outcome:	Source:	Year 1	Year 2	Year 3	Year 4	Year 5	Total
1	GEF	202,826	187,191	793	793	27,797	419,400
1	UNDP	-	-	-	-	-	-
2	GEF	237,511	705,520	244,525	-	-	1,187,556
2	UNDP	7,511	21,956	7,511	61,511	61,511	160,000
3	GEF	446,253	609,792	663,439	-	-	1,719,484
3	UNDP	2,889	8,444	2,889	2,889	2,889	20,000
4	GEF	-	347,792	811,398	735,322	794,615	2,689,127
4	UNDP	-	-	-	-	-	-
5	GEF	78,620	78,620	78,620	78,620	78,620	393,100
5	UNDP	-	-	-	-	-	-
Total (\$)		975,610	1,959,315	1,809,175	879,135	965,432	6,588,667
	GEF	6,408,667					
	UNDP	180,000					

2.13. Sustainability¹²

The PRODOC bases its expectations of biodiversity sustainability on the protection provided by the new Constitution of 2008 and on the introduction of a management and financing scheme system that allows the different subsystems of the SNAP to absorb the costs of management and maintenance of protected areas. In addition, it mentions that the interaction of key stakeholders will lead to the formulation of a sustainable management of these areas, ensuring adequate social control to keep

¹⁰ See amendment to the project carried out in 2014: PROJECTS' SUBSTANTIVE DOCUMENT.

¹¹ Self-elaboration from the original PRODOC. The difference of \$8,000 appears due to a calculation error for outcome 4 of the GEF entry in the original budget.

¹² See the PRODOC pages 70, 71 y 72.

biodiversity threatened. On the other hand, results-based management will establish a framework of interest for international cooperation.

With regard to financial sustainability, **it is mentioned that the project will guarantee the coverage of basic expenses of the PAs of the 4 subsystems of the SNAP and will reduce the existing financial gap (increase of incomes for entrance fees to visitors, tourism concessions, payment for water use and funds for nature tourism) and the representativeness of the SNAP subsystems can be improved.**

In the identification of risks carried out by the PRODOC, "an uncertain institutional and political framework" is classified as high risk. To ensure institutional sustainability, elaboration of occupational standards for PA workplaces, realignment and training of MAE officials, results-based implementation, establishing coordination and reaffirmation of the commitment to biodiversity of institutions involved in the project are mentioned.

Finally, the PRODOC mentions as key the participation of the different actors and communities in the elaboration of the project, reason why the social sustainability would be assured by the appropriation of the activities of the project by the different actors. In addition, the benefits of economic activities developed by the project will mean better care of communities with their natural resources, which are key to improving the material conditions of existence for these communities.

2.14 Risks and duplication

The project document identifies 10 potential risks for the project, of which 3 are classified as "high":

- i) an uncertain institutional and political framework;
- ii) under the conviction of the economic benefits of the SNAP among public authorities and
- iii) under the conviction of private actors, about the benefits of having a better funded and managed PA.

As medium risks the following are included:

- i) international external factors hampering sources of the SNAP funding (low carbon credits and failure of the Yasuní ITT initiative);
- ii) lack of political support to adopt rules that improve the financial sustainability of the SNAP;
- iii) lack of interest of public actors in the results-based approach, financial planning and allocation of resources for PA management;
- iv) lack of convincing communities about the benefits to their well-being provided by the SNAP; and,
- v) private forest owners and communities unwilling to adopt the project approaches to income generation and PA management.

Finally, as low risks the following are mentioned:

- i) failure to comply with co-financing;
- ii) a change of climate that affects the long-term ecological balance.

With regard to duplication with other activities, the PRODOC mentions the existence of several projects with which the FSP could potentially duplicate efforts, since several of them were focused on the sustainable management of various PAs. In this way the following projects are identified:

- i. IDB/GEF (determination of sustainable incomes in the Galera de San Francisco protected coastal and marine area);
- ii. the KFW project that sought to strengthen 19 SNAP's PAs with sustainable management of their natural resources and establishment of payment mechanisms to encourage the conservation and promotion of measures to increase the financial sustainability of these areas;
- iii. The Yasuní ITT initiative (not implemented);
- iv. SNAP UNDP/GEF project on capacity building in PAs.

In order to achieve synergies and avoid potential duplications, the PRODOC defines very general paths, such as improving systemic (political/normative) and institutional mechanisms or coordination between the different projects mentioned above, whose responsibility would fall to the MAE¹³, being the leading agency in environmental issues. However, within the generality of the institutional and coordination theme, the coordination of some more specific coordination mechanisms is defined, such as the creation by the FSP of cross-sectoral networks¹⁴, the work with the fisheries committees in the Galera de San Francisco, with the objective of participating in key management activities such as patrolling and providing communication equipment for explorers of marine-coastal parks. In addition to working with the PA management team to apply the concepts of Sustainable Net Income (SNI) of the IDB/UNDP project and results-based management of the FSP¹⁵.

With these models of cooperation and coordination, the PRODOC hoped that these could be the basis for replicating successful experiences obtained through the complementary management of the various initiatives underway.

¹³ Coordination is mentioned for KFW and SNAP UNDP/GEF projects, giving leadership to the SNAP project for capacity building issues for PAs (see para. 244 y 247).

¹⁴ See para. 212 PRODOC.

¹⁵ See para. 182b PRODOC.

3 Findings

The FSP qualification as an outcome of the analysis performed on the project, both in its design as execution and achievement of outcomes, is shown in the following table. The assigned scores do not necessarily correspond to those achieved in the PIRs. These scores reflect the FE observations and findings that go beyond the FSS indicators.

Project Performance Score		
Criteria	Comments	
Monitoring and evaluation: 6: Highly satisfactory (HS), 5: Satisfactory (S), 4: Moderately satisfactory (MS), 3: Moderately unsatisfactory (MU), 2: Unsatisfactory (U), 1: Highly Unsatisfactory (HU)		
Overall quality of M&E	(qualify with a 6-point scale)	4 (MS)
M&E design at the beginning of the project	(qualify with a 6-point scale)	5 (S)
Execution of the M&E plan	(qualify with a 6-point scale)	3 (MU)
Execution of IA and EA: Very satisfactory (VS), Satisfactory (S), Somewhat satisfactory (SS), Somewhat unsatisfactory (SU), Unsatisfactory (U), Very Unsatisfactory (VU)		
Overall quality of project implementation and execution	(qualify with a 6-point scale)	4 (VS)
Execution of the implementing body	(qualify with a 6-point scale)	4 (VS)
Execution of the execution body	(qualify with a 6-point scale)	4 (VS)
Outcomes: Very satisfactory (VS), Satisfactory (S), Somewhat satisfactory (SS), Somewhat unsatisfactory (SU), Unsatisfactory (U), Very Unsatisfactory (VU)		
Overall quality of project outcomes	(qualify with a 6-point scale)	4 (VS)
Relevance: relevant (R) or not relevant (NR)	(qualify with a 2-point scale)	2 (R)
Effectiveness	(qualify with a 6-point scale)	4 (VS)
Efficiency	(qualify with a 6-point scale)	4 (VS)
Sustainability: 4: Likely (L), 3: Somewhat likely (SL), 2: Somewhat unlikely (SU), 1: Unlikely (U).		
Overall probability of risks for sustainability:	(qualify with a 4-point scale)	3 (SL)
Financial resources	(qualify with a 4-point scale)	3 (SL)
Socioeconomic	(qualify with a 4-point scale)	3 (SL)
Institutional framework and governance	(qualify with a 4-point scale)	3 (SL)
Environmental	(qualify with a 4-point scale)	4 (L)

3.1. Design and formulation of the project

3.1.1 Analysis of the Logical Framework (LF)

The analysis of the logical framework began with the revision of the objectives of the FSP. With respect to this item, one of the most important findings is that the statement of global environmental and developmental objectives are not clearly established in the project. In fact, it is mentioned that the objective is to improve the financial sustainability of the SNAP to guarantee the rights of nature. On the other hand, it is also mentioned that the objective of the project is to institutionalize a financial and operational framework for an expanded SNAP system, which includes state, private, community and decentralized reserves.

While this evaluation is based on the objectives proposed in the PRODOC, it should be noted that the objectives should be defined according to the GEF nomenclature. See example in Section 4.1 (Objectives).

The project approved by the GEF and agreed with the MAE had nuances that go beyond the financial part, and perhaps for this reason there is this lack of clarity in the objectives. Consequently, this FE considers several aspects that include, for example, community development in PAs as an element to improve PA management and financing.

Another important aspect to note is that the main success indicators of the FSP are referred to the UNDP's Financial Sustainability Scorecard (FSS), which is a basic tool (quantitative and qualitative) of rapid application that allows a preliminary diagnosis of the situation of PAs in several zones. These indicators were not enough to capture the details of the quality, applicability and impact of several outputs achieved by the FSP, such as the PA business plans of the PANE, CNBRPE and CPA. The outcomes of the FSS application are included in Section 3.3.2 (Outcomes)

The FSS and the indicators developed in the logical framework based on the FSS together with the PIRs were the main basis for the monitoring of the FSP outcomes. In this regard, several important aspects should be highlighted in line with the UNDP/GEF Guide for the FE:

- a) The UNDP's FSS is an extremely useful tool that provides a basic general radiograph (quantitative and qualitative) of the financial situation. The FSS takes into account institutional aspects, financial management tools and monetary values. The FSS does not use a "background analysis" to develop a baseline, but rather uses perceptions that are collected through interviews, which is a very good starting point for PA financial decision making.
- b) The logical framework indicators are only partially adjusted to the SMART model¹⁶. This limits the impact of the indicators, and thus the impact assessment is weakened. FSS indicators are not sufficient to measure progress and performance (quality and impact).

¹⁶ The English word SMART means intelligent; SMART indicators are considered intelligent indicators because they are: Specific, Measurable, Achievable, Realistic and Time-Bound.

- c) Limitations in the exclusive use of FSS indicators in turn limit feedback with strategic partners and other allied institutions, as outcomes can be misinterpreted. For example, it can be stated that the SFS-SNAP and several business plans have been completed, but it is not possible to show that the methodology is the most adequate and that the plans have high chances of success.
- d) Monitoring becomes difficult, especially in areas that are weak and these weaknesses have not been identified in a timely manner.
- e) For the above, FE scores do not match those of previous PIRs.

On the other hand, in the outcomes framework, there is no indicator on the diversification of resources to finance specific PA or system-level operations, nor its financial relevance vis-à-vis financial gaps, not only the PANE but also of the extended SNAP. This, however, is not an impediment for the said outputs to have a good impact if they have been developed and applied in an appropriate way. It should be noted that the FSP endeavored to initiate the development of more advanced indicators and even worked on strengthening the information system for financial management within the SIB. This was part of the recommendations of the MTR.

The relevance of the PIRs is discussed generally in Sections 3.2.3 and 3.3.3.

Another important point to note is that the project document is very unclear with respect to its objectives, outputs and activities. This lack of clarity is the result of the fusion –in 2007– of 3 projects that had different objectives: i) FUNDAR (microcredit project) and SNAP support; ii) project to support the CNBRPE; and iii) SNAP financial sustainability project.

This fusion leads to problems of understanding of the project document and its focus on an appropriate financial management system, for example by mingling with microcredit activities, this resembling more community development projects than the creation of financial mechanisms. This duality has been present throughout the development of the project. It should be noted that these projects could result in cost savings to the SNAP if they are formulated in this way and properly correlated with the SNAP financial plan. But for example, the SNAP's Strategy for Financial Sustainability is not well correlated with these microcredit projects.

3.1.2 Assumptions and risks

With regard to the assumptions, the PRODOC specifically states that during the development of the project, there will be political and economic stability in the country, also the government commitments will be kept to develop an integrated SNAP system. This, unfortunately, was not the case.

First, the PRODOC does not carry out a feasibility and risk analysis resulting from the consolidation of three projects in a single one: one from CNBRPE, one from FUNDAR and the other from financial sustainability of the SNAP. This fusion generated, in the

opinion of the evaluators, extremely ambitious goals, without a unification or clear differentiation of concepts. For example, the PRODOC does not clarify how community development projects driven by the competitive fund mechanism (CFM) contribute to the financial sustainability of the SNAP, but their comprehensive value is recognized. Likewise, financial mechanisms for private reserves that are part of the CNBRPE are not clarified; the latter, which was initially conceived as a performer of a project, becomes a beneficiary of a larger project. The financing elements of the SNAP (financial mechanisms) did not constitute the authorizing instrument of the three merged projects.

Second, the risk associated with the institutional (technical and administrative) capacity of the project partners was underestimated. Such was the case of FUNDAR and the CNBRPE. This meant that not only certain activities and outputs were delayed, but also problems of interinstitutional coordination among the FSP, UNDP and these strategic partners were produced. On one hand, in spite of the coordination processes, MINTUR was excluded as a strategic partner.

On the other hand, there are other extremely important risks that could already be evidenced from the design of the project and that were not considered. Such is the case of the high dependence of the Ecuadorian economy (and therefore of the public budget) on the price of oil exports. Subsequently, the fall in the oil price, the appreciation of the US dollar that, together with the devaluations of the currencies of neighboring countries, resulted in a drop in revenues from the sale of oil and the reduction of exports as a consequence of the high price of the dollar. These situations, which impacted the economy internationally and were beyond the control of the project team, created very high barriers to the development of new financial mechanisms for the SNAP. This is a critical issue as it is a financial sustainability project.

The institutional changes of management within the MAE generated a climate of uncertainty about the continuity of the project and consequently a greater investment of time due to the constant need to provide the project with the new authorities.

3.1.3 Lessons from other relevant projects that have been incorporated into the project design

The FSP worked with a large number of projects and institutions in its design. For example:

- National Corporation of Forests and Reserves of Ecuador (CNBRPE)
- IUCN (International Union for Conservation of Nature)
- National Environmental Fund (known as FAN)
- FUNDAR
- Ecuadorian Alliance for Sustainable Tourism

- The TNC work and project program in Ecuador that supports the financial sustainability of the SNAP
- The MAE with a number of initiatives and projects that are strongly linked to this UNDP/GEF SNAP project:
 - Colambo-Yacurí Forest participative management
 - Protection of the Morona-Pastaza Tropical Forest
 - Protection Project for Gran Sumaco (Government of Germany)
 - The IDB-supported coastal-marine Project
 - GEF Small Grants Programme
 - KFW projects to strengthen the SNAP
- Collaboration with CI in the FAO/GEF proposal
- ITT Yasuní initiative

The FSP made an effort to coordinate capacity building for PA management with the above initiatives, to avoid duplication of effort, and to ensure that the benefits and models of capacity building are disseminated throughout the SNAP. The FSP established a Steering Committee to oversee coordination among projects, which was carried out, for example, through joint workshops to address annual progress reports and to coordinate operational work plans and regular meetings with project coordinators.

3.1.4 Planned participation of different actors

While the FSP undertook a major coordination effort, not all strategic partners and projects were actively involved in the execution of the FSP. According to the information gathered during the mission, the MAE, the CBRPE and rural communities were the most active partners in the execution of the FSP.

No clear evidence was obtained on the involvement of strategic partners such as private organizations as The Nature Conservancy (TNC), Conservation International (CI), WWF and IUCN, which are not all strategic partners of the project, but these organizations have a high profile in the financial area and participate in key environmental financing mechanisms such as water funds and the same National Environmental Fund (FAN), which was closed in April 2016. The latter meant an imbalance for the FSP.

In the particular case of TNC and CI, these institutions should have been a more active partner, since –according to the PRODOC– these institutions finance jointly the FSP. According to the information collected by the evaluation team, the participation of these institutions was marginal and it was limited to participating in briefings, and failed to provide substantial inputs to the FSP's execution process and quality of outputs. According to the same opinion of the FSP staff, the objectives of the meetings with the strategic partners were to coordinate possible alliances and synergies, to present strategic advances and planned activities for the coming years. For example, CI and the CBRPE articulated actions in relation to the Socio-Bosque Program. According to the

strategic partners interviewed (such as TNC and CI) their participation and input in the execution of actions were minimal.

There were other key players, in addition to the strategic partners of the FSP, such as the Ministry of Finance (MF) and the Ministry of Tourism (MINTUR), which were able to contribute more in the execution. It should be noted that according to information from the FSP and UNDP, strategic partners "had an annual meeting at least; and at these meetings synergies and support for joint work were defined." This is stated in the respective minutes of the meetings. However, in the opinion of the evaluators, working with strategic partners required greater coordination not only through meetings, but also greater M&E by the FSP and UNDP, subsequent to meetings and signing minutes.

Coordination, planning and execution actions between the MAE and other Ministries such as the MINTUR and the MF (in the area of budget and financial mechanisms for the SNAP) were limited and could have been strengthened; however, interesting points of intersection with the MINTUR (and not with the MF) were given, for example: a) coordination and feedback on MINTUR's standardized services proposal for national parks (service, hospitality, lodging); b) methodology for the definition of licensing fees for naturalist guides, and c) coordination for the recognition of La Tembladera Wetland (TW) as a community tourism center. In addition, it was worked with the Municipality of Santa Rosa (MSR) to obtain the TW protection ordinance. The latter was critical for the MSR to allocate a budget for TW protection. On the other hand, a more defined participation of the MF could help to advance the topic of financial mechanisms and results-based budgets.

Finally, it should be mentioned that the FUNDAR organization was a participant in the project, but this entity did not have the capacity to manage project resources, so its inclusion in the project reveals that an adequate risk analysis was not carried out with respect to the strategic partners of the project. The PRODOC overestimated the capacity of FUNDAR. Likewise, the Yasuní ITT initiative did not prosper and was closed.

3.1.5 Approach for replicability (repetition)

The FSP states that 3 pilot experiences will be replicated (repeated) at the national level for the entire SNAP. However, there is no strategy defined for this purpose or a budget for this type of activity.

For example, FSP's Outcome 4 illustrates the theme of replicating successful models with clarity, but there are no defined criteria to determine what is considered as a successful project:

Outcome 4. Replicable profitable management models to obtain sustainable net incomes are tested in the field or across the community and partnership approaches in the sector.

Outcome 4.1 Sustainable net income models (business cases) selected, funded and operational in pilot PANE areas

Outcome 4.2 Sustainable net income models (business cases) selected, funded and operational in pilot community areas.

To ensure the replication or catalytic function focus, the FSP worked on: i) transfer of knowledge; ii) expansion of demonstration projects and instruments; and iii) increase and use of individual and institutional capacity to replicate the FSP outcomes. The project was able to advance in the subject of replicability. This is discussed in Section 3.3.6 (Sustainability) of this report.

3.1.6 Comparative advantage of UNDP

The execution modality chosen for this project was national execution (NEX), where UNDP provides support for financial services, procurement experience and specific advice when required (identification of national and international experts). In addition, through the UNDP Ecuador Environmental Officer and the Regional Technical Advisor (RTA), the project progress is monitored, while providing advice on its implementation and suggesting changes where appropriate. Officers from the UNDP local office review the TOR for the various calls for tenders, ensuring that each process meets UNDP standards in terms of quality and transparency.

National execution is perhaps the most appropriate way of creating institutional capacities and transfer of knowledge to countries, although sometimes its implementation is slower than desired, but, finally, the capacities created remain in the receiving country, which increases the possibility of replication of the experience in other areas and in the sustainability of the outcomes achieved.

With regard to the relative advantage of UNDP, the most relevant would be to be physically installed in the country and, since part of its professional staff is of local origin, it has a superior understanding of the culture, the system of functioning of the local institutions and its economy and projections as a country. In addition, as UNDP engages in other projects, combine with its international experience in designing and executing projects in other countries, it can adequately understand the reasons why certain procedures, approaches and practices work in one place, but not necessarily in other.

3.1.7 Project links with other projects and interventions in the same sector

According to the interviews carried out, it was noted that the FSP held periodic meetings with current projects and partners (included in the PRODOC) and new ones, which was very positive. However, in the opinion of the evaluators, given the wide range of activities and outcomes of the FSP, it was not always able to focus on the strengthening of the SFS of the SNAP, and especially on the mobilization of financial

resources. It was noted that there was a very good collaboration with some projects such as the SNAP Support Program (PASNAP-PANE). Table 3 illustrates the relationships of these projects with the FSP.

Table 3. FSP relations with other projects

Project or initiative	Defined objective or outcome
PANE Project	<ol style="list-style-type: none"> 1. Refurbishment of shelters in PA-PANE 2. Concession management models 3. Development of the Infrastructure Maintenance Manual.
PASNAP Project	<ol style="list-style-type: none"> 1. Design and supervision of CICOP construction. 2. Technical support in Ministerial Agreements on Concessions and Subsystems. 3. Costing of the infrastructure module of the SIB. 4. Development of the Infrastructure Maintenance Manual.
Socio Bosque	<ol style="list-style-type: none"> 1. Proposal of the National Program of Incentives and the CFM 2. Coordination with TEBB.
3 Map Projects: Carbon, Coverage and Land Use, and Deforestation	<ol style="list-style-type: none"> 1. Joint publication on Natural Heritage Statistics.
BIOFIN	<ol style="list-style-type: none"> 1. Preparation of the text of the Executive Decree of the National Biodiversity Strategy. 2. Presentation of the Fifth National Report to the CBD and Strategy for Financial Sustainability 3. Development of the TOR on Corporate Social Responsibility.
Trinational Project Strengthening of the SNAP: Colombia, Ecuador and Peru	<ol style="list-style-type: none"> 1. Elaboration of management plans, mainly in the financial sustainability chapter
GEF Wildlife Project	<ol style="list-style-type: none"> 1. Support in SIB automation especially in the PGOA module. 2. Technical inputs to develop the Financial Strategy within the framework of the management of Wildlife. 3. Advice on monitoring and follow-up
GEF Genetic Resources Project	<ol style="list-style-type: none"> 1. Design of the PRODOC, 2. Promotion of the TSA for genetic resources 3. Methodology for the genetic resources module in the SIB.
GEF Coastal Marine Project	<ol style="list-style-type: none"> 1. Methodologies were shared, this project reports through the METT. 2. Feedback on the Strategy for Financial Sustainability developed by the FSP.
Provincial Chimborazo GEF Project	<ol style="list-style-type: none"> 1. Completion of the Interpretation Center and handicraft shops in the Chimborazo FPR. 2. Methodology was shared for business plans
Amazon GEF Project	<ol style="list-style-type: none"> 1. Preparation of the PRODOC and articulation of the CFM
Sustainable Biocommerce Project Ecuador – CAF MAE	<ol style="list-style-type: none"> 1. Business plan methodology was shared (Charapas Business Plan).

Source: FSP

Table 3 presents a wide variety of partners and topics of collaboration, but the theme of specific collaboration for the development of financial mechanisms, results-based budgets and other key issues that go beyond the concessions is questionable.

3.1.8 Arrangements for project management and administration

The administrative structure (organization chart) for the execution of the project was illustrated in Figure 1 in Section 2.9. The FSP made possible adaptations during the project's duration, especially to address the volatile political situation within the MAE and the country's changing economic situation, especially in the last four years. The project was executed under the DNB, and after the SPN, as shown in Figure 1, where the project also underwent changes in its personnel, including that of its coordinator.

Within a stable political context, the proposed structure would have been enough to manage the project effectively, but in the opinion of the evaluators, this structure was not enough to respond to all political changes that were faced and that were beyond the control of the FSP. The UNDP's country office could have supported more closely to analyze alternatives to strengthen the management of the FSP, for example through the more focused and more regular involvement of the Ministry of Finance (in addition to participating in the Steering Committee) and other key players or sectors with a high potential role to support the development of financial mechanisms and results-based budgets, such as SENPLADES, Agriculture, Energy, Hydrocarbons, Water Secretariat (SENAGUA) and BIOFIN (as of 2014).

On the other hand, the FSP technical team, because it was a financial sustainability project, did not have enough critical staff with experience in this area. It should be noted that it is not easy to find specialized finance personnel for biodiversity in general. The project had only one financial analyst since July 2012 and one economist who joined in July 2013 and one additional environmental economist who was incorporated in July 2014 as indicated in the staff Table included in Annex 7. Overall, taking into account that the FSP between 2012 and 2016 had about 35 people (not all on duty at the same time), the staff with a financial profile was less than 10%. This is a weakness that has affected the outcomes of the project, in at least three aspects: a) provision of technical inputs in financial and budgetary matters (aggravated by the situation that did not work directly with the MF), b) control of technical quality of inputs provided by consultants and c) monitoring and implementation of the technical recommendations of the MTR. It should be noted that the FSP did hire qualified personnel for the different tasks of consulting and development of specific outputs of the FSP.

The FSP had strengths and weaknesses in its management. The great strength is to have managed to keep the project in execution despite the constant changes in the MAE and has contributed to strengthen its structure for the management of the PAs. In addition, it has maintained its relationship with other projects.

The FSP worked with more than 18 community organizations with which successful projects and outcomes were generated in some cases (for example, working with ASOGROTEN and community organizations in Chimborazo FPR) and less successful in others. One case of limited success was the work with the CNBRPE. This organization is very important because it participated in Component 4 with an amount equivalent to 3 competitive funds and is also one of the strategic partners of the project. For example,

according to the members of the CNBRPE, "work with the FSP has been difficult and on several occasions has resulted in a destabilization of the institution." The participation of the CNBRPE in the FSP is a critical issue in the management of the project.

For its part, the CNBRPE has been characterized by the heterogeneity of its members and permanent internal conflicts. This was an aspect that was well known before the FSP started and the FSP and UNDP teams were aware of this situation throughout the project. For example, the FSP team indicated that there is an internal conflict of powers between neighboring families of the north-west, members of the CNBRPE, that does not allow to maintain the agreements when there is rotation or changes in the directive. Although the FSP worked hard on this issue, it was not possible to prevent this situation from escalating during the execution of the project. However, at the time of the FE, through the appropriate intervention of the UNDP team, solutions to the conflicts that reached the end of the FSP were achieved. More details on CNBRPE and other organizations are included in Section 3.3.1 (Outcome 4).

3.1.9 Gender approach

As is usual with such GEF projects of the time, a gender approach is not incorporated into the PRODOC. However, the project, during its implementation through the CFM, showed a strong gender component in the activities carried out with the communities, such as those benefiting from the development project for La Tembladera wetland community, where participation in community management, as well as the potential benefits of the project, include men and women equally.

Likewise, a strong gender approach was observed, with a very high participation of women, in the work with other beneficiary communities and Chimborazo FPR, Yasuní NP and replication in Cotopaxi NP that was not a pilot PA of the FSP.

3.2 Project execution

3.2.1 Adaptive management (changes to design and outcomes proposed during implementation)

It was verified that the management of the FSP was adaptive. As indicated in section 3.1.8, the coordination of the FSP and its team made a number of possible adjustments and adaptations during the project's duration, focused especially to address the volatile political situation within the MAE and the changing economic situation suffered by the country in recent years, as well as the MTR recommendations. No budgetary adjustments were made as it was estimated that there was no need for this.

Adaptive management had a positive impact, especially at project outputs; even in certain cases, the CFM leverage additional resources for these projects. The FSP succeeded in delivering the proposed outputs and following the stated indicators, as indicated in Table 3 of indicators and their compliance that is included in Section 3.3.1.

There were no changes in relation to the development and environmental objectives of the project during the implementation. The changes came after the MTR and responded rather to changes in political decisions, at the level of governance, communication, participation and funding needed to complete the FSP through an extension until December 2016. For example, the MTR recommended the incorporation of new outputs by 2016: "Proposal for the creation of a SNAP State-Owned Enterprise" and "Matrix of technical selection extended to incorporate new areas to the SNAP." In addition, the MTR recommended the following adjustments per component:

- **Component 1:** Focus on the legal framework to enable the implementation of new financing strategies and the incorporation of protected areas into the SNAP subsystems.
- **Component 2:** Continue to develop tools for financial sustainability, such as the "Strategy for Financial Sustainability," business plans, profitable concession models and accounting system for the SNAP, as well as continue to systematize financial information for better results-based planning and management
- **Component 3:** The economic valuation of the SNAP should be made based on economic indicators, so the use and standardization of the methodology "Targeted Scenario Analysis" (TSA) is recommended. The TSA was designed to measure the contribution of PAs in two productive sectors: tourism and hydroelectric. On the other hand, the communication strategy should focus on providing key and timely information for budgeting in selected sectors.
- **Component 4:** Evaluate the contribution to the financial sustainability of the projects of the Competitive Fund Mechanism and ensure that they produce tangible outcomes in the field. **To achieve this goal, indicators will be**

included that will assess the impact on the PA management of productive projects and the direct economic benefits to local actors.

The FSP worked hard to implement these recommendations. Although the recommendations were not fully implemented, there was a breakthrough. In addition, it was agreed to review the outcomes and initial indicators for better guidance on implementation.

The reasons for the adjustments are well justified and are based on the following:

- a) The original objectives were not sufficiently clear and there was a great overlap between the community development objectives, the private conservation objectives of the CNBRPE and the financial sustainability objectives of the SNAP (PANE).
- b) As the external conditions changed, the outcomes had to be adjusted at the level of the indicators. Moreover, as mentioned above, the original objectives were found to be too ambitious given the context of political changes and the country's economic situation.

The evaluators consider that the FSP experienced significant and positive changes as a result of the MTR recommendations. These recommendations were formally approved by the GEF Regional Technical Advisor (RTA) and ratified by the FSP Steering Committee.

In addition, adjustments were made to the indicators:

Original indicator	Indicator(s) revised	FE observation
Increase in number of visits to pilot PAs (Outcome 3, third indicator). This indicator is kept for private and community areas.	1. Increase in the registration of patents of touristic operators in PAs	A 56% increase was achieved as reported by the FSP in accordance with the MAE environmental indicators
Reduction of the financial gap of the pilot PA (Outcome 4, second indicator)	<ul style="list-style-type: none"> 1. Support for management and reduction of PA management costs 2. Economic benefits of organizations and families directly involved in the execution of projects 3. Reduction in the pressure of ecosystems where the initiatives are implemented, due to a change in productive activity 	<ul style="list-style-type: none"> 1. The system to define the amount of cost savings is not clear. The budgets of the PAs do not have specific costs or a baseline on the costs that are sought to reduce. The model proposed by the FSP is attached in Annex 11. 2. Successful and less successful cases were observed. 3. Positive changes were observed but could not be quantified.

Specific reasons for these changes included:

- a) Visits to the continental SNAP (PANE) have increased to more than one million since the measure of gratuity decreed by the government. This situation was not a result of FSP actions. Nevertheless, the FSP managed the issuance of the partial reform (Via Ministerial Agreement) to Book IX of the TULAS that regulates the rates for the services provided in the PAs.
- b) Replace indicators that measure the reduction of the financial gap in the pilot areas of the project since the current structure of the SNAP does not allow the retention of resources at the site level, so it is not possible to directly reinvest the resources generated in the pilot areas of the project.

Finally, it can be said that the FSP's adaptive strategy has been an important element in the mobilization of co-financing for the CFM, but not necessarily to mobilize financial mechanisms for the SNAP, such as additional funds for the project in La Tembladera.

3.2.2 Agreements of associations (with relevant partners in the country and region)

As indicated in Section 3.1.7, the FSP was implemented in an environment where there are several initiatives related to the project activities, and it can be said that there was good complementarity.

The most visible associations were established with partners such as the MAE at the central level, the CNBRPE and with peasant organizations working inside and outside the pilot national parks of the project. In addition there were associations with several related projects. Although the Steering Committee (SC) consisted of the MAE, UNDP and MF, the latter (MF) had a very limited role and its impact is difficult to capture.

In addition to the support of the SC, the FSP established an Advisory Committee (AC), as it was planned in the PRODOC¹⁷ and is illustrated in Figure 1. Participation of the actors in the AC was heterogeneous, with very active members and others lagging behind (such as TNC and CI), while others were weak (such as the CNBRPE); also, the academic sector was absent from the AC. However, as reported by the FSP staff, the academic sector along with other projects provided technical inputs to the FSP (for example, in the output review, but this could not be verified during the FE.) It should be noted that the project worked with specialized consulting firms and individual expert consultants, but there was very little capacity installed within the project to develop and follow-up the TOR so that consultants' outputs reach the highest possible quality. This is evidenced in the TSA studies, business plans and the same SNAP's SFS. The latter does not include any evidence of inputs given by external experts and there is no evidence of how other models or methods for the formulation of the SFS were incorporated. Therefore, after reviewing key outputs such as TSA studies, the SFS-SNAP

¹⁷ See the PRODOC page 90.

and the GEFSPPA, and PA business plans, evaluators felt that the consultants and/or the FSP outputs could benefit from a rigorous peer review¹⁸ process to optimize its quality.

On the other hand, strategic alliances with projects and institutions specialized in the subject of financial sustainability were limited. For example, opportunities were missed to build relationships with the Conservation Finance Alliance (CFA), Forest Trends, Catumba Group, Global/National BIOFIN ¹⁹, Conservation Strategy Fund, PA Management Course of the Colorado State University. As reported by the FSP, this worked with other less relevant groups on the topic of financial sustainability of PA such as:

- Financial Sustainability Group of Protected Areas of Parks Network .
- National Corporation of Popular Finance and Solidarity
- The marine-coastal GEF
- The Chimborazo Provincial GEF
- The FAN (which closed in April 2016)
- The Economics of Ecosystems and Biodiversity (TEEB)

During the FE, the evaluators met with BIOFIN to identify critical financial mechanisms that could be "adopted" by BIOFIN and thus give bigger sustainability to some initiatives developed by the FSP.

In general, through the different opinions of the people interviewed during the FE, it was repeatedly noted that the opinion on the style of coordination of the FSP was that it was more vertical (from top to bottom) than horizontal, with an emphasis on regulation and addressing. This could affect the achievement of more strategic agreements, and could be caused by the way established for the work of the MAE as an authority for environmental regulation.

3.2.3 Feedback through M&E activities used in adaptive management

The FSP followed the PRODOC guidelines for M&E, which was aligned with the changes and adaptations described in the previous section (3.2.1). That is to say that the adaptive management was nourished of inputs given by:

An Executive Committee (EC), an Advisory Committee (AC), the FSP Management Unit,

¹⁸ Peer Review refers to the review or evaluation of academic, professional or scientific work by other specialists working in the same field. This process serves to ensure that the material reviewed has the quality standards needed to be published, accepted or applied.

¹⁹ The FSP was able to benefit more from Global/National BIOFIN (as of February 2014), for example, by correlating the SFS-SNAP with BIOFIN outputs, which is managed by UNDP and works in Ecuador to support the government to review the National Biodiversity Strategies and Action Plans (NBSAPs). BIOFIN has four components: Component 1. Policy and Institutional Review (PIR); Component 2. Public and Private Biodiversity Expenditure Review (BER); Component 3. Finance Needs Assessment of the NBSAP (NBSAPFAN); and Component 4. Design of a Finance Plan (FP) and its implementation. BIOFIN and the FSP, in the opinion of BIOFIN staff members, could have been related in a more planned way since the beginning of BIOFIN.

the SPN, the DNB, the project coordinator and a large team, which is described in Annex 8. The FSP organizational chart was included in Figure 1. The AC was instrumental in providing feedback on the progress of the project and the impact of changes and adjustments that were required with some periodicity. UNDP regularly participated in the EC and in the AC.

FSP monitoring was carried out in accordance with the protocol established by UNDP for this type of projects, mainly through regular visits and continuous dialog with FSP staff. The PIR indicators were reviewed and approved by the UNDP/GEF Regional Technical Advisor.

The FSP kept direct communication with the MAE. The Management Unit was located in the MAE along with other related projects. This ensured permanent communication with the MAE, but less communication with the MF was noted. This little coordination with the MF is a weakness of the FSP and its adaptive management and in terms of M&E. Likewise, adaptive management could have been reinforced by a more visible participation of TNC and CI in its execution.

The evaluation team reviewed the use of the FSP's PIRs, as these can clearly reflect changes and adaptive management. The PIRs contain valuable information on the progress of the FSP, but because of their size and format they were of limited utility. In the opinion of the evaluators, the PIRs were too biased toward compliance with the UNDP's Financial Sustainability Scorecard (FSS) indicators. Measuring the progress of a project as complex as the FSP always requires a deeper qualitative as well as a quantitative analysis. The FSS indicators, while useful at the start of a project, require a long period to be reapplied. For example, financial strategies and business plans require at least two years to have a noticeable impact and this cannot be captured annually with the FSS. The FSP's PIRs also have weaknesses since in several areas they are built on the basis of previous PIR measurements.

Another mechanism that supported feedback and adaptive management was the monitoring, follow-up and technical support system (SIMONA, by its Spanish acronym) contracted with ECOPAR²⁰. This agency was hired to carry out technical support and capacity building for project implementers selected by the Competitive Fund Mechanism (CFM), and a Monitoring, Accompaniment and Evaluation System (SIMONA) was implemented in parallel. This included three monitoring visits during the year, as well as an annual workshop of exchange of experiences, in which the progress of each project was socialized, synergies were established among projects, some joint sustainability strategies were outlined and lessons learned from the SGP-GEF Project were used. The exchange workshops served to train project implementers on key issues, to interact with the authorities and to provide recommendations on the progress of each project, among other things.

²⁰ Corporation for Research, Training and Technical Assistance for the Sustainable Management of Tropical Ecosystems (Ecuador).

As expressed by staff members of the FSP, the implementation of SIMONA was a factor that conditioned the success of certain community initiatives (Component 4). This implies not designing new tools but applying what has worked, with a methodological adaptation that assures to give answers to the objectives of the project in terms of leverage of new resources, costs avoided in the management of the PA, social benefits **and reduction of conflicts**.

It was hoped that this process would help to quantify multiple benefits and also the possibility of further enriching the monitoring tools. The FSP staff indicated that "the intention was to contribute to the strengthening of the capacities of the communities that carried out each project, through the execution of a training plan elaborated according to the identified needs, which contributes to the success of the project through technical recommendations and advice derived from an orderly process of technical support." As a complex project, M&E was a great challenge. The limited time of the mission did not allow to evaluate the cost-benefit of the work with ECOPAR.

If the Biodiversity Information System (SIB) supported by the FSP contributed to generate information for decision making and to improve impacts, and if the SIB advances in consultation with those who make financial decisions and uses an approach based on "customer needs," the financial information of the SIB will have many possibilities to support the financial planning of the SNAP in the immediate future.

Finally, it is important to mention that on the basis of interviews, participation and feedback from FSP strategic partners would have been more effective if their role in both planning and execution had been defined more clearly. During the interviews it was observed that the feedback of several strategic partners regarding FSP outputs (methodologies) and their applicability could not be captured with due opportunity.

3.2.4 Project Finance

Table 3 shows the co-financing situation in October 2016, in accordance with the commitments stipulated in the amendment of the PRODOC in 2014.

Table 3. Cofinancing (in millions of US dollars) effectively carried out versus commitment in the PRODOC (amendment of 2014)²¹.

Organization	Type of Financing					
	Cash			In-kind		
	Committed	Real	Difference (%)	Committed	Real	Difference (%)
GEF	6,400	6,400	-	-	-	0.0%
The Nature Conservancy	0,540	0,422	-22%	0,056	0,011	-80.0%
La Tembladera	-	-	0%	0,435	0,563	29.4%
Fundar	-	-	0%	3.450	0.212	-93.9%

²¹ Self-elaboration based on the information provided by the project team.

MAE	5,000	-	-100%	0,670	8,510	1170.2%
CNBRPE	-	-	0%	1.886	2.306	22.3%
Conservation International	0,050	0,532	965%	-	-	0.0%
FAN	-	1,679	0%	1.300	-	-100.0%
UNDP	0,128	0,140	9%	-	-	0.0%
<i>Total (\$)</i>	12,118	9,172	-24%	7,797	11,602	948.0%
<i>Cash + in-kind total (\$)</i>	19,915	20,775				

As can be seen, cash co-financing contributions, which were 24% below the commitment, could be appreciated, but in kind contributions far exceeded the commitment by almost 1,000%, mainly due to the fact that the MAE made investments and operating cost support in PAs for approximately \$8.5 million during the project implementation period. MAE's main investment items were control and surveillance, productive projects, management and conservation in PA and infrastructure construction.

Therefore, it can be stated that the total co-financing commitment was exceeded by almost \$860,000.

During the project's execution, FUNDAR organization withdrew because of its inability to manage project resources in accordance with UNDP standards, while TNC informed the MAE that it would have to reduce its contribution.

With regard to project expenditures, Table 4 shows the original budget obtained from the PRODOC, which was adjusted in 2014, as a result of the project midterm review.

The project began its execution in April 2010, but had many problems of installation, reason why the budgetary execution was null during that year. Analysis of the numbers indicates that 48% of the total project budget had been executed between 2011 and 2013, when the midterm evaluation of the project was carried out, but components 3 and 4 showed a clear mismanagement (26% and 22% respectively), while the other components had an execution above 80%.

Beginning in 2014, UNDP approved the reallocation of resources and the project was extended until November 2016, and by that time approximately 99% of the project resources had already been disbursed. Table 4 shows the evolution of project expenditures up to November 2016. As can be seen, at the end of the project, practically the expenses were adjusted to the same original project budgets with very small variations.

Outcomes 1 and 2 referred to the development and establishment of regulations, institutional and stakeholder strengthening and project management, respectively. At the time of the final evaluation, the project had disbursed approximately 95% of the total project budget.

Outcome 3 mainly concerned studies on economic valuation of the SNAP in pilot areas, biomass studies, communication campaign on the economic and social importance of the SNAP, while **Outcome 4** focused on the development of sustainable financial mechanisms in pilot areas (net income generation, investment in infrastructure in PANE's PAs to generate tourism revenues and payment models for environmental services). Because these components were below 30% by year 2013, reallocations were mainly based on extending the execution period, relocating resources to the personnel item to allow the activities to be completed by December 2016. The MTR also recommended changes in the emphasis of some studies to be conducted under Outcomes 3 and 4, which are detailed in Section 3.3.1 (Outcomes) of this report.

It is important to mention that certain CFMs (Outcome 4) managed to increase co-financing. Such is the case of the project in La Tembladera Wetland: the FSP placed approximately \$39,000 for fish reproduction, achieving that the Prefecture contributed with another \$68,000. In addition, in order to give continuity to the fish reproduction project, the provincial government contributed with \$40,000 for the project of management and reproduction of the chame (a fish endangered in the country, but with prospects of commercial use) and provided a property on loan for use so that the community organization could work in a better way.

Table 4. Evolution of expenditures (in thousands of \$), according to the original PRODOC and the budget amended from 2014.

Outcome:	Year1 (2011)			Year2 (2012)			Year3 (2013)			Year4 (2014)			Year5 (2015)			Year6 (to Sept 2016)			Total		
	PRODOC	Real Expenditure	Dif (%)	PRODOC	Real Expenditure	Dif (%)	PRODOC	Real Expenditure	Dif (%)	PRODOC	Real Expenditure	Dif (%)	PRODOC	Real Expenditure	Dif (%)	PRODOC	Real Expenditure	Dif (%)	PRODOC	Real Expenditure	Dif (%)
OUTCOME1	203	3	-99%	187	151	-19%	1	211	26558%	1	61	7565%	28	45	61%	-	19	-	419	490	17%
OUTCOME2	245	28	-89%	727	265	-64%	252	692	175%	62	311	406%	62	73	18%	-	56	-	1,348	1,425	6%
OUTCOME3	449	1	-100%	618	161	-74%	666	298	-55%	3	649	22347%	3	360	12373%	-	63	-	1,739	1,531	-12%
OUTCOME4	-	9		348	43	-88%	811	208	-74%	735	772	5%	795	784	-1%	-	697	-	2,689	2,512	-7%
OUTCOME5	79	50	-37%	79	95	20%	79	82	5%	79	94	20%	79	49	-38%	-	17	-	393	387	-1%
OUTCOME7	-	-		-	-		-	-		-	-		-	85		-	64	-	-	149	
Total (thousands \$)	976	90	-91%	1,959	715	-64%	1,809	1,491	-18%	879	1,887	115%	965	1,396	45%	-	916		6,589	6,495	-1%

Table 5. Progress of expenditures 2010-2013

Expenditures up to 2013 (\$), when the MTR was carried out			
Outcome:	PRODOC	Real Expenditure	% exec
OUTCOME1	390,810	365,591	94%
OUTCOME2	1,224,534	985,138	80%
OUTCOME3	1,733,706	459,142	26%
OUTCOME4	1,159,190	259,463	22%
OUTCOME5	235,860	226,516	96%
OUTCOME7	-	-	
Total	4,744,100	2,295,849	48%

Table 6. Evolution of project costs 2014-2016, after the MTR

Expenditures 2014-2016 (\$), according to the reallocations made in 2014			
Outcome:	PRODOC	Real Expenditure	% exec
OUTCOME1	28,590	124,873	437%
OUTCOME2	123,022	439,678	357%
OUTCOME3	5,778	1,071,896	18551%
OUTCOME4	1,529,937	2,252,549	147%
OUTCOME5	157,240	160,938	102%
OUTCOME7	-	148,940	
Total (\$)	1,844,567	4,198,874	228%

According to the numbers provided by the project, the main expenditure items were personnel (26%), investment (18%) and firms and individuals consultants (44%).

Among the main contracted services are the CICOP (\$336,000), payments for environmental services (\$187,000), MenteFactura (\$469,000) and community projects (\$1 million).

Tables 7 and 8 show a summary of the main costs incurred.

Table 7. Main types of services contracted by the project

<i>Item</i>	<i>Spending until Nov. 2016</i>	<i>%</i>
PERSONNEL	1,704,166	26%
INVESTMENT	1,157,590	18%
INDIVIDUAL CONSULTANCIES - STUDIES	1,370,927	21%
CONSULTANCY WITH COMPANIES	1,495,506	23%
GOODS AND COSTS OF SERVICES	176,713	3%
TRAINING	589,314	9%
Total	6,494,216	100%

Table 8. Main contracts of the project over \$100,000

<i>Contract</i>	<i>Amount</i>
NATIONAL CORPORATION OF FORESTS AND	143,983
DURAN CABRERA DANNY DANIEL	192,290
JATUN SACHA FOUNDATION	187,847
GALLEGOS OVIEDO ADRIAN REMIGIO	120,251
MENTEFACTURA CO LTD	468,532
UNITED NATIONS PROGRAMME FOR THE	109,768
SOCIETY OF SALESIAN MOTHERS	167,149
Total	1,389,819

3.2.5 Monitoring and evaluation: design at the beginning and implementation (*)

Assigned score: 4 (MS). This rating is based on the following analysis:

Based on the observations of the evaluators and the information provided by the FSP coordination, the project did not develop a specific monitoring plan. The FSP's M&E protocol was based on UNDP/GEF institutional recommendations and as part of the monitoring and follow-up of the Program for the Conservation of the Natural and Cultural Heritage of the Yasuní Biosphere Reserve, one of the GEF projects for the achievement of the MDGs.

According to the FSP, the use of this methodology was one of the lessons learned from another project that the FSP capitalized and adapted based on its

specificities. It includes monthly meetings of the Project Execution Unit (PEU), regular and extended, the monitoring matrix based on the POA, programmatic and financial management analysis and its monthly feedback by the whole base team.

As indicated in the log frame analysis, the UNDP's FSS and the indicators developed in the FSS-based logical framework, together with the PIRs, were the primary basis for monitoring PPF outcomes. Both the FSS and the PIRs had weaknesses.

Despite not having an M&E plan *per se*, the FSP, in coordination with UNDP, met all the requirements for preparedness, progress and financial reporting in a timely manner, including:

- Inception report
- Quarterly reports
- Annual reports (PIRs)
- Periodic M&E visits to the field
- Midterm Evaluation
- Documents of lessons learned
- Final evaluation

3.2.6 Execution by UNDP and implementing partners (*)

Assigned score: 4 (VS). This score is assigned based on the following analysis:

Implementation by UNDP

UNDP in Ecuador manages a large portfolio of environmental projects, including projects related to biodiversity. This results in a formidable workload for the Environment and Energy Area and the technicians who support the environmental portfolio. This situation is very common in UNDP country offices.

Due to the different causes, such as political changes of authorities, changes in policies, economic situation of the country and lack of clarity in the logical framework caused by conversion of three projects and overlapping of activities, the project was delayed and extended since May 2015 through December 2016, which eventually resulted in nearly 7 years of execution. This expansion is significant in time and was a challenge for the UNDP office in Quito. The evaluators estimate that the project would have had better outcomes with closer monitoring by UNDP. This requires two-way communication between the FSP and UNDP, and between UNDP and the actors involved. The evaluators estimate that UNDP, because of its workload, dismissed the level of follow-up required. This impression was also mentioned by several actors interviewed during the final evaluation. In terms of strengths and weaknesses, there are some points:

Strengths

- UNDP has played an instrumental role in promoting solutions to conflicts such as those that occurred during the collaboration with the CNBRPE.
- UNDP was also affected by the constant changes in the MAE that put its portfolio of projects at risk on several occasions. UNDP diligently managed to position itself with the new authorities and provided support to the FSP in this regard.
- The extension of the project, in the opinion of the evaluators, was healthy since it provided adequate space to complete many of the outputs that should lead to long-term outcomes and allowed UNDP to promote collaboration with new projects that will be critical for the continuity of the achieved by the FSP; likewise, UNDP is in a position to ensure continuity of outcomes once the FSP and the new government are closed as of August 2017.

Weaknesses

- Project design did not facilitate a more results-oriented approach. However, there was a very good follow-up, for example, to the MTR recommendations and outcomes, especially in the last two years of the FSP.
- With more time available and with the support of a specialized technician, UNDP could have analyzed the PIRs in greater depth to identify weaknesses and solutions and foster greater self-criticism.
- As noted above, risks were not adequately analyzed at the project design level and this possibly affected M&E by UNDP.

Execution by the implementing partner(MAE), other central agencies, strategic partners (CNBRPE, CI, TNC), community associations.

Based on the interviews conducted, the evaluators conclude that this execution had significant strengths and weaknesses.

Strengths:

- Adaptive approach to respond to the changing political situation, changes in official personnel, economic and policy change in the country and the MAE/DNP (by its Spanish acronym)/DNB/SNAP.
- Ability to manage a complicated project with a suboptimal logical framework and with an excessive number of outputs, which make it difficult to focus on outcomes. However, processes that led to specific outputs and interesting outcomes were generated.
- Good management of the project budget and contracting processes and provision of services, and timely production of reports.

Weaknesses:

- Weak analysis of risks generated by institutional weaknesses. The constant institutional changes affected, and sometimes blocked, the execution of the project. This hindered the work of the Execution Unit. The project was based on a coordination, consultation and agreement with colleagues of the MAE, in many cases to ensure the survival of the FSP.
- Strong focus on actions and processes with limited consideration of outcomes during the early years; there is not much clarity about the expected impact of the outcomes. Anyway, the actions were developed in order to comply with the outcomes presented.
- There was a strong leadership from project coordination and PA staff. The communities interviewed indicated on several occasions that the technicians of the PA "come to tell us how we should do things and there is no way to discuss other options." According to the FSP, the projects with the communities are elaborated and executed by themselves; technical assistance is aimed at facilitating processes, improving capacities or visualizing worked and unreported outcomes.
- In the opinion of the evaluators, there was a lack of self-criticism on the part of the FSP team. Consequently, this leads to insufficient communication by the FSP towards UNDP, which limited the support that UNDP could provide and also limited the number of options for addressing situations or rectifications necessary for the progress of the project.
- The project required more experience in specific topics related to financial planning, financial and economic analysis and financial mechanisms at different levels, but this type of "expertise" was scarce within the FSP team.
- While the annual reports are comprehensive, they do not highlight the major risks affecting the project, and thus it is difficult for UNDP and partners to identify solutions in a collaborative way. A very evident case is the conflict with the CNBRPE.
- At the end of the project, in the opinion of the evaluators, work still needs to be done to ensure that the MAE has a greater appropriation than the FSP leaves, especially in the management of financial mechanisms.

Finally, the volatile context in Ecuador limited, at the discretion of the evaluators, the opportunities for the FSP, project partners and UNDP to be able to consolidate their coordination effort more effectively. In addition, to achieve an effective coordination mechanism clear objectives are required to ensure that the actors participation is "by objectives and outcomes."

The MAE, being an agency of environmental regulation and control, is characterized by a "direct and regular" approach, which makes horizontal coordination and incorporation of lessons learned more difficult, which is characteristic of the UNDP management model. Consequently, since the FSP functioned from the MAE, the

evaluators could observe that the coordination approach was heavily influenced by the MAE authorities. However, seen from another angle and moment, the proximity to the MAE represented an advantage for the implementation of the FSP in conjunction with other projects within the MAE.

3.3 Outcomes of the project

3.3.1 Overall outcomes (achievement of objectives) (*)

Assigned score: 4 (VS). This score responds to the field observations, FSS analysis and the analysis that is detailed below.

The major objectives of the project included:

The long-term objective is to improve the sustainability of the National System of Protected Areas in order to provide development outcomes through a healthy and sustainable environment and to guarantee the rights of Nature
(*PRODOC textual copy, pages 1 and 34*)

1. The overall environmental objective of the project is to contribute to the protection of the globally important biodiversity of Ecuador by improving the sustainability of its system of protected areas.
2. The project development objective is to contribute to the financial sustainability of the SNAP by implementing a proven operational financial framework in practice for an expanded SNAP including the PANE, private, community and autonomous PAs.

In the case of these two objectives, for the reasons that are detailed below, they have been fulfilled moderately satisfactory. The evaluation of the overall outcomes of the FSP (and the outputs that lead to these outcomes) are included below.

The scores achieved using the UNDP's FSS are presented in Section 3.3.2.

Outcome 1. Institutional laws, standards and guidelines to improve the financial sustainability of the PANE; private and community subsystems of the SNAP are formally in operation with the technical support of the project

<u>Outputs of outcome 1:</u>

Output 1.1 Legal framework of the PA system (Law and complementary regulatory law) complete with the technical contributions of the project and approved by the Assembly.

Output 1.2 The policy recommendations and guidelines for improving the financial sustainability of the SNAP have been developed.

Output 1.3 The institutional bases of the SNAP are strengthened to provide support for greater effectiveness of management and financial sustainability.

In very general terms, and following UNDP's "general" FSS indicators, the outcomes of this Component (Outcome 1) have been satisfactorily fulfilled. But when the elements that support these outcomes are analyzed in more depth, the image is somewhat different. It is precisely this deeper analysis the only one that can generate lessons from the execution of the FSP, which in the future can help with the difficult task of the financial sustainability of the expanded SNAP. This observation, in the opinion of the evaluators, is valid for all components of the FSP.

According to the Political Constitution of Ecuador, "The National System of Protected Areas (SNAP) will guarantee the conservation of biodiversity and the maintenance of ecological functions. The system will be integrated by the state, autonomous decentralized, community and private subsystems, and its governance and regulation will be exerted by the State. It shall allocate the necessary financial resources for the financial sustainability of the system and shall encourage the participation of the communities, peoples and nationalities that have ancestrally inhabited the protected areas in its administration and management" (Article 405). However, at the end of the FSP, the SNAP is not yet institutionalized in the respective sectoral laws and regulations, which is one of the reasons why the allocation of resources to the SNAP is complicated, but with the support of the project substantial progress was made in the legal structure to establish procedures for the declaration and management of protected areas of subsystems: autonomous decentralized, private and community of the SNAP.

In the case of the PANE, the central budget of the MAE is allocated through the National Biodiversity Directorate, which operates under the Undersecretariat of Natural Heritage (SPN) and is implemented through the Provincial Environmental Directorates. There is no direct budget relationship between DNB and PAs. The DNB also allocated the funds of the FAP, which was closed in April 2016. It should be noted that, at the time of the FE, in order to ensure that the FAN funds for PA are not lost, UNDP is working intensively with the FAN Liquidation Committee to design a new fund to replace it.

It was observed that, at the time of the FE, the SNAP does not yet have clearly defined PA budgets and, above all, those results-based. However, progress was

made in individualizing the budgets of the PAs of the PANE. Regrettably, for political reasons and financial crisis of the country, this process is suspended for the moment. Beyond individualized budgets, PAs at the individual and systemic level require **results-based budgets (RBBs)**²², which are the fundamental basis for working on the financial sustainability of the SNAP. It is important to recognize the breakthrough in the legislation to support the management of the SNAP, for example, Supplement of the Official Gazette No. 534, Ministerial Agreement No. 076 was issued, through which Ministerial Agreement No. 084 of August 28, 2013 regarding the Annual Operational Management Plan (PGOA), which includes PA budgets, but in the opinion of the evaluators, the RBB issue is still pending.

Also, the CPAs, GAD's PAs and PRIPAs do not have a defined legal framework to develop their RBBs and complementary legislation to establish specific financial mechanisms that could complement their budgets.

Output 1.1 Legal framework of the PA system (Law and complementary regulatory law) complete with the technical contributions of the project and approved by the Assembly.

The FSP worked hard to establish the necessary regulation to improve the management of PAs of the SNAP, but the issue of legislation for the development of specific financial mechanisms was limited. The main actions of the FSP focused on supporting the issuance of the following legal reforms:

1. Agreement 83 of August 2016 which "Establishes the procedures for the declaration and management of protected areas of the subsystems: autonomous decentralized, private and community of the SNAP."
2. Agreement 012, Methodological Guide for the Evaluation of the Effectiveness of Management of the PANE.
3. Unified Text of Secondary Environmental Legislation of the MAE (TULAS), Reform to Book IX.
4. Agreement 158 procedure of concession contracts and cooperation agreements.
5. Ministerial Agreement No. 076, which amends Ministerial Agreement No. 084 of August 28, 2013 regarding the Annual Operational Management Plan (PGOA).

Ministerial Agreement No. 083 of August 2016, which is a critical step for the recognition of the institutional SNAP, simply indicates that one of the functions of

²² RBB refers to a budget that: (a) focuses around a set of predefined objectives with their respective outcomes, (b) the proposed outcomes justify the resources required and these respond to the ratio of input (activity)-output-outcome, that is, activities and outputs necessary to achieve each specific outcome, and (c) level of performance (cost-effectiveness) in achieving results is measured through key performance indicators using the SMART indicator model.

the Environmental Authority (MAE) is "j) To support the search for financing for sustainability of protected areas declared as part of the SNAP."

The FSP put great emphasis on providing technical support for the TULAS , where several financial mechanisms are mentioned, which is a great step forward, despite the fact that these mechanisms are still not working. The TULAS mentions PA funding mechanisms, such as rates and fees described in Book IX:

- Entrance fee to PAs.
- Issuance of patents for tourist operation in continental PAs.
- Issuance of permits for the production of commercial films and documentaries in the PANE.
- Granting of licenses for naturalist guides.
- Issuance of annual patents for the installation and operation of power transmission towers in natural protected areas.
- Issuance of annual patents for the installation and operation of oil pipelines and polyducts in natural protected areas.
- Annual patent issue to oil companies to install infrastructure in the PAs.
- Issuance of authorization for scientific research.
- Issuance of annual patents for the management of wildlife.

The TULAS (Book III), Art. 180 states that "The following activities are subject to the payment of royalties for the concession of patents for tourist operation, income and service provision within the PANE: a) The tourist and recreational operations carried out by natural or legal persons, b) Visitor entry, c) Use of existing services within Natural Areas, and d) Use of resources by visitors."

On the other hand, the reforms to Book IX are conditioned to the approval of the Organic Code of Environment (COA, by its Spanish acronym), which has been approved at the Assembly level in December 2016, but still requires the veto of the Presidency of the Republic, and if this occurs, the COA would come into force after one year of its publication in the Official Gazette. At the moment, there is a significant risk that it will not be approved with the current government, but it may be approved in January 2017, and may also depend on the results of the presidential elections of February 2017.

Whether or not the TULAS is approved, as indicated in the SNAP's strategy for financial sustainability, "the collection on account of permits, licenses and fees is not directed directly to the PAs that generate it, but goes to single accounts of the National Treasury." For example, tour operators pay the MAE an amount determined by the number of passengers, depending on the PA, between \$10 and \$80. This payment is directed to the national treasury and from there it will form part of the General Budget of the State. Although the issue of how to make the self-generated resources of the PAs remain in the PAs was not a specific objective of the FSP, this is another central issue for financial sustainability and has not yet been resolved. The FSP worked on this issue, but nothing concrete was achieved, this

being a very complex political issue, since the establishment of "earmarks" for PAs is difficult if the issue of PA funding is not of a high priority for the government (which it is not), and therefore requires great political will.

A clear element on financial matters is Agreement 158 on concessions and cooperation agreements, although its scope is still very limited, but it has a good potential for expansion. The evaluation team visited concessions in the Chimborazo FFPR and Cotopaxi NP (the latter was not a FSP pilot).

In the case of the concession of the refuge to a private tour operator in the Chimborazo FFPR, the concessionaire stated that the concession is a good business, but has serious limitations for the design of the infrastructure. The constructions in the two national parks were not remodeled by the FSP, but by the SNAP Support Program (PASNAP). Concessions can be said to reduce infrastructure maintenance costs, but considering the limited number of concessions granted (there are no concessions in all pilot areas), their impact is very limited.

In the case of concessions of handicraft shops belonging to indigenous communities in the Chimborazo FFPR, it was observed that the position of handicraft shops is not the most appropriate, since it has weakened the connection between supply and demand. The community concessionaires indicated that their sales have fallen and that before the concessions their profits were higher. They also indicated that NP staff do not pay attention to their concerns related to the constant drop in sales and profits. It was evidenced that the constructions worked in the areas visited of the PANE were not designed considering the best access of the visitors to the concessions. In contrast, the FSP team considers that community members are not reporting all that they earn, reflecting a lack of common criteria to assess this situation and perhaps also a lack of proper registration of the revenues obtained from concessioned stores.

It is important to note that as an international standard commonly accepted by multilateral development agencies such as the World Bank and the UN, when a project promotes livelihoods relocation, they should generate better returns than the previous ones. That is to say that when relocating to the artisan sellers of the Chimborazo NP, the FSP had to assure without a doubt, that the profits from their livelihood were greater than they had before the relocation of their business.

On the other hand, it was evident that much remains to be done in the area of improving the quality of products offered by peasant communities. This is an important issue that can help increase sales and profits. In the cases visited, the concessions are supervised by the NP teams, who have little or no experience, at least for the time being, on the subject of business management. The FSP team indicated that progress is being made in this regard.

Finally, it is worth considering that there is, in addition, Agreement 83B²³ of August 2015, which updates payments for management services and environmental quality. This agreement includes 25 services that are not directly related to the SNAP. Although the "PA and Wildlife Services" account is mentioned, there is no clarity about the transfer of resources to the SNAP the use of them. It should also be considered that the Agreement 025 of March 2012 that issued "The Codification of Organizational Management by Processes of the Ministry of Environment," only vaguely mentions the financing issue for the SNAP and focuses mainly on the PANE, simply referring to the financial strategy of the PANE. This Agreement does not establish responsibility for implementation and there is no sub-unit responsible for its execution. Although the FSP did not work on the issuance of this Agreement, the FSP supported this work at the end of the project.

The indicated reforms have made significant progress in the administration, organization and expansion of the SNAP. This is a very positive outcome of the work of the FSP, but that on the financing side of the SNAP does not have an effect as significant as in the management issue.

Output 1.2 The policy recommendations and guidelines for improving the financial sustainability of the SNAP have been developed.

The FSP achieved several interesting outputs, including:

- SNAP's strategy for financial sustainability (SFS).
- Guide for the elaboration of PA Business Plans (Guidelines for Elaboration of Financial Sustainability Plans for PAs).
- Annual Operational Management Plans (PGOA).
- Practical Guide to Environmental Incentives.
- Corporate Social Responsibility Program.

A key element is the SNAP's SFS, and although the FE did not include a SFS comprehensive assessment, it was reviewed in its entirety. In the opinion of the evaluation team, this is an extensive document that includes or goes beyond what is a concise financial sustainable strategy with clear financial goals and mechanisms that will support a partial and progressive reduction of financial gaps, including clear elements of cost-effectiveness and cost reduction. Thus, the SFS includes analysis at different levels:

- a) Conceptual and situational
- b) Strategic
- c) Management and financial objectives (not defined)
- d) Institutional Processes
- e) Institutional models "State-Owned Enterprise"
- f) Financial mechanisms (general)

²³ It is not included as a output supported by the FSP.

- g) Planning and financial needs
- h) Scenarios as "productive matrix"; and
- i) Conclusions and recommendations.

A lack of logical order was observed in the document. However, the FSP team stated that the SFS is aligned with the complex structure and institutional needs of the SNAP and not with its financial needs²⁴.

There is undoubtedly very valuable and indispensable information in the SFS and will be very useful in the future, but there is a lack of clarity on critical issues such as: a) the process of selecting financial mechanisms and their profitability, b) connections with the SNAP Strategy, PA management plans, PGOA, relationship to gaps and programmatic areas of the expanded SNAP; and the "step-by-step" for the implementation of financial mechanisms. It is important to mention that the cost reduction relationship generated by the CFM is not mentioned or established in the SFS. This implies a disconnection of the CFMs of Component 4, with a central axis of the FSP, which is the SFS.

The document "Guidelines for Elaboration of Financial Sustainability Plans of PA" (GEFSPPA) was not the subject of a dedicated analysis by the evaluation team, but was also revised in its entirety. In the expert opinion of the evaluators, the document is also extensive and complex as it attempts to link the POA and PGOA and is based on budget analysis (incremental approach) and budget projections. A strong emphasis is placed on the analysis of ordinary expenditures, linking the analysis of financial gaps to the analysis of budget projections, but cost analysis is not included. Although it is a tool for budgetary management, the expert opinion of the evaluators does not consider it as a tool to develop financial sustainability plans. It can be said that this tool responds to the current institutionality of the MAE, based on the modality of budgeting; this view is shared by strategic partners of the FSP.

On the other hand, the evaluators did not find evidence that this methodology was reviewed by relevant actors or experts (the Guide does not contain any references in this sense). In contrast, the FSP team indicated that other financial planning manuals that currently exist were reviewed.

Finally, within the current structure of the PA and Wildlife Unit of the DNB, the responsibility of its formulation and execution is not clear, since PAs do not handle budgets directly.

Because this document was finalized in December 2015, very close to the end of the project, its implementation is limited and its usefulness and possible impact cannot be assessed at the time of the present evaluation. Notwithstanding the foregoing, the application of the **GEFSPPAs** can generate a large amount of statistical and

²⁴ Reference was made to the opinion of the National Biodiversity Director: "The real problem of the SNAP is not the money, but the institutionality..."

budgetary information that will always be useful to improve the financial planning of PAs.

Annual Operational Management Plans (PGOA) were institutionalized to establish the annual funding needs of PAs (could be considered as a sort of annual budget). The PGOA was developed by the project "Sustainable Coasts and Forests," sponsored by the USAID and recognized by the MAE. As stated in the SFS, the PGOA is the "process of implementing actions in the protected area in order to achieve the objectives for which it was created." Based on the content of the management plan in terms of objectives, strategies, and actions, an annual schedule is elaborated detailing indicators, tasks, timetable and requirements of human, material and financial resources. So far, this tool for the financial planning of PAs has shown a great advance, since there are 46 updated PGOA system-wide. The purpose of the MAE is to update and/or develop the PGOA of each of the PAs that make up the SNAP.

The PGOA does not replace the Annual Operational Plans (POA), which are the main responsibility of the Provincial Environmental Directorates (PED), who manage the PANE's PAs of their respective jurisdiction, but the PGOA is prepared in addition to the POA. Therefore, the PGOA does not simplify, but increases planning levels. However, the FSP team said that it is a more efficient process and that it is linked to the MAE's POA, but there are different opinions within the FSP team.

The team of evaluators, based on information submitted by the FSP and staff from at least one DNP and PA, was unable to determine the real added value of keeping the two instruments separate. There was evidence of some duplication and excessive overload of desk work to coordinate the POAs and PGOAs. In addition, decentralized management through PEDs was thought of as a mechanism for timely monitoring of PAs, but in practice there were bottlenecks in the flow of financial information and management itself between the DNB and PAs, since the PED is a unit that is between the DNB and PAs. This bottleneck can be caused by the fact that the PED is not subordinate to the DNB, but to the Vice-ministry within the MAE.

The **Practical Guide of Environmental Incentives** aims to identify and compile the incentives established in the Ecuadorian legal framework for the conservation of natural ecosystems of national interest. It is a very useful output in terms of supporting the development of financial mechanisms to support financial sustainability plans at the PA level, and linkages with the FSP at the SNAP level. This will be definitely useful in the future when the institutional and financial framework improves, possibly from the middle of 2017.

The Guide includes the regulations, especially national geographically organized, related to the incentives that are granted according to the protection of the environment and includes the most important aspects of Ecuadorian legislation at national and sectional level, organized in an accessible way to potential beneficiaries.

At the beginning of 2014, an in-depth study was also carried out on the **Assessment of the Fees to be applied for Patents for Tourist Operations, Filming and Photography for commercial purposes in PANE's PAs**. This study includes 7 scenarios of rates for tourism operators and a comparative summary. This is another very useful document that has helped in the design of the SFS and it is a first step, where the experiences of this initial application in several of the pilot NPs of the FSP will be useful to develop more broadly the topic of rates linked to tourism, as the institutional situation and the possibilities of developing financial plans for PAs in Ecuador improve.

The **Corporate Social Responsibility (CSR) or "Punto Verde" Program** is one of the most interesting outputs of the FSP, focused on the participation of the business sector at various levels, through investment. The (proposed) CSR Program has three axes: Environmental, Social and Economic; and presents different options for private investment, either in kind (cost saving) and monetary. Investment options for the CSR include:

- a) Sustainable development in PAs: Direct investments in productive initiatives and donations for competitive funds.
- b) Sponsorship of a PA: money or in kind donations.
- c) Sponsorship of emblematic species: donations in money or in kind through collaboration with the Institute of Biodiversity.
- d) Donations to the SNAP (in kind and monetary): donations in money or in kind through collaboration with the SNAP and specific funds (as what it was the National Environmental Fund).
- e) "Aula Verde" training program: Financing for training on 5 priority topics of the SNAP: i) control and monitoring, ii) biodiversity management, iii) administration and planning, iv) public use and tourism, v) communications, education and environmental participation.

The transfer mechanism for financial flows proposed for the CSR was the FAN. Unfortunately this was closed in April 2016, leaving the CSR in a suspended state. It is estimated that this situation can be resolved, at least partially, once the new Fund replacing the FAN is put into operation in 2017.

The material published on the CSR is very good and attractive, but it needs strengthening with financial information and the possible "rate of return" to private investments channeled through this interesting mechanism, which has been very successful in many countries and in different regions, especially where there is a very good relationship between public-private management and domestic and foreign private investment is facilitated.

The CSR can be a great outcome of the FSP, so it is imperative to develop a FSP exit strategy specific to this mechanism. See more details in the recommendations.

Output 1.3 The institutional bases of the SNAP are strengthened to provide support for greater effectiveness of management and financial sustainability.

The SFS includes an analysis of the State-Owned Enterprise (SOE) model for the SNAP and indicates: "The most attractive scenario in terms of strengthening the SNAP contribution to the new productive and energy matrix is a state-owned enterprise" (SOE). Similarly, and as provided by the Constitution in its art. 315, such enterprises can be set up to "manage strategic sectors (such as biodiversity, genetic heritage and water)²⁵, the provision of public services, the sustainable use of natural resources or public goods and the development of other economic activities²⁶."

In addition, it is indicated that the SOE has the capacity to function as a public law company, with legal capacity, and above all, with "**financial**", economic, administrative and management autonomy. The financial issue is critical, as it could solve the topic of the transfer of resources generated by the PA to the Treasury Single Account (TSA). Beyond this, as the SOE can generate returns (profits) and the law states that "surplus may be used for investment and reinvestment in the same companies or their subsidiaries, related or associated, of a public nature, at levels that guarantee their development,²⁷" would have the ability to obtain credits for defined investments. All of the above would help to increase the level of cost-effectiveness and efficiency in the financial management of the PAs, allowing the State to reduce the high ordinary expenses related to the operation of the SNAP.

Creation of the SOE has been one of the FSP's fronts, but its approval has not been achieved and it is estimated that this will not be possible in the current financial/economic crisis that affects the already extensive Ecuadorian public administration. The Government is in the process of reducing the size of public administration and not expanding it. Notwithstanding the above, apparently the cost of establishing of SOE and subsequent cost reduction have not been demonstrated. The "business case" for the creation of SOE in terms of financial profit, cost-effectiveness and impact on productive sectors has not yet been analyzed and could provide a solid basis for future politic decisions. The FSP's exit strategy could provide insight into subsequent politic actions to support the creation of the SOE.

As already indicated, the FSP has been successful in developing manuals to define competencies and management in the MAE. These manuals, excluding the memorandum that institutionalizes the "Elaboration of Financial Sustainability Plans for PAs," focus mainly on administrative management issues. However, it should be noted that this bias was given by addressing the MAE and facilitated the institutionalization - by the MAE - of the FSP's output management policies. Also, it has a matrix to analyze the finances of new PAs that are proposed for the PANE.

²⁵ Art. 315 of the Ecuadorian Constitution.

²⁶ Organic Law of State-Owned Enterprises (LOEP, by its Spanish acronym), Art. 4. ^[1]_{SEP}

²⁷ Art. 315 of the Ecuadorian Constitution.

Finally, the FSP developed the SNAP Web Portal and the SNAP "APP" that is linked to the information on the web page. This output has made good progress. The evaluators agree that, although it is a relevant output, it still has basic characteristics: information of the SNAP, PANE and other subsystems in smaller quantity and quality. The most interesting information to support the SFS is financial information, i.e., financial situation, needs and gaps, financial mechanisms, quality of expenditure, investment outcomes and access to detailed information about the CSR program²⁸.

Outcome 2. Strengthened capabilities for financial planning, management and monitoring by results, to improve long-term sustainable net income of the SNAP.

Outputs of outcome 2:

Output 2.1 The SNAP strategic plan covering public, community and private subsystems has been developed and is in use.

Output 2.2 Management and business plans for pilot PAs have been developed and are in use.

Output 2.3 The management and results-based M&E system for supervising administrative, financial and technical matters has been installed and is in operation.

Output 2.4 The training program for financial planning and management and M&E (budgeting, operational planning, monitoring, reporting, accountability and results-based management).

Outcome two advanced significantly; in the six years of the project's life, a large number of people and institutions were trained. The evaluators consider that the results-based M&E matter should be strengthened.

Output 2.1 The SNAP strategic plan covering public, community and private subsystems has been developed and is in use.

The **Strategic Plan (SP) of the SNAP** "per se" was not presented as a consolidated and ongoing plan, but in line with the above Ministerial Agreements, it is verified

²⁸ This information exists, but the CSR package still cannot be downloaded.

that the SNAP already includes the 4 subsystems and the achievements of Outcome 2 point to strengthen the SP-SNAP.

INDICATOR	GOAL	PIR 2016
1. <u>Strengthened capacities profitable SNAP</u> Component 2	Component 2 = 85%	Component 2 = 62%
2. <u>Strengthened capacities profitable PRIPA and CPA</u>	Component 2 = RBPE NOT 75%	Component 2 = CNBRPE 60% TW 75%
% of Protected Areas with <u>Management Plans and Updated Business Plans (PANE - RBPE)</u>	PANE MP 20% BP 20% RBPE MP 25% BP 25%	PANE MP 78% BP 16% RBPE MP 28% BP 28%
% of technical-administrative staff <u>of the SNAP skills</u>	PANE 51% (41) RBPE 100% (22)	100% RUAF 67% DNB 32% CNBRPE 100% ASOGFROTEM

With certain limitations already mentioned, the SP-SNAP is strengthened through different elements that have already been discussed:

- Strategy for Financial Sustainability;
- Study of financial needs and gaps;
- The adaptation of the METT methodology to measure the efficiency of the management;
- The budget reform that facilitated the development of individual budgets in pilot PAs in 2015 (they are not RBB);
- Increase in PA management plans of the PANE (100% in pilot PAs) and it is included a section on finance in the MP;
- Institutionalization of the PGOAs (92% of PAs have PGOA);
- Approval of the methodology for the GEFSPPA and institutional guidelines (16% of PA have FSP).

Output 2.2 Management and business plans for pilot PAs have been developed and are in use

In terms of the development of management plans, the quantitative outcomes were very good, the goals were met or exceeded. In terms of business plans, it was not possible to meet the quantitative goal in the PANE and exceeded the goal with private PAs. As indicated earlier, it was not possible to assess the impact of management and business plans on FSP's pilot PAs.

At the level of private PAs (CBRPE), outcomes have been different, depending on the partner member of the CNBRPE:

- Although it is affirmed that the management model of the CICOP of the Northwest Node of the CNBEPE drives business plans, this could not be verified. On the contrary, it was observed that the proposed model of direct management should be reviewed and that the CNBRPE (Northwest Node) does not have the institutional capacity nor a suitable model for the management of the CIPOP.
- 28% of the private reserves members of the CNBRPE have business plans. However, it was verified that within the CBRPE there is no consensus on the usefulness of these plans and it was not possible to verify if these business plans are resulting in increased profits. The evaluators did not have access to the model used to develop business plans for private reserves. The FSP indicated that there are success cases related to biocommerce.
- The problem of internal institutional disagreements in the CNBRPE made the work of the FSP difficult. While this situation is being solved with UNDP support, in view of the situation until mid-December 2016, the evaluators cannot claim that the work related to the CICOP business plan has been successful. On the contrary, there are serious questions about the sustainability of the CICOP and after 6 years of work, there was no evidence of a more operational CNBRPE, with clear goals and routes to achieve those goals. As evidenced by final agreements with the CNBRPE and reported by UNDP, there is a very good predisposition on the part of the CBRPE to review the CICOP management model and to move forward once the FSP is completed.
- The case of the GAD of Santa Rosa and the communities bordering La Tembladera Wetland (TW), the outcomes have been much more encouraging:
 - The issuance of the municipal ordinance for the protection of TW was achieved.
 - TW has a financial strategy 2017-2021, which includes 5 business plans, with an interesting model of associated tourist management.
 - The community organization has clear objectives and long-term vision regarding what should be TW and its role as an organization in the protection of the wetland, which are shared by all its members, who act together.
 - The community organization has demonstrated that it has management and leverage capabilities, as well as providing ideas to improve the wetland situation.

As the plans are relatively new, it was not possible to see if their effect has been positive on the communities in general, nor if they will have a significant impact on the reduction of costs for the management plan. Where the best expectations of

success are observed, it is in TW due to the excellent management capacity of the community associated with AGROTERM.

Output 2.3 The management and results-based monitoring and evaluation (M&E) system for supervising administrative, financial and technical matters has been installed and is in operation.

The FSP has made significant progress in the M&E issue through the SIB, but there is still much work to be done as already indicated in the topic of results-based planning. At the moment, the SIB includes basic information in three modules:

- a. Administrative and financial (income and expenditure), with data from 2013-2015
- b. Efficiency of management, with data from 2012-2015
- c. Tourism; registration of visitors with data from 2001 (data prior to the FSP) and infrastructure (2016)

The UNDP's FSS is the main source of indicators for the administration and finance module, and is also linked to the PGOAs. The "Management Effectiveness" module is supported by the "Handling Effectiveness Guide of the PANE," being an interesting and useful output. However, at the discretion of the strategic partners of the project, the FSP made an adventitious adaptation of the "internationally accepted" METT guide (Managing Effectiveness Tracking Tool), resulting in a more complex and cumbersome system. The evaluators failed to conduct a comprehensive analysis of the FSP Management Effectiveness Guide.

The tourism module includes a register of operators, naturalist guides and visitor registration. This information would be very useful for small businesses in NPs managed by indigenous communities, but according to the opinion of community concessionaires, this information is only handled by the NP staff and is not yet incorporated into business plans of the concessionaires. The SIB will continue to work on the systematization of outcomes and sharing information with the administrators of the PAs, but the establishment of a more adequate mechanism for the transfer and application of this data in the community NPs remains pending. Also, it is not yet clear how the SIB will support the private sector involved in the CSR mechanism and donors (international cooperation) of the SNAP.

It is important to mention that the SIB includes basic information on the PGOAs, such as:

- Financing gap by PA
- Budget by source, management program and PA objectives
- Costs per activity
- Conservation indicators
- Financing by expenditure group and budget transfers in kind

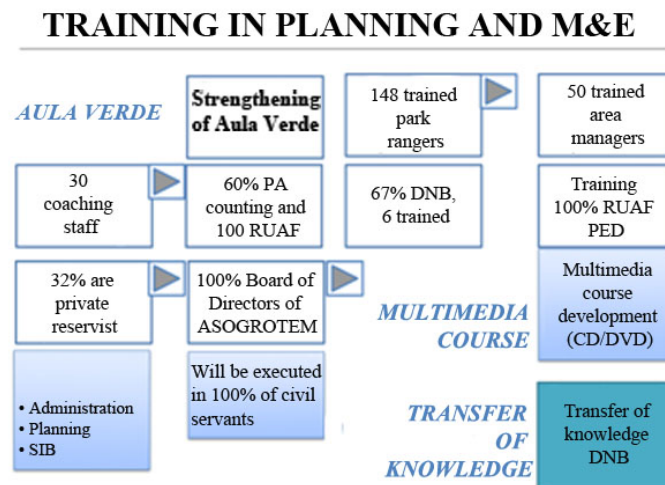
Finally, there is no clear connection to the MINTUR information system, which is a very important issue. If appropriate steps are taken in the future, the SIB will be a great administrative and financial management tool for the SNAP (more details can be found in the Recommendations section).

Output 2.4 The training program for financial planning and management and M&E (budgeting, operational planning, monitoring, reporting, accountability and results-based management).

The FSP established the "Aula Verde" self-training program for the PAs staff, which in addition to giving an introduction on financial, administrative and planning issues, includes complete video tutorials of the SIB modules.

At present, the SIB is well advanced, but is not yet fully completed in the financial sector and partially completed in others (such as tourism in PAs), so the MAE is expected to assume the remaining part of this management system so that it produces more specific analyzes that support informed decision-making.

The results of the training presented by the FSP executed through "Aula Verde" are shown in the following graph.



Source: FSP

The graph above shows interesting outcomes in quantitative terms. MAE personnel, especially of the DNB, Administrative and Financial Units of the PEDs and PAs and, in addition, 32% of the private reserves (CNBRPE) have received training from the FSP, estimating that they leave the bases to reach a 100% coverage. It was not possible to verify the level of training at the community level, that is, small enterprises of communities, not members of the CNBRPE, but very successful cases such as TW were observed.

According to information from FSP staff, the training needs were planned, the target groups and "champions"²⁹ were identified who can continue and lead the training strategy. The latter was not possible to verify, but according to the information of the FSP, this subject is linked to the Aula Verde program. The FSP has been instrumental in providing training during its execution. It was not clear how the MAE will continue to update the contents of Aula Verde.

Outcome 3. The value of the SNAP is best recognized in communities in protected areas, public sector authorities and private, national public and international investors).

Outputs of Outcome 3.

Output 3.1 Place the specific economic valuations made to complete the existing study.

Output 3.2 Evaluation of the biomass stock of the full PANE.

Output 3.3 Communication campaign based on the economic and social value of the SNAP implemented to demonstrate the tangible benefits.

Outcome 3.4 The capacities of stakeholders have been developed to negotiate funding with different partners.

The FSP proceeded with the economic valuation studies and the communication of the outcomes with partial results. This Outcome was well designed, although the economic valuations and the communications were not executed and took advantage in a more optimal way. On the basis of the analysis presented below, this outcome is satisfactory if the UNDP's FSS indicators are simply used, but it may be questionable when a more in-depth analysis is done.

Output 3.1 Place the specific economic valuations made to complete the existing study.

This output refers to TSA studies recommended in the MTR. As a result of the MTR, the approach to economic valuation methodology (which was not really defined) was defined by a "Targeted Scenario Analysis" (TSA³⁰) approach.

²⁹ Champions refers to people who have excelled in training, in different fields, and who can be considered as agents of change and who can lead training processes based on knowledge and practice. To form "champions" it is necessary to establish specific criteria in each field of training and to make the respective measurement.

³⁰ (Targeted Scenario Analysis) TSA was developed by UNDP in 2013. It is an analytical approach to valuing ecosystems that was designed to demonstrate the economic feasibility of investing in sustainable ecosystem management and formulating policies for this purpose. TSA can generate and present data related to ecosystem management in a more relevant way for the decisions that have to be made by those responsible for public and private investments. TSA's focus is on the productive sectors and decision makers in those sectors, focusing on a specific sector manager who has the capacity to lead policy reforms and make investment decisions. TSA's output is information based on evidence and linked to a specific time frame for the

TSA analysis was designed to help address the lack of evidence-based information that will demonstrate how appropriate management of SNAP ecosystems can sustain or improve productivity at the sectoral level. PAs' TSA can accurately capture the value of ecosystem services in PAs by comparing the implications of two proven management approaches on the basis of relevant socioeconomic indicators (quantitative and qualitative) for a specific productive sector. Through the TSA for PAs, the MAE, central planning agencies, legislative assembly and private companies could see real evidence of the risks and opportunities of choosing to continue with unsustainable business as usual, or increasing funding to protect the ecosystems that harbor the SNAP. These data can help make policy and management informed decisions that could result in increased funding for the SNAP. Depending on the scope and purpose of the study, other methods can be used to assess ecosystem services, including a cost-benefit analysis. However, the TSA was designed to capture the value of ecosystem services, beyond the scope of cost-benefit analysis³¹.

The FSP used the TSA methodology after a brief training of consultants selected for the studies and focused on two key sectors: tourism and hydroelectricity. The evaluators reviewed the two studies, which had to follow the 5 steps outlined in the methodology and their observations that are presented below.

1. On the need for study, government ownership, policies and the selection of sectors and decision makers:
 - The TSA is a viable method for "doing business" for sectors that can support SNAP financing. However, there was little evidence that decision-makers in the hydroelectric or tourism sector were involved in the design of the study and/or involved in the process. It should also be noted that, as discussed above, many changes of authorities occurred during the FSP, however, this situation does not justify this limitation in the TSAs.
 - Policy reform, in most cases, requires legislative action. The studies were not linked to any policy-specific reform process, as studies have lost momentum. For example, because PA's finances were not on the government's agenda or in a government-led review process (beyond the

decision maker, which highlights the pros and cons of continuing with the unsustainable business as usual (BAU) or switching to a sustainable development path in which ecosystems are managed more efficiently. This alternative route is called sustainable ecosystem management (SEM). TSA methodology can be obtained in: www.undp.org/content/undp/en/home/librarypage/environment-energy/ecosystems_and_biodiversity/Targeted-Scenario-Approach-2013/.

³¹ Alpizar, et al. UNDP 2013, Targeted Scenario Analysis.

MAE), the studies fell into a political vacuum and were initially set aside.

- The studies were not the result of a clear request, nor did they receive inputs from a decision maker who would face a decision related to the pros and cons of reforming a specific policy related to impacts on biodiversity and/or funding. This is the technical appreciation of the evaluators and is not shared by the FSP team.
- Sectoral decision-makers in the studies did not contribute to the development of TOR, review and costs of the studies; this questions the appropriation of the studies.

2. About PHASE 1 (Definition of TSA Purpose and scope)

- Although in each case this phase was completed, the missing key element was the participation of the target sector and the decision maker in the design of the study. The purpose and scope of the studies is designed within the contracting agency (mainly the MAE). For example, the Ministry of Environment is not the direct decision maker of hydroelectric energy policy or tourism policy, thus limiting the impact of the TSA.

3. About PHASE 2 (Definition of BAU baseline and SEM intervention)

- The definition of the BAU (Business as Usual) baseline and the SEM (Sustainable Ecosystems Management³²) intervention is not simple and the information available was limited. In addition, additional information that may be available at the sector level is difficult to access if the relevant sectoral authority is not actively involved in the design and execution of the study.

4. PHASE 3 (Selection of criteria and indicators)

- In both cases, the criteria and indicators selected were limited, for example, the level of productivity and their net value were not considered. In the case of the hydroelectric TSA, the cost of recovery of affected hectares is assessed as the basis for defining cost savings, but this is not compared to the level of production and rate of return of the hydroelectric industry. As indicated above, the approach was not

³² See previous footnote on TSA.

consulted with the sectors involved.

5. About PHASE 4 (Construction of BAU and SEM scenarios)

- This is a complex phase because there was very little or no experience in this matter. This is where national consultants need additional support and the opinion of outside experts is really helpful. In this phase it is also where other elements such as "uncertainty" are incorporated. This requires constructing one or more scenarios. The FSP did not seek additional support to fill this gap.
- The construction of the BAU and SEM did not diversify their indicators: level of productivity, profits, tax collection and other indicators of utility.

6. About PHASE 5 (Making recommendations with financial support for informed decision making)

- TSA studies did not produce specific client-oriented recommendations (decision makers in the involved sectors).

7. On reports and use of the study before and after the final report is available to decision makers, the following is considered:

- One of the important gaps was the lack of a qualified peer review team at the national and/or international level. A review group should have been previously established during Phase 1, which should include sectoral decision makers and UNDP's TSA experts. According to the FSP, a series of consultations were made, but after the FSP's TSAs review, a lack of qualified technical inputs in the reviews of drafts and final outputs is evidenced.
- The studies lacked a clear strategy on how they would be used after their completion, as the results of the study were not presented to stakeholders (officials who could make TSA results-based decisions) and strategic partners of the project. No action has been taken by the target sector after the studies were completed. It should be noted that the FSP incorporated part of the TSA outcomes into a general communication campaign. In the opinion of the evaluators, this was a great opportunity that was not exploited to its full potential.
- In both cases the studies have partial economic information which, if used in the correct political context, could support or lead to policy reform, but would require renegotiation with, for example, the

hydroelectric sector and additional funds would be required for TSA review.

While the methodological steps for the TSA were followed, each of these phases had significant gaps that could have been addressed through timely consultations with the technicians in the TSA of UNDP.

Output 3.2 Evaluation of the biomass stock of the full PANE.

For its part, the study of BIOMASS failed to be reviewed by the evaluators. According to the FSP, this study shows a quantification of the carbon stock, updates the ecosystem map, the carbon map and the vegetation cover map. This study could be extremely useful for the climate change sector within the MAE and for the development of carbon-related financial projects. The outcomes of this study are not used in the communication document mentioned in the next section, but according to the FSP these outcomes can be found in a brochure of statistics of the SPN.

Output 3.3 Communication campaign based on the economic and social value of the SNAP implemented to demonstrate the tangible benefits.

The outcomes of the TSA studies are partially evidenced in the communication document "Protected Areas of Ecuador, strategic partner for development," in which economic arguments are very limited. These are found on page 10, which indicates that tourism produces \$1.5 million annually due to foreign currencies and on page 14 where it is indicated that the vegetation cover in watersheds reduces costs to the level of \$37 million a year, but it is not specified that costs are reduced. In the tourism section, information is mainly statistical.

In addition to this communication document cited above, the FSP implemented the communication campaign based on economic and social value "Water Resources: Energy Source for Ecuador," in which stands out PAs such as the Cotacachi-Cayapas Reserve. This campaign is aimed at a general public and not necessarily at specific politicians or executives who make decisions to invest in conservation and good natural resource management. In any case, this campaign has helped position the SNAP as a valid option for public and private investment.

Outcome 3.4 The capacities of stakeholders have been developed to negotiate funding with different partners.

The creation of negotiation capacities has increased in the MAE, allowing it to sign 6 agreements related to tourism that support the generation of own resources:

- Klein tours
- Urbano films /Discovery Channel

- Gondwana
- *Fad Prevention*
- Topos del Ecuador y Latinoamérica

In addition, there are agreements in process with private companies not linked to tourism and will be examples of the CSR: Tesalia (water bottling), Textiles Guijarro, Mega Micro (Supermarket).

Cooperation agreements will improve the environmental image of the companies involved and, in addition, will be executed through a system of "co-branding," which refers to the right to use logos of the PAs for advertising of the cooperating companies.

There are also other collaboration agreements with the academy and the GADs. The agreements total an approximate amount of \$113 million, which will benefit the SNAP and its respective subsystems.

Finally, based on interviews with certain communities located in PAs, it was evident that these communities perceive PAs with units of high importance for conservation. This is evidenced, for example, in communities of the Yasuní NP and Chimborazo FFPR.

Outcome 4. Replicable profitable management models to obtain proven sustainable net incomes in the field or across the community and partnership approaches in the sector.

Outputs of Outcome 4.

Outcome 4.1 Sustainable net income models (business cases) selected, funded and operational in pilot PANE areas

In order to comply with Outcome 4, the FSP has made interesting collaborations at the level of central agencies, Decentralized Autonomous Governments (GAD), community organizations and the academic sector. Among the most outstanding are:

- La Molina National Agrarian University (UNALM, by its Spanish acronym), Peru.
- Chimborazo Polytechnic Superior Institute (ESPOCH, by its Spanish acronym).
- TRIAS International NGO (Belgium/Ecuador).
- Corporation for the Development of Community Tourism in Chimborazo (CORDTUCH, by its Spanish acronym).

- Belgian Development Agency (BTC).
- Provincial Council of Pichincha, Nanegalito Cantonal Board.
- Institute of Ecology and Development of the Andean Communities (IEDECA, by its Spanish acronym).
- GAD: Pichincha, Ayora, Zumbahua, San Francisco, Orellana.
- ASOGROTEM, an association of artisan agricultural producers of the Riparian Communes of the Santa Rosa canton.
- Several communities in pilot areas such as ASOGROTEM in La Tembladera pilot site, HEIFER Community.

Most of these institutional partnerships are focused on community development projects, which may or may not be classified as a cost-saving mechanism for the SNAP management.

The development of replicable profitable models is a somewhat controversial issue in the FSP. There are good outcomes and others less satisfactory.

The PRODOC established a non-reimbursable Competitive Fund Mechanism (CFM) worth approximately \$1.2 million, which financed 19 community development projects, including one from the CNBRPE, which is the highest amount. In addition, the UNDP's SGP supported an additional project with the Balsamo Node of the CNBRPE. These projects benefited 10 PAs and their buffer zones. The coverage of the CFM program is detailed in the table shown in Annex 8.

In the case of CPA and PRIPA, the FSP worked through non-refundable CFM. The FSP, until December 2013, received 44 project profiles, including small ones related to tourism (7), agroecological production (15), handicrafts and livestock management. Of these 44, 22 were pre-selected³³ and were subject to review at three levels: i) organizational assessment, ii) analysis for profile improvement and iii) a field visit. Of these projects, 19 were financed, which included PA of the PANE, CPA and PRIPA. The maximum amount of funding for each of the projects was \$50,000, with one exception in the case of the CNBRPE, who were accepted the proposal to merge three projects.

Apart from the project with the CNBRPE, the FE confirmed that most of the pilot projects of the PANE and, like the ones of the CPAs, have no profile of financial mechanisms to generate income, since, according to the FSP, these were not designed for that purpose. However, in some cases these projects can optimize costs in the medium and long term, if properly executed. In addition, the evaluators noted that the perception of the "cost-saving" theme was lacking in project beneficiaries; at least in the case of the interviewed beneficiaries (members of indigenous

³³ The selection of the CFM beneficiary projects was based on 19 criteria that respond in terms of: environmental sustainability, financial sustainability, social sustainability and institutional sustainability.

communities). The FE did not include an impact analysis of pilot projects supported by the CFM in the SNAP.

The visited projects showed the following positive aspects:

1. A community development approach that can reduce pressures on PAs.
2. Appropriate gender approach.
3. Development of knowledge and criteria to protect the PAs of the PANE and Private.
4. Selection of well-established and localized community organizations within and around NPs.
5. Repeat possibilities.

On the less positive side, there was a lack of a defined and properly scheduled exit plan for the CFM. There are no funds, nor an agreement with any institution for the continuity and extension of the CFM program. However, it is hoped that the CSR mechanism could be a financial support in the future, but at the time of the FE, there is no security or projection about this possibility. The same happens with the Socio Bosque Program, which at the time of the FE is defunded. It should be recognized that the FSP prepared a proposal for the ITTO in order to channel resources as well as a proposal for the GCF. Unfortunately, the first proposal was not accepted, while the second was never submitted to the fund.

A sampling of several CFMs was carried out: i) Concession of the shelter in the Chimborazo FPR, ii) Project of use of the vicuna in the Chimborazo FPR; iii) Sustainable community tourism in La Tembladera Wetland; iv) the visit of the delegation of Francisco de Orellana to Quito was made, to discuss the project of women working in the typical gastronomy, without the use of bushmeat; and v) an organization of waste pickers. The main observations on the outcomes of these interventions are as follows:

- e) One of the successful and replicable experiences is the concession in the Chimborazo FPR, where the concession of the high mountain shelter to an experienced company reported a good level of business, reason why this experience is considered replicable in parks with similar conditions. The Chimborazo FPR is very important since it has a business model that includes long term goals. This scheme has been shared with the MAE authorities and used to develop a guide for the evaluation of concession contracts. At the time of the FE, the evaluation team was informed that, based on this experience, Santay Island and La Puntilla Santa Elena are being worked on.
- f) The vicunas project at the same Chimborazo FPR is a successful community development project that can avoid costs of managing the PA in the future, as it is eliminating the use of livestock that causes damage to the ecosystem (bovine). The high potential of using the vicuna can guarantee its

sustainability. The project includes 3 subprojects that surpass \$70,000. However, during the interviews it was observed that both the PA staff and the beneficiaries showed little knowledge of the relationship between the activities of this intervention and the possible reduction of costs in the management of the Chimborazo FFPR

- g) The pilot project in La Tembladera Wetland is another successful case that should be analyzed in more detail and replicated in other similar sites. It consisted in financing the research to reproduce and commercialize a type of fish (blue vieja) that is practically extinct in the wetland, obtaining until now to repopulate the lagoon with some specimens. Thanks to this project, the provincial authorities financed the breeding and repopulation of another type of fish (the chame), also almost extinct, in order to repopulate the lagoon and commercialize this fish in international "gourmet" marks, in order to generate income for local communities in the future. It is an interesting model with good chances of generating benefits to the community and saving conservation costs.

La Tembladera Wetland project has a high probability of success. Endangered fish breeding in the area is still under development, but it is a good example of a community organization with clear objectives, joint action around these objectives and proven ability to manage their projects and resources leverage. If this project could reach the stage of production, it could be a very good example of avoided costs and community development, since the community organization has within its objectives to obtain the management of the future TW's PA and earn income through tourism activities (fishing, kayaking, observation), delivery of food services and the sale of fish at the gourmet market level, specifically in China. For this project to see the stage of industrial scale, it will need to receive strong support to accommodate its organizational structure, develop the infrastructure needed to process fish (refrigeration chain, fish processing lines, training) and develop a distribution chain of the product.

- h) The project with the women's association of Francisco de Orellana (Yasuní NP) is a very appropriate project, but presented worrying elements. According to the interviewees, of the association of 21 women who started the project, currently only 11 remain. On the other hand, this is not the only group of women that buys meat from local hunters. Women's leaders noted that, as already indicated before, as a result of their change in activity (they no longer buy bushmeat from hunters in the area for commercialization), they have reduced their income by more than 50% and, in addition to this, they invest about \$50 a month in gasoline to support with patrolling the area. The interviewees also indicated that soon their points of sale will be relocated by the GAD, so they have serious doubts about the viability of their business in a different site. The women interviewed also had no idea of the impact of their activities on reducing the costs of managing the Yasuní NP. It

was noted that the interviewed women did not have visible knowledge about costs, points of balance between expenditures and profits and business management in general. FSP staff reported that the feasibility analyzes relevant to this initiative were carried out before being approved by the CFM and that additional business elements are being worked on. Due to these findings, it was considered that this project requires additional work to achieve an appropriate break-even point and therefore sustainability. It should be mentioned that women are very aware of the environmental damage caused by the indiscriminate exploitation of bushmeat and are very committed to their project. It should also be mentioned that the presence of this type of "bushmeat" trade constitutes a sanitary hazard for people who ingest this type of product that has not undergone any kind of sanitary control for their benefit.

- i) The project with the association of recyclers of the same city of Francisco de Orellana in the Yasuní NP is an expanding and successful project. This partnership was already in place before the project, but with the support of the CFM, the business expanded and its transportation and recycling capacity increased. Thanks to the expansion project, the hypothesis is assumed that the recyclable wastes that go to the rivers that cross the Yasuní NP have diminished, although still non-recyclable wastes are discharged to the river. In this case, the partnership seems to handle costs and profits very well; but they are not clear about the cost savings they cause to the management of the Yasuní NP.

In addition to the above indicated CFM projects, the project was analyzed with the CNBRPE, which was the subject of much controversy. The interviews with CFM beneficiaries showed limitations in the FSP's capacity in the area of business planning and management. This project could benefit from further monitoring by UNDP, but unfortunately this need was not clearly reflected in the PIRs of the FSP.

The participation of the CNBRPE in the FSP is a critical issue in the management of the project. The work with the CNBRPE establishes an important relationship with a group of private reserves (Northwest Node of the Province of Pichincha), which are part of the SNAP private PA subsystem. In addition, it is extremely important in relation to the issue of climate change. The CNBRPE received approximately the equivalent of three CFM funds (\$146,114) for the operation of an information, collection and commercialization center of products (CICOP). The investments of the FSP in the construction of the CICOP are around \$150,000, totaling about \$300,000. Therefore, the FSP's contribution to the CNBRPE is a relatively large sum, compared to the other CFM projects.

The evaluation team reviewed the document "CICOP Investment Project" to make a quick analysis of its financial viability. This document does a market/demand study based on a traffic analysis on E28 Road in the Mitad del Mundo-Los Bancos section and uses an Annual Average Daily Traffic Indicator (AADT) used by the Ministry of

Public Works. The evaluators consider that this is an inaccurate study, which does not provide sufficient evidence on the profitability of the proposed model for the CICOP. Consequently, at the time of the FE, it is not possible to estimate the financial feasibility³⁴ of this management model.

Disagreements, misunderstandings about processes, limited information exchange, vertical management by the FSP, interruptions in communication, internal disruption of the CNBRPE Directive, among others, have been the characteristics of the relationship between these actors, according to what have expressed members and staff of the CNBRPE. The FSP, for its part, considers the CNBRPE as a difficult and weak partner and reported that they have done everything possible to solve the problems with the CNBRPE. The FSP believes that its efforts to resolve disputes did not find a response from the CNBRPE, and that the FSP provided all the necessary support to strengthen the CNBRPE, whether it be logistical, administrative, legal, etc. According to the FSP, "this support is valued at over \$900,000," which confirms that the CNBRPE was a very important partner for the FSP.

Although the FSP considers that the CNBRPE was a weak organization, which was about to disappear in the NGO purging that the State carried out in 2012, the CNBRPE is certainly an active national political platform in the defense, protection and consolidation of the private reserves, in addition to maintaining a good international image, so it is essential that the FSP does not leave any pending issues with this organization.

Fortunately, at the end of the FSP, many of the problematic situations, especially those related to the construction and delivery of the CICOP's works³⁵, have apparently been remedied and a new strategic framework was agreed for its management (based on a concession and not on the direct execution as planned), according to the final minutes of the meetings held between UNDP, the FSP and the CNBRPE, which were held in December 2016, within the framework of the FE. UNDP leadership was instrumental in reaching these final agreements on the delivery of CICOP physical works. Likewise, UNDP will plan an exit strategy with the CNBRPE before the end of the FE process. The evaluators met twice with the CNBRPE staff to obtain inputs and prepare recommendations that can be incorporated into an exit strategy.

³⁴ Financial feasibility analysis is an analysis and evaluation of a proposed project to determine if (1) it is technically feasible, (2) it is feasible within the estimated cost and (3) it will be profitable. <http://www.businessdictionary.com/definition/feasibility-study.html>

³⁵ On Friday, October 21, in the evening, an unplanned visit to the CICOP was carried out to verify and document the progress of works and/or unfinished works, which was immediately provided as feedback to UNDP.

Lessons learned from a number of projects, such as the Yasuní Program (MDG-Fund³⁶), on monitoring, were incorporated to the CFM execution, in addition to the experience on models of donations and management of the Small Grants Program (SGP) of UNDP/GEF. Likewise, with the CAF Sustainable Biocommerce Program, the experience in the development of production chains and business plans was reviewed and, with the Climate Change Adaptation Project PACC (by its Spanish acronym), exchanges were made on methodologies for the component of the CFM.

On the other hand, according to the FSP team, there was a strategic partnership with the "Socio-Bosque" Program³⁷. This program is a support in strengthening the financial sustainability of the SNAP as it is focused on afforestation/forest preservation and is directly related to the specific financial needs of the private and community PA subsystems that constitute the SNAP. The collaboration focused on:

- Support in the formation of the National Socio Bosque Program.
- Joint development of a proposal to leverage Private sector funds - CSR (by its Spanish acronym) and Integral Conservation Units.
- Facilitation of processes and dialogs between the CNBRPE and the Socio Bosque program

Unfortunately, at the time of the FE, the SB Program is in a critical situation of defunding, exacerbated by the closure of the FAN in April 2016.

It is important to mention that effective collaboration was observed with the SNAP Support Program (PASNAP and PANE), which was responsible for building the new infrastructure of PAs of the PANE. This collaboration has been very useful in establishing, for example, the mechanisms for concessions in PAs, as well as for the process of supervision of the construction of the Center of Interpretation, Commercialization and Tourism Operation (CICOP) of the CNBRPE, currently called "Entre Bosques."

A new and very important project for the CSR mechanism that can support not only the CFM, but also other components left by the FSP, is the UNDP's "Biodiversity Finance Initiative (BIOFIN³⁸) in Ecuador," which began during the first half of 2014.

³⁶ The MDG-F was established in 2007 through a historic agreement between the Government of Spain and the United Nations System in order to accelerate progress towards the Millennium Development Goals.

³⁷ The objective of the Socio-Forest Program is to achieve the conservation of the native forest areas, paramo and other native vegetation formations of Ecuador, reduce greenhouse gas emissions caused by deforestation and contribute to the improvement of life of the inhabitants of rural villages settled in these areas. Participation in the Socio Bosque Project is voluntary on the part of the applicant. In order to meet the objectives, the Socio Bosque Project will implement as one of the implementation mechanisms the direct delivery of an incentive by the State, through the Ministry of Environment, to owners of lands covered with native forests, paramo and other native plant formations of the country, and that will be conditioned to the conservation and protection of these areas.

³⁸ In Ecuador, as in other countries, BIOFIN has the following objectives: 1) develop a methodology for calculating the financial gap of biodiversity at the national level to integrate biodiversity financing into the national development plan and the various sectoral plans and 2) develop national strategies for resource

The evaluators consulted on the collaboration with this project –both the project team and the BIOFIN team– and in these consultations contradictory positions were observed between the two teams. It was not possible to verify an objective, planned and with specific outcomes collaboration. Through material provided by the FSP, the evaluators observed an interaction based on occasional work meetings, which have their respective minutes of work. Although these minutes exist, the interviewed strategic partners expressed their dissatisfaction with the little follow-up by the FSP. The great potential of BIOFIN and the FSP was in planning financial mechanisms together to achieve an integration of their financial strategies. Fortunately, this was achieved by working with UNDP leadership in late 2016.

The political and economic changes that affect the country's economy make it essential to collaborate among related projects that integrate specific goals agreed among the participating projects. Although there was collaboration with the projects indicated above, this did not entail defining and programming a FSP's "exit strategy" coordinated with these projects and strategic partners, such as CI, TNC and the CNBRPE. However, it should be noted that, through the FSP's POA 2016, there was a transfer of information, processes (including the development of the SIB) and other issues associated with the FSP so that the MAE absorbed them and continued the activities promoted by the FSP.

3.3.2. Outcomes measured through UNDP's FSS indicators

The following Table shows a great advance with respect to the percentages obtained at the end of the FSP, compared with the percentages obtained at the beginning of the FSP. When only the FSS scores are used, the FSP score is higher, but this score is affected by the FE findings.

Components of the UNDP Financial Scoreboard	Maximum score obtainable	Score at the beginning of the FSP as % of the maximum possible score			Score at the end of the FSP as % of the maximum possible score			Diff (final-initial)/initial		
		PANE	PRIPA*	CPA**	PANE	PRIPA*	CPA**	PANE	PRIPA*	CPA**
Component 1: Legal, institutional, regulatory framework	88	45%	17%	14%	63%	73%	74%	39%	56%	60%
Component 2: Business planning and tools for effective cost management	61	33%	30%	10%	62%	60%	74%	89%	30%	64%
Component 3: PA tools for income generation	72	39%	14%	9%	56%	63%	75%	44%	49%	66%
Total	221	40%	20%	11%	61%	65%	74%	53%	45%	63%

* Average pilot areas

** Pilot area

mobilization. BIOFIN works in the following components: **Component 1.** Policy and Institutional Review (PIR); **Component 2.** Public and Private Biodiversity Expenditure Review (BER); Component 3. Finance Needs Assessment of the NBSAP (NBSAPFAN); **Component 4.** Finance Plan (FP); and **Component 5.** Start of the implementation of the FP.

The following table shows a summary of the expected outcomes of the project and its main indicators and the compliance according to the FSS and the opinion of the evaluators based on the FE findings.

(Criterion: 4=fulfilled, 3=advanced, 2=partially advanced, 1=unfulfilled/undetermined, n/a=not applicable)

Objective/Outcome		Indicator	According to the UNDP's FSS at the end of the FSP	Evaluators at the end of the FSP
Objective: Establishment of a field proven financial and operational framework for an expanded SNAP	1	Increased SNAP financial capacity as measured by the total score of components 1, 2 and 3 of Section II of the FSS	4	4
	2	Increase in the financial capacity of two sub-networks of the Ecuador's Private Forest Network as measured by the Total Average Score of components 1, 2 and 3 of Section II of a modified UNDP Financial Board.	4	2
	3	Reducing the SNAP financial gap to meet basic management standards.	4	1
	4	Existence of specific funds for conservation of biodiversity in a community PA, replicable to other community PAs.	4	3
	5	Increase management effectiveness of PAs that make up the SNAP as measured by an agreed tool.	4	3
	6	Increase management effectiveness of the Pilot PAs according to the METT	4	4
	7	Number of private, community and public PA hectares in key ecosystems that have been incorporated into the SNAP based on an expanded and formally adopted selection	4	3
Outcome 1: laws and regulations for the expanded SNAP in formal operation with project support	8	Strengthened Governance Frameworks for sustainable PA funding, as measured by the highest scores on the 9 elements of Component 1 of the UNDP's Financial Sustainability Scorecard.	3	2
	9	Elaboration of Law for the SNAP and support regulations	4	4
	10	The competency profiles of staff and institutional procedures in the SNAP/MAE are customized for new financial frameworks at the levels i) Central Steering (MAE); ii) of Supervision at regional directorates; iii) Forest Ranger level	4	2
	11	Institutional basis of the pilots to finance networks and subsystems of private	4	2
Outcome 2: Strengthened capabilities for financial planning, management and results-based monitoring by PAs of the expanded SNAP, with the aim of	12	Strengthened capacities for business planning and other tools for the profitable management of two subgroups of the CNBRPE and Abras de Mantequilla as measured by the 5 Elements of Component 2 of a UNDP's Adapted Management Board.	3	3
	13	Strengthened capacities for business planning and other tools for the profitable management of two subgroups of the CNBRPE and Abras de Mantequilla as measured by the 5 Elements of Component 2 of a UNDP's Adapted Management Board.	4	2

Objective/Outcome		Indicator	According to the UNDP's FSS at the end of the FSP	Evaluators at the end of the FSP
improving incomes	14	% of Protected Areas with Management Plans and Updated Business Plans (PANE, CNBRPE).	4	3
	15	% of the SNAP technical-administrative staff (system-wide, site-level of PA and RBPE) with the necessary skills for financial management and the results-based M&E system.	3	2
	16	Improvement in expenditure accountability, and cost evaluation linked to the effectiveness of the management of the SNAP's PAs (through a financial reporting system (including METT and indicators)	4	3
Outcome 3: Achieving recognition of the value of PAs among the relevant actors (government, communities, private and investors), through specific studies, assessments of availability of biomass and communication campaigns	17	Increase in the Budget assigned to the SNAP by the National Government.	4	1
	18	Increase in the % of resources allocated to the budget from new financing mechanisms based on international resources (Yasuni ITT and carbon markets	0: not implemented	1
	19	Increase of visits per year to the Pilot PAs, as a result of implemented marketing strategies (within the carrying capacity	n/a	n/a
	20	Increase of budget from new sources based on cross-sectoral partnerships in Pilot PAs (Private, Municipal	4	1
Outcome 4: Development of profitable management models and generation of resources in 9 pilot areas, with the objective of later replication.	21	% of improvement of Tools for income generation as measured by the following seven elements of component 3 of the UNDP's Financial Sustainability Scorecard.	4	2
	22	Reduced funding gap due to improved net income in Pilot PAs for the end of the project.	Cannot be evaluated	1
	23	Specific Pilot indicators will be developed as CBSI (CFM) are selected.	4	2

This Table is only indicative of the risks of using only the FSS indicators without completing them with more detailed and more adjusted indicators to the SMART model in all components.

3.3.3 Relevance (*)

Assigned score: 2 Relevant (R)

The project is fully in line with the GEF's strategic objectives in generating financial mechanisms that deliver sustainability in PA operations so that they can meet their

conservation and sustainable use objectives for the country's biodiversity. In this regard, it responds to the SO-1 developed during the GEF-4.

It is also relevant for Ecuador, whose new constitution establishes and enshrines the rights of nature. On the other hand, the government of Ecuador is making efforts to improve the quality of public management in the country, including the administration of the protected areas of the PANE. Finally, the new Constitution of 2008 recognizes the expanded vision of the SNAP, which includes community, private and local government protected areas, as well as the need to promote community participation, consultation and collective rights, although the elaboration of a regulation that makes this extended SNAP system in practice is still lacking.

With regard to UNDP, the project is framed in the Country Programme Action Plan 2010-2015, aimed at improving sustainable and equitable environmental planning capacity, whose main indicators would be the development of legal and institutional instruments to support the environmental authority in its monitoring role and the design and implementation of financial mechanisms agreed with stakeholders, maintaining gender equity. In addition, CPAP also includes community development projects on biodiversity management, with a gender and intercultural approach.

With respect to the actors, the project is relevant to the CNBRPE, due to the constitutional recognition of the private PAs, and to the improvement in the management of conservation of this type of protected areas. For each of the aforementioned risks, the project elaborates a way to deal with them and emphasizes mainly that the involved actors have participated actively in the design of the project, which would minimize the occurrence of the risks detected.

3.3.4 Effectiveness and efficiency (*)

Assigned score: 4 (VS). This score was assigned based on the estimated compliance of outcomes and the following analysis:

Effectiveness

The FSP has an important level of fulfillment of the development intervention objectives. The strengthening of the administrative management and institutional structure of the SNAP is extremely important and is one of the basis (but not the only) for achieving that the SNAP in the future be more financially sustainable. The FSP undoubtedly leaves a more advanced structure for the management of the expanded SNAP (PANE, CPA and PRIPA) compared to that existing before the FSP. This has been verified through METT implementation, PIR review, FSS-UNDP review, review of METT files and conflicting with the FE findings. Effectiveness may be questionable, for example, in terms of SNAP advances in outcomes based on

management, scope and utility of the PIRs, and the relevance of certain outputs developed by the FSP.

Efficiency and cost-effectiveness

Due to the nature of the project and its possible impact in the medium and long term, the FE cannot confirm with certainty that the resources used by the FSP (funds, experience and time) were used in the best possible way. Likewise, it is not possible to affirm with certainty that the level of outcomes achieved by the FSP are of the best quality and obtained at the lowest possible cost.

3.3.5 Appropriation by the Government

The appropriation by the Government of Ecuador (GOE) is a central issue and is closely related to sustainability. The GOE, and especially the MAE, have played an important role in the implementation of the project. However, its management approach is considered, in the opinion of the evaluators, a vertical approach of command and control, typical situation of an environmental authority with regulatory and supervisory powers. The MAE's experience in resource mobilization is more focused on international cooperation than on optimizing budgets and developing complementary public and private financial mechanisms.

In the opinion of the evaluators, the MAE approach instilled the FSP. This approach makes the scope of the FSP activities controlled by the "environmental authority." The MAE exercised its role as regulatory body with a little flexible approach to support the environmental fiscal reform aimed at improving the financing of the expanded SNAP. On the other hand, the MAE supports and empowers the processes of administrative reform and entrepreneurship of the CFM that have helped to position the MAE politically. The country's macroeconomic situation makes it difficult for the MAE to appropriate commitments linked to the funding increase for the SNAP.

3.3.6 Incorporation of project outcomes into sectoral and national policies (Mainstreaming)

On the issue of incorporation of outcomes, it is fair to indicate that the MAE has incorporated in its policies and regulations much needed provisions to improve the effectiveness of the management and institutionality of the SNAP. What has been neglected for the reasons indicated (see also the conclusions) is the approval and incorporation of regulations related to financial mechanisms, which is the great challenge of the FSP during its six years of life. Unfortunately, what can be achieved in terms of effective management without adequate financial resources and cost effectiveness measures is limited.

The above outcomes in the need for greater involvement and effective participation of entities such as MINTUR and the Ministry of Finance, in order to ensure the appropriation of the outcomes of the FSP and its subsequent development of sectoral policies that favor an integrated management of the PAs.

3.3.7 Sustainability (*)

Assigned score: 3 (SL). This score was assigned based on the analysis presented below.

According to the guide for final evaluations of the GEF, sustainability is considered the probability of continuous benefits, once a project is completed. Therefore, this evaluation considered the risks that may affect the continuation of the project outcomes, which have been assessed separately and then assessed on the likelihood and extent to which the risks will impede sustainability. In addition to the above, the quality of the outputs and the potential of the financial mechanisms proposed by the FSP are considered and how they may or may not have an impact on the financial sustainability of the SNAP.

1. **Financial Risks:** At the moment there is no high performance financial mechanism or output of the operating FSP generating significant new resources for the SNAP; that is, a mechanism that goes beyond the resources saved through concessions and other mechanisms related to visits and use of PANE's PAs. Likewise, it is not possible to say with certainty how the SNAP's SFS will continue to be financed, including resources for the CFM. Although the CSR mechanism is promising, as it is a new mechanism, there are still no indicators of its potential impact. On the other hand, by improving the financial management tools generated by the FSP, financial risks could be reduced.

The FSP leaves the CICOP installed, where proper management of this infrastructure could significantly support the financial sustainability of the CNBRPE. In the same way, successful CFM projects will contribute to the community development and cost reduction of the SNAP.

2. **Political Risks, institutionality and governance:** The government's willingness to approve legislation related to the SNAP financing is low, for example, public company approval has not been achieved and the likelihood of this not occurring in the future is high. On the other hand, although the various stakeholders know about the benefits of the FSP, they have little political weight, but as public awareness has increased, it could be a factor that could play in favor of the outcomes achieved by the project. It can be said that the legal framework for SNAP management improved with project support and this supports the institutional sustainability of the SNAP.

The possibility of greater financial contributions through the government is low, but not impossible. Much will depend on the results of the upcoming elections in February 2017 and how macroeconomic factors are advancing; for the moment, these factors play against sustainability.

3. Environmental hazards: No environmental risks were detected that could affect the project outcomes. However, it should be mentioned that a better managed SNAP is important to reduce the impact of climate change, making more critical the need for a better funded SNAP.

On the other hand, the issue of replicability goes hand in hand with sustainability. In this sense, the FSP advanced the topics of: i) transfer of knowledge; ii) expansion of demonstration projects and instruments; and iii) increase and use of individual and institutional capacity to replicate the FSP outcomes. The following were observed:

i) Transfer of knowledge

The FSP has made a significant effort to transfer knowledge, especially through publications with the advances, experiences and methodologies of the project, and has conducted a large number of workshops (for six years and eight months of the FSP's life). It has also supported the construction of the SIB information system, has developed financial management tools such as the SNAP's SFS, the "Guidelines for the Elaboration of Financial Sustainability Plans for PAs" (LEPSFAP) and specific financial mechanisms such as concessions in PA and the CSR. In quantitative terms, this is an achievement; but at this point the level of knowledge transfer cannot be determined on the basis of the utility of the said FSP outputs.

ii) Expansion of projects and demonstrative instruments

The FSP has achieved an expansion of certain elements within its components. Two important examples are the improvement of the legal framework for administrative management of the SNAP (with less emphasis on financial sustainability issues) and the development of financial sustainability plans for PAs, which had a greater reach than the 9 pilot PAs of the FSP. However, it was not possible to verify the replication of the successful models of the FSP of PA, as there is still no measurable and transferable outcome at the moment of the FE. The FSP replicability of the PAs can be analyzed in the medium term (2-3 years). The LEPSFAP methodology was published (First Edition) in December 2015, which does not imply that the methodology was not used during its publication.

Another of the key instruments to promote the repetition of experiences is the "Strategy for Financial Sustainability of the SNAP" (Mentefactura, 2015). The SFS proposes to comply with the vision of the SNAP: "By the end of 2018 the SNAP will be the best preserved system in Latin America." Like the LEPSFAP, the SFS requires review, as mentioned in the Outcomes Section.

iii) Increase and use of the individual and institutional capacity generated by the project

The project made a great effort to generate individual and institutional capacity. On the one hand, it worked to strengthen the FSP team and on this basis to transfer capacity to the beneficiaries and partner institutions of the FSP. The results of this effort may be seen in the coming years, when the implementation of the SNAP's strategy for financial sustainability and/or financial plans at the PA level begins.

3.3.8 Impact

Key findings from the FE indicate that the project achieved the following:

- Basic verifiable improvements attributable to the FSP (such as concessions) in the state of SNAP funding, and through its CFM, progress was made in consolidating management in the areas where it worked, through promoting reductions in ecosystem pressures including the PA-PANE, CPA and PRIPA.
- Significant improvements to the legal and regulatory framework to improve the administration and management of the SNAP. This achievement is directly linked to the national development plans (Plan for Good Living) and the country's new productive matrix.
- At the time of the FSP's FE, it is not yet possible to measure the impact of the Strategy for Financial Sustainability of the SNAP and the individual financial sustainability plans of individual PAs.
- The SIB has potential of great impact if its development continues within the parameters indicated above and in the Recommendations Section.
- In general and in the opinion of the evaluators, the FSP has had a positive impact, which is difficult to quantify and measure its quality using only the GEF evaluation guides. This impact has been attenuated by the project's own design, the changing policies of the MAE, the country's economy and the lack of participation of strategic partners, such as TNC and CI.
- The FSP was instrumental in enabling UNDP to strategically address the change in the government policy. The highest performance of the FSP occurs in the last 4 years, in a changing social and economic environment and a poorly diversified economy that is severely affected by the fall in the price of oil, high cost of exports due to the appreciation of the dollar and devaluations in neighboring countries. It should be mentioned that the FSP, in 2012, was about to close due to the lack of agreements among the partners. However, the project was able to reposition itself and achieve its goals as estimated in this FE.

4 Conclusions, recommendations and lessons

4.1 Conclusions: Relevance, efficiency, objectives, indicators, gender, M&E, finance, stakeholder participation, impact and sustainability.

Relevance. The situation of PAs in Ecuador, heavily dependent on the state budget and the contributions of international cooperation, which, according to the analysis of financial gaps, is not sufficient to support the SNAP financially. However, the gap analysis does not incorporate the issue of cost-effectiveness and efficiency. This issue, if addressed, can narrow gaps significantly. In any case, the SNAP's current financial situation, even after the FSP, makes the FSP objectives fully effective, showing the need to continue working to more accurately identify actual maintenance costs and to improve current financial management of the PA, and diversify sources of funding to achieve the conservation objectives of the PAs and support the sustainable development of communities living in and around these PAs.

Effectiveness. The effective progress of the FSP in strengthening the administrative management and institutional structure of the SNAP is extremely important and is one of the basis (but not the only) for achieving that the SNAP in the future be more financially sustainable. After the FSP, there are still outstanding issues, especially in aspects related to the formulation and validation of results-based budgeting at the individual PA level and at the expanded SNAP level. Likewise, there is much to be done to improve the diversification of income generation mechanisms and to address the issue of "cost reduction" and "avoided costs" more precisely, and to fine-tune the financial planning tools left by the FSP. At the MAE (expanded SNAP) level and other key agencies such as MINTUR, MAGAP, SENAGUA and the MF, work on performance indicators and financial cost-effectiveness for direct and indirect biodiversity expenditure will be critical to improving the financial sustainability³⁹ of the SNAP down the road.

In terms of efficiency (and cost-effectiveness), projects like the FSP require, by their nature, a medium and long term to verify with certainty if their resources (funds, experience, and time) were used in the best possible way . Likewise, it is not yet possible to say that the outputs and outcomes achieved by the FSP are of appropriate quality and have been produced at the lowest possible cost. On the other hand, the fusion of projects with different objectives affected the efficient use of resources, combining these in community development projects that do not necessarily lead to the

³⁹ According to the CBD, PA/SNAP's financial sustainability (FS) can be defined as "the ability to secure stable and sufficient long-term financial resources and allocate them in a timely and appropriate manner, cover the total cost of protected areas (direct and indirect) and ensure that PAs are managed effectively and efficiently." To achieve this, reaching and maintaining FS requires constant and permanent innovation, based on the optimization (cost-effectiveness and efficiency) of the use of existing and new resources. Likewise, the diversification of financial mechanisms is key to maintaining FS and minimizing risks. FS requires major changes in the conceptualization, collection and utilization of funding.

establishment of financial mechanisms for PAs and their reduction of costs is not specified.

It is possible to affirm that, from another angle, the FSP has been positive in implementing certain projects of community development that improve the conditions of life of the communities, the preparation of norms and studies that in the future promote a better financing and management of PAs through reduction of direct costs (cost savings). However, actions must be taken to develop a cost-reduction measurement mechanism.

The economic potential of the CFM projects is linked to the support that can be provided in investments and training for the commercial production stage, as well as in the definition of a business model, productive chains and organizational structure that allows the organization to expand and generate the necessary resources that give sustainability to its commercial and protection activities.

Objectives. The project did not have well delimited its final objectives and actions, because it is the result of the fusion of projects whose objectives were not aligned optimally. This resulted in a combination of objectives and very general outputs and overlap of outputs. This combination of projects also reduced the expectations of the project partners and limited the outcomes for each of the levels of the SNAP subsystems.

The objectives could be more clearly defined using the GEF nomenclature. For example:

- **Global Environmental Objective:** contribute to conserving biodiversity of global importance in an expanded SNAP system in Ecuador.
- **Development Objective:** support the establishment of a financial and operational system that ensures sustainable management, containing diversified financing sources and improving the representativeness of protected areas, including the PA subsystems of the PANE, PRIPA, CPA and DPA.

Indicators. The indicators of the FSS, which is only a basic general tool (quantitative and less qualitative) that provides a preliminary diagnosis of the situation of PAs, are not enough to support the M&E of a complex project like the FSP. The FSS indicators are the main axis of the PIRs, which due to their density were not very useful for the FE. There was also no M&E plan per se. The FSP needed more adjusted indicators to the SMART model that include qualitative aspects, and better define the quantitative indicators, for example:

- Increase in the number of funding sources,
- % of increase in income
- # of cost reduction strategies in PA budgets
- % of cost reduction
- # and % of avoided costs

- Efficiency earnings through the reduction of administrative and planning processes, and better balance between full-time and part-time employees (consultants).
- Outsourcing of services that do not necessarily need to be within the PA Unit and Wildlife of the DNB.
- Define the PA # with reduced administration costs.

These quantitative elements could be consolidated in an M&E plan agreed and executed by the FSP and in close coordination with its strategic partners. Additional indicators should be developed to achieve outcomes in accordance with the Guide for final evaluations.

It is very important to note that the evaluation team faced a major technical and time challenge in the face of the option to use only the indicators determined in the FSS or choose to verify if additional indicators were developed to execute the FSP and to compare the outcomes of the FSS and other indicators with the observations and findings of the FE.

It is equally important to note that the score achieved in the FE differs with the final measured score achieved in the FSS. If the FE had taken into account only the score achieved in the FSS as a reference to measure the outcomes of the FSP, the score would be at least of a higher level. But the FE carried out a deeper analysis in order to evaluate the quantity, quality and possible impact of the FSP outputs and outcomes, beyond the FSS. This additional step, in the opinion of the evaluators, is indispensable for drawing lessons on what should and should not be done in a complex project such as the FSP, and facilitating the transfer of lessons in the design and execution of other similar projects of the GEF.

Monitoring and evaluation. Beyond what was indicated in the previous Section, it can be concluded that the M&E given by UNDP and the MAE/FSP was characterized by:

UNDP

- Complied with established guidelines for M&E; technical support (within the limits of its capacity of technical staff and availability of time): advice, coordination meetings, field visits, PIR review, and other elements of the UNDP/GEF's M&E protocol.
- The limitations of the FSS use, lack of SMART indicators, and lack of an M&E plan executed in close coordination with the FSP strategic partners limited the level of inputs that UNDP could give to the FSP implementation process. This is on the one hand a problem of project design; on the other hand, limitations on UNDP's ability to cover a large portfolio of environmental projects, and a weakness within the FSP's Executing Unit.
- The different Components (Outcomes) of the FSP required different levels of M&E by UNDP. For example, it is concluded that UNDP was most successful with

Component 1, providing political support to legal reform processes related to the management and structure of the SNAP. On the other hand, UNDP had less impact on the M&E of the more technical Components related to financial plans and mechanisms and community projects linked to cost reductions for the SNAP. In general, the capacity for M&E in the field of biodiversity financing within the UNDP Office is limited.

- UNDP played an instrumental role in FSP repositioning due to the constant change of authorities at the executive level within the MAE and other government agencies.

MAE

- The MAE/FSP made to great effort to support M&E. It is concluded that the main problem that affects M&E arises from the lack of timely exchange of information affected by the limitations in the indicators used to measure the progress of the FSP. Unfortunately this was not required during the MTR.
- The MAE as such delegated most of the M&E to the FSP. Thus, the participation of the DNB and the SPN in M&E, without an M&E plan and support from strategic partners, is not considered optimal.
- Finally, M&E was affected by constant changes in the executive staff of the MAE and other government agencies. These changes implied a constant repositioning of the project with UNDP support.

On the other hand, the evaluators conclude that there was limited participation of the FSP strategic actors in M&E: CI, TNC, CNBRPE and MINTUR (non-formal strategic partner of the FSP), and incipient participation of key players, which were not defined in the PRODOC, such as the Ministry of Finance, MAGAP, SENAGUA and SENPLADES. Strategic partners and new key actors were able to participate in a better way in the joint determination of strategic objectives of the activities, participation in the design and development of the TOR of the studies and revision of the partial reports and design of financial mechanisms and, of course, in M&E.

It is also concluded that the FE had an impact on its duration, precisely because the FE included the revision of three merged projects that included the revision of excessive number of materials (technical outputs, minutes of meetings, PIRs, modifications to the PRODOC, agreements, laws, decrees, regulations, etc.), which were developed during the almost 7 years of the project. The large number of documents does not necessarily lead to a better M&E of a project.

Finance. The project's installation problems are also observed in disbursements, which are very low between May 2010 and December 2012 and rising from 2013 (by the date of 2013, 48% of the GEF and UNDP resources had been disbursed).

In the period 2014-2016, 64% of the total resources of the project were executed. In that period, a reallocation of resources –approved by UNDP– was made to extend the project until November 2016 and execute components 3 (SNAP assessment) and 4

(pilot projects). In addition, an additional fund donated by Earth Day Network was added for \$148,000. These funds were added to the CFM specifically to replicate the CFM experience in other areas of Yasuní. This supported the catalytic effect (replica) of the FSP.

It was concluded that financial management was adequate, since the POAs and budget adjustments, tenders and TOR were carried out in accordance with UNDP standards. The low disbursements observed during the first part of the project are mainly due to the changing situation of the national political context and the changes made within the MAE. With respect to the monitoring of infrastructure expenditure, it can be concluded that it had a visible difficulty linked to the construction of the CICOP of the CNBRPE. This difficulty was solved at the end of the FSP.

Impact. As already indicated, the project has left valuable PA management tools within the MAE (SIB, function manuals within the MAE), which contributes to improved management of the SNAP. However, the challenge remains to develop the cost-effective expanded SNAP system with financial mechanisms that ensure a steady and diversified flow of financial resources.

Regarding CFM projects, it is concluded that while several have been beneficial for conversion of the economic activities of the surrounding communities to the PAs, others have been less successful, especially if they lead to a decrease in the income of the beneficiary communities.

Likewise, the planning of the works delivered in concession and its operation require greater participation of the MINTUR, which would have given a more tourist and business design for this type of construction. If this is not corrected, there may be a negative impact in the short term.

Sustainability. The project delivered important outputs to improve SNAP management more efficiently. From the institutional point of view, there are no threats for previous activities to continue.

From the point of view of income generation and diversification for the PAs, this is a pending challenge, since the financing of these areas depends exclusively on state budgets and international cooperation. At the moment, the possibility that the PAs can generate and take advantage of permanent and diversified income generated by the activities carried out in these areas is not envisaged, nor revenue from payment for high-performance environmental services beyond concessions which support the reduction of costs and other fees that are included in book IX of the TULAS. Therefore, although progress has been made, after the FSP conservation activities carried out by PAs will continue to suffer the ups and downs of budget cuts or other government policies that erode funds for the SNAP.

It must be recognized that the financial sustainability of the SNAP cannot be achieved through a single project. Financial sustainability requires constant (long-term) work

and permanent innovation, which is based on optimizing cost-effectiveness and efficiency in the use of existing and new resources. Diversification of financial mechanisms will be key to financially maintaining the SNAP and minimizing risks through budget cuts or elimination of financial mechanisms.

Gender. The design of the project did not include gender aspects, so it is difficult to determine the progress made in this regard, although during its implementation, a good balance was observed in the participation of women's organizations benefiting from the project, as well as their strong participation in enterprises to generate income and responsibilities in decision making within their communities.

4.2 Recommendations

4.2.1 Corrective measures for design, implementation, M&E

As regards the FE and the FSP is over, the following recommendations apply to UNDP/GEF, especially for the design and execution of new or similar projects or existing projects with a similar profile.

1. Based on the FSP experience, merging several projects with different (but not exclusive) objectives into one project is not recommended. The expectations and expected outcomes of each project must be independently considered and kept clearly visible. Also, if several initiatives are inevitably brought together, the results-based management framework should be applied separately to each of the initiatives that come together, regardless of whether the outcomes are interrelated. Merging projects incorporates serious difficulties for periodic M&E as well as the MTR and the FE; and results in a more extensive and complex FE report.
2. Due to the complexity of the project (financial sustainability), it is critical that the project has a specialized advisory committee that goes beyond the same actors or beneficiaries of the project, which are mostly in a learning process. Within the strategic actors (such as TNC and CI), the capacities that the project needs to strengthen its execution must be identified.
3. The formulation of indicators for the objectives and outcomes of a project should be as close as possible to the SMART model. While the UNDP's FSS is a very useful tool which can be applied at the beginning of a project, it is not recommended to use it to measure progress in short execution periods. In the case of the FSP, it was applied properly at the beginning and could have been applied at the end, but not periodically in the PIRs. It is recommended that SMART indicators be used to evaluate the progress of the project in shorter periods. Additional SMART indicators should always accompany the use of the FSS.
4. The coordination of a PA finance project requires a specialized executive person, with high technical profile and backed by previous specific and verifiable experience. Leadership in this regard is a critical element not only to obtain

quality outputs and outcomes that lead to lasting impacts, but it also must be a resource or source of consultation and permanent technical advice for strategic partners and other key players. A combination of high technical profile and high executive capacity is indispensable for high-level negotiations, especially related to financial mechanisms that require environmental fiscal reform⁴⁰.

5. In addition to the above leadership, this type of project should establish a group of external experts (volunteers) to peer review output quality and viability. UNDP can play an instrumental role by mobilizing this type of capacity at the national and regional levels within and outside UNDP.
6. PA financial sustainability is a long-term issue, therefore, it is essential that an exit plan is duly formulated (with due anticipation) and made official. That is, a plan prepared and agreed with its strategic partners and new partners that are linked to the financial mechanisms or cost-saving mechanisms generated through the project. This will increase the likelihood that strategic partners, and new partners will be empowered to give continuity to the project outcomes before or immediately after the project ends. This is a very sensitive issue when it comes to financial mechanisms that may be anchored in sectoral agencies that represent productive sectors (e.g. tourism, agriculture, energy) and the private sector (e.g. tourism chambers and industry chambers). The CSR and CICOP mechanism are good examples of the need for a timely and appropriately agreed exit plan, including a defined work plan.
7. During the design of a highly technical project such as the FSP, it is essential that an analysis of the institutional capacity of the potential partners be carried out to select the most appropriate partners; and thus limit the risks of desertion, interinstitutional conflicts or loss of resources.
8. With regard to the participation of strategic partners and key actors, it is recommended that this participation is not limited to the socialization of the activities carried out by the project, but rather involve the actors in the design of the activities, execution, and M&E.
9. A complex project that works on financial mechanisms can generate conflicts of interest, it is imperative that when these conflicts occur, the project team and UNDP work in a coordinated way, for example, to train the project team in conflict management and resolution. Training in conflict prevention and resolution would have been ideal in the middle of the project. Financial mechanisms that commonly generate conflicts of interest include payments for environmental services, and mechanisms related to tourism in PA that share profits between the PA and beneficiaries in buffer zones. Likewise, there are conflict-prone organizations (such as the CNBRPE) that can benefit from regular training in conflict management and resolution sponsored by UNDP/Project.

⁴⁰ The term environmental fiscal reform (EFR) refers to: a range of taxes or price instruments that can increase revenues, while promoting environmental objectives. This is achieved by providing economic incentives to correct market failures in natural resource management and pollution control. In general terms, EFR can: 1) mobilize income for governments; 2) improve environmental management practices and conserve resources; and 3) reduce poverty (World Bank, 2005).

10. For future development of the CFM it is recommended that "Breakeven Analysis⁴¹" is used to verify that interventions correspond to UN policies on resettlement and livelihoods change in order to ensure that the changes proposed by such projects result in a verifiable improvement (increase) of household's income. This would help to better define the issue of sustainable net income (SNI) as outlined in Outcome 4 of the PRODOC.
11. With regard to the participation of strategic partners and key stakeholders, it is recommended to develop a scheme with clear roles and responsibilities for each partner and to implement a system of participatory decision-making that involves a shared responsibility in the costs and benefits of the decisions made. UNDP could promote "participation by results" in its GEF interventions.

4.2.2 Actions to follow or reinforce the initial benefits of the project

The following recommendations are relevant to the MAE

12. Map the actors that are currently active in biodiversity-related finance, in order to identify key areas in which these actors (institutions) or projects can support the continuity of the project's outcomes, especially with the outputs that need additional work, for example, CSR, CICOP, SIB, SNAP's financial strategy and PA business plans.
13. Follow up on the approval and/or implementation of financial regulations for biodiversity finance contained in the TULAS (if approved in the first months of 2017). Once the new Environmental Law is approved.
14. Once the authorities of the MAE are in office (after the April 2017 elections), promote the review of the SNAP's Strategy for Financial Sustainability and the Guidelines for the elaboration of the SFS of individual PAs, including the plans generated after the application of these guidelines. This aspect is critical to see if these financial planning tools will have an impact in the future.
15. Continue with the communication strategy (through the MAE, BIOFIN and other relevant projects) including the insertion of better information on the economic impact of the PAs and the SNAP to sectoral development and specifically oriented to those who make political and financial decisions within key sectors, for example SENAGUA and energy in the public sector and also with key actors in the private sector.
16. The MAE, through future projects related to financial sustainability (e.g., GCF, GEF Amazon), should work with the GAD, the MF and other sector agencies to identify alternative (decentralized) options to enable PA to retain at PA level revenue from tourism related mechanisms and other revenue options. Analyze alternatives means to decentralize the financing of the SNAP (all subsystems including private and community and GAD PA). One option is to look at transfers through autonomous entities such as the GAD. In the future, given their financial autonomy, GADs can support partial funding of all SNAP subsystems. Promoting

⁴¹ Breakeven analysis is used to determine when your business will be able to cover all of your expenses and start making profits. It is important to identify startup costs, which will help you determine your sales revenue needed to pay for ongoing business expenses.

co-management of PAs (the 4 subsystems) with the GADs can be very productive in the immediate future. In recent years the responsibilities for environmental and tourism management have been decentralized in the GADs.

17. Promote the full development of the SIB so that it can be used to mobilize public and private resources and also to mobilize the political will to approve the missing legislation on PA finance. The most interesting information to support the SNAP's SFS is financial information, i.e., financial situation, needs and gaps, financial mechanisms, quality of expenditure, investment results and access to detailed information about the CSR program. It would be necessary, in the immediate future, to organize the information on a "client needs basis," especially for potential investors, enterprises, tourists, the academic sector and the general public. It will also be important to present more information on subsystems, according to the indicated financial information.
18. Strengthen the work with the MINTUR, MAGAP, SENAGUA, and private sector to enable the CSR program to reach its full potential and improve the performance of concessions in PA.
19. Coordinate immediately with BIOFIN (National and Regional Coordinator) to connect BIOFIN with SIB and other mechanisms such as the CSR and CICOP. BIOFIN could incorporate, at least, the CSR program and the revision of CICOP's business strategy in its financial plan.
20. Continue the ongoing strategic support to ensure the incorporation of all SNAP's subsystems as potential beneficiaries of the new fund that will replace the FAN.
21. Develop a strategy for not disrupting for too long the funding to support the CFM. This includes an adequate mechanism for estimating the potential for PA cost reductions and defining areas of priority action; and apply "breakeven" analysis to ensure increased benefits to beneficiaries. This could involve at least the MINTUR, MAGAP, business sector (sector) and a specific plan for the Socio-Bosque Program (if it is refinanced). For this, the MAE could seek further advice from UNDP to "facilitate" the process. In addition, for future enterprises like the CFM, it is recommended to fine-tune the "breakeven" analyzes.
22. In order to improve concessions in PA, a more detailed consultation with small vendors must be made during the design period. Especially for concession that involve facilities for multiple uses and objectives (commercial, visitor management and small vendors, tourism, etc.), the consultations should include companies that could play a role in the infrastructure design and business management. These detailed consultations are key to avoid risks of concession in infrastructure that is not fully functional or that may not lead to the increase of concessionaires income.
23. In order to improve results-based budgeting, the MAE could promote with the GAD the formation of specific working groups to work on PA result-based financial planning, budgeting and execution (considering direct and indirect

expenditures⁴²). This can benefit all subsystems of the SNAP. A PA result-based budgeting could be included in the Aula Verde Program.

24. Although the bottlenecks with the CNBRPE already have agreements to overcome them, it is recommended that the MAE follow up with the CNBRPE to comply with these agreements, and develop a work plan as needed.
25. The MAE (together with UNDP) communicate to the Provincial Government (Prefecto Provincial), MINTUR, Chamber of Tourism of Northwest of Pichincha and other key institutions about the conclusion of the CICOP and the next steps to start its operation.
26. In order to enable the operation of the CICOP, it is recommended that the CNBRPE, with the support of BIOFIN, analyze a new concession model for a private company (an operator of national and international social and business events), which has the capacity to use the CICOP for multipurpose events and already has an established clientele. The events will not be restricted to "green" events and the CNBRPE would maintain the right of use of certain spaces. The concessionaire in turn must respect the vision for which the CICOP was created. The CNBRPE could work on this matter with the MINTUR, the Chambers of Tourism of the Northwest of Pichincha, the GAD, and the Municipality of Quito. The CNBRPE, with the support of BIOFIN will formulate the TOR for the development of the CICOP concession. At this point, the concession may be the most immediate and mid-term solution. Depending on the results of the concession, other options could be analyzed by the CNBRPE for the long-term.

4.2.3 Good and bad practices to address issues related to relevance, performance and success

The lessons on good and bad practices of the FSP are reflected in the conclusions and recommendations. In addition, the following important points can be mentioned in terms of the FSP lessons.

- Perhaps one of the main lessons learned is that it is not appropriate to merge projects with different objectives, since they blur the objectives and scope of the different initiatives.
- On the other hand, since the theme of the project "financial sustainability" is a transversal topic, a project of this nature should not be centralized within a single agency (MAE). It is necessary to reinforce the cross-cutting nature of the environment between the government institutions and leave spaces of participation to institutions that have shared attributions, such as MINTUR, MAGAP, FINANZAS and SENPLADES, in the development of projects that simultaneously contain environmental, tourism, income generation or community development objectives, so that project designs respond efficiently

⁴² Direct expenditures refer to investments whose ultimate objective is to finance activities directly linked to conservation and protection of biodiversity. Indirect expenditures refer to investments made by other agencies such as the GAD, MINTUR and MAGAP to implement their development policies that can help reduce negative impacts or increase positive impacts on biodiversity.

to the different objectives. Particular attention must be paid to ensuring that the participation of the actors is effective, that is, they have the possibility to influence the decision-making of the projects and to control and follow-up the agreed outputs and activities of mutual agreement between the parties.

- The FSP leaves interesting practices. For example, on complex processes of legal reform, implementation of CFM projects, and tools for financial planning. As indicated in Section 3.3. There is also a very wide margin for the improvement of these outputs in the future, provided that the commitment of the MAE and strategic partners is available.
- Finally, the lessons of the ECOPAR report should be taken into account, especially those related to working with the CNBRPE. The recommendations on coordination between the CNBRPE and the FSP mostly coincide with what was observed and recommended by the evaluation team.

Annexes (Separate document)

Annex 1. Terms of Reference

Annex 2. Itinerary of the Final Evaluation Mission

Annex 3. List of interviewed people

Annex 4. FE mission meeting attendance lists

Annex 5. Reviewed documents

Annex 6. Matrix of evaluation questions

Annex 8. Staff table of the Project 2011-2016, and at the end

Annex 9. List of projects financed by the CFM

Annex 10. FSP sample outputs and profile

Annex 11. Method for estimating cost reduction in the CFM

Annex 12. Responses to comments on Draft Report

