

**Terminal Evaluation of the
UN Environment/Global Environment Facility Project
“Expanding Forest Stewardship Council (FSC) Certification at
landscape level through incorporating additional ecosystem
services”**



Norheim, T. 2017. UNEP-Community Forest

January 2018



Evaluation Office of UN Environment

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Expanding Forest Stewardship Council (FSC) Certification at landscape level through incorporating additional ecosystem services

GEF Project ID: 3951 IMIS number: 2328-2740-4C27

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ABOUT THE EVALUATION¹

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Brief Description: This report is the result of a terminal evaluation of a UN Environment-GEF Full-size project implemented by Forest Stewardship Council between 2011 and 2017. The project was to contribute to the overall GEF goal that forest biodiversity is conserved through a process where voluntary FSC certification incorporates expanded and enhanced global and national forest management standards, which are applied to emerging markets for biodiversity conservation and other ecosystem services. The project objective was to pilot test expanded and enhanced global and national environmental standards applied to emerging markets for biodiversity conservation and ecosystems services, as an initial step for upgrading successful models for FSC certification. This was to be achieved through establishing FSC certification as a market tool for a wide range of ecosystem services not adequately covered for sustainable forest management. The evaluation sought to assess project performance (in terms of relevance, effectiveness and efficiency), and determine outcomes and impact (actual and potential) stemming from the project, including sustainability. The evaluation had two primary purposes: (i) to provide evidence of results to meet accountability requirements; and (ii) to promote operational improvement, learning and knowledge sharing through results and lessons learned among UN Environment and the main project partners.

Key words: Ecosystems services; Payment for ecosystems services; Biodiversity, Watershed management; Disaster risk; Certification; Sustainable Forest Management; Forest carbon; Non-timber forest products; Project Evaluation; Climate Change; Ecosystem Management; TE; Terminal Evaluation; Forest Stewardship Council; FSC; UN Environment; GEF

¹ This data is used to aid the internet search of this report on the Evaluation Office of UN Environment Website –

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ABBREVIATIONS AND ACRONYMS

| | |
|---------|---|
| ADB | Asian Development Bank |
| ANSAB | Asia Network for Sustainable Agriculture and Bio-resources |
| ASI | Accreditation Services International |
| BD | Biodiversity |
| BMZ | German Government's Development Agency |
| CC | Climate Change |
| CEO | Chief Executive Officer |
| CFUG | Community Forestry User Groups (Nepal) |
| CGIAR | Formerly known as Consultative Group for International Agricultural Research, now: Consortium of International Agricultural Research Centres |
| CI | Conservation International |
| CIFOR | Centre for International Forestry Research |
| CONAF | <i>Corporación Nacional Forestal</i> (National Forestry Corporation, Chile) |
| CPFSFLM | Country Program Framework for Sustainable Forest Land Management |
| CSO | Civil Society Organization |
| DAC | Development Assistance Committee (of OECD) |
| DOF | Department of Forests (Nepal) |
| DIMES | Design, Implementation, Monitoring & Evaluation for Sustainability |
| DRM | Disaster Risk Management |
| ES | Ecosystems Services |
| EIA | Environmental Impact Assessment |
| EM | Evaluation Manager |
| ES | Ecosystems Services (or environmental services) |
| FAO | Food and Agricultural Organization of United Nations |
| FCPF | Forest Carbon Partnership Facility |
| FECOFUN | Federation of Community Forest Users of Nepal |
| FLEGT | Forest Law Enforcement, Governance and Trade |
| FMO | Financial Management Officer |
| FMU | Forest Management Unit |
| ForCES | Expanding FSC certification at landscape level through incorporating additional ecosystem services |
| FPIC | Free, Prior and Informed Consent |
| FSC | Forest Stewardship Council |
| FSP | Full Size Project (of GEF) |
| GCF | Green Climate Fund |
| GEF | Global Environment Facility |
| GFA | GFA Consulting Group (German consulting firm) |
| GFTN | Global Forest and Trade Network |
| GIS | Geographic Information System |
| GPMT | Global Project Management Team |
| GPS | Global Positioning System |
| HCV | High Conservation Value |
| HQ | Headquarters |
| IC | International Centre |
| IFAD | International Fund for Agricultural Development |
| INFOR | <i>Instituto Nacional Forestal</i> (National Forest Institute, Chile) |
| ISC | International Steering Committee |
| ITTA | International Tropical Timber Agreement |
| IUCN | International Union for Conservation of Nature (World Conservation Union) |
| IUFRO | International Union of Forest Research Organizations |
| JICA | Japan International Cooperation Agency |
| KFW | German Development Bank |
| LEI | <i>Lembaga Ekolabel Indonesia</i> or Indonesian Eco-labelling Institute |
| LULUCF | Land Use, Land Use Change and Forestry |
| MARD | Ministry of Agriculture and Rural Development (Vietnam) |
| M&E | Monitoring and Evaluation |
| MFSC | Ministry of Forests and Soil Conservation (Nepal) |

| | |
|---------|--|
| MTR | Mid Term Review |
| MTS | Medium Term Strategy |
| NDC | Nationally Determined Contributions |
| NEA | National Executing Agency |
| NFA | Nepal Foresters' Association |
| NGO | Non-Governmental Organization |
| NICFI | Norwegian International Climate and Forest Initiative |
| NORAD | Norwegian Agency for International Development |
| NSC | National Steering Committee |
| NTFP | Non timber forest products |
| NTNC | National Trust for Nature Conservation (Nepal) |
| OECD | Organization for Economic Cooperation and Development |
| PES | Payment for Ecosystems Services |
| PIF | Project Identification Form |
| PIMS | Project Information Management System |
| PIR | Project Implementation Report |
| PM | Project Manager (UNEP Task Manager) |
| POW | Programme of Work |
| PPG | Project Preparation Grant |
| PRC | Project Review Committee |
| PRODOC | Project Document |
| RECOFTC | Regional Community Forestry Training Centre |
| REDD+ | Reduced Emissions from Deforestation and Forest Degradation |
| RSPO | Roundtable on Sustainable Palm Oil |
| SFM | Sustainable Forest Management |
| SFMI | Sustainable Forest Management Institute (Vietnam) |
| SMART | Specific, Measurable, Achievable, Relevant/Results-oriented and Time-bound |
| SME | Small and Medium Enterprises |
| SNV | Netherlands Development Organisation |
| SOP | Standard Operating Procedure |
| STAR | System for Transparent Allocation of Resources |
| TE | Terminal Evaluation |
| TM | Task Manager |
| TNC | The Nature Conservancy |
| TOC | Theory of Change |
| TOR | Terms of Reference |
| UN | United Nations |
| UNDP | United Nations Development Programme |
| UNEG | United Nations Evaluation Group |
| UNEP | United Nations Environment Programme (UN Environment) |
| UNFCCC | United Nations Framework Convention on Climate Change |
| UN-REDD | United Nations Programme on Reducing Emissions from Deforestation and Forest Degradation |
| USAID | United States Agency for International Development |
| WB | World Bank |
| WRI | World Resources Institute |
| WWF | World Wildlife Fund |

Table 1. Project Identification Table

| | | | |
|--|--|---|--|
| Executing Agency | Forest Stewardship Council (FSC International) | | |
| Participating countries | Chile, Indonesia, Nepal, Vietnam | | |
| UNEP PIMS ID: | | | |
| Sub-programme: | Ecosystem Management | Expected Accomplishment(s): | 2012-2013 1d 2012-2013 3b |
| UNEP approval date: | 30 Sep 2011 | PoW Output(s): | |
| GEF project ID: | 3951 | IMIS number | 2328-2740-4C27 |
| Focal Area(s): | Biodiversity | GEF OP #: | |
| GEF Strategic Priority/Objective: | SO-2 SP4 & SP5; SO7bis-SP6 | GEF approval date: | 09 August 2011 |
| Project Type: | FSP | GEF Allocation | \$ 2,880,000 |
| Planned duration | 48 months | Date of first disbursement | 06 Feb 2012 |
| Expected Start Date: | 1 October 2011 | Actual start date: | 1 October 2011 |
| Planned completion date: | 30 Sept 2015 | Actual completion date: | 31 December 2016 (with some selective activities by 28 February 2017) |
| Planned project budget at approval: | \$ 2,880,000 | Total expenditures reported as of June 2016 (QES Apr-Jun 2016): | \$ 2,458,110.37 |
| Disbursement as of 30 June 2016 (CAS Jan-Jun 2016) | \$ 2,338,552.47 | GEF grant expenditures reported as of June 2016: | \$ 2,245,309.14 |
| PPG GEF cost: | \$ 125,000 | PDF co-financing: | \$ 127,000 |
| Expected FSP co-financing: | \$ 3,893,900 | Secured FSP co-financing as of 30 June 2015: | \$ 4,286,625 |
| Total cost | \$ 6,773,900 | Date of financial closure: | n/a |
| No. of revisions: | 2 | Date of last revision: | October 2015 |
| Mid-term review/evaluation (planned date): | Jan-Apr 2014 | Mid-term review/evaluation (actual date): | May-Sep 2014 |
| Date of last Steering Committee meeting: | 23 November 2016 | Terminal Evaluation (actual date): | May-Sep 2017 |

(Main source: PIR July 2015-June 2016, referred to in the TOR)

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EXECUTIVE SUMMARY

The world's ecosystems provide valuable services such as climate change mitigation and adaptation, biodiversity conservation, watershed protection and disaster risk management, but more than 60% of these ecosystems are either degraded or used unsustainably, with severe consequences for human welfare. The framework conditions for the forestry sector in competition with other types of land use present huge challenges to sustainable forest management.

On this background, the project "Expanding Forest Stewardship Council (FSC) certification at landscape level through incorporating additional ecosystem services" was implemented from October 2011 to February 2017 with UN Environment as Implementing Agency and Forest Stewardship Council (FSC) as Executing Agency, with US\$ 2,880,000 financial support from Global Environment Facility (GEF) and US\$ 5,009,042 co-financing. The project was implemented in the four pilot countries Chile, Indonesia, Nepal and Vietnam. The project was evaluated in the context of the UN Environment Medium Term Strategy 2010-2013 and the UNEP GEF portfolio 2010–2014. The two most relevant priorities for this project are Climate Change and Ecosystems management.

The Objective of the Project was that FSC certification should incorporate expanded and enhanced global and national environmental standards, which applied to emerging markets for biodiversity conservation and ecosystems services as an initial step for upgrading successful models in order to improve ecosystem functions. To reach this goal the project was implemented through four components focused on improved certification models, market assessment, pilot projects, and awareness and promotion.

The ForCES project had a strong strategic relevance as a contribution to the overall GEF Goal "Conservation of Forest Biodiversity" and UN Environment's "Ecosystem Management Sub Programme". The project was also strategically very relevant for the FSC member base in the environmental, social and economic chambers, and ecosystems services is one of the global priorities FSC will be focusing on in the coming years.

FSC executed the project through a Global Project Management Team (GPMT) with Project Director and Project Manager established in Bonn, Germany, and follow-up in Asia by a Policy Manager stationed in Hanoi, Vietnam from January 2015. The project was implemented in 10 pilot sites in 4 pilot countries, through the national executing agencies FSC Chile, WWF Indonesia, ANSAB in Nepal and SNV in Vietnam. The pilot sites visited by the Evaluator covered the ecosystems services (ES) of biodiversity conservation and watershed protection in Chile; tourism, carbon, water supply and non-timber forest products in Nepal, and carbon, tourism, and watershed protection in Vietnam.

The justification for the project is that sustainable forest management plans should incorporate the forest ES within a holistic approach, considering economic, social and ecological factors. Forest certification based on the FSC principles and criteria already take into account all these areas of sustainability, but FSC certification is still often considered as mostly timber focused. For that reason, the purpose of the project has been to incorporate and strengthen the focus on biodiversity and other ES within FSC certification, in that way improving sustainable forest management. Since this is a relatively new area on global scale, it has been necessary to implement pilot projects to gain more experience and create a stronger 'evidence-base' for these aspects of forest certification, as well as to determine the willingness to pay for ES as an element in designing a market-based new business model. The results of the national pilots combined with FSC analysis are being incorporated in an expanded FSC certification system, and included in international and national standards.

Regarding FSC's decision to start developing a new certification system despite an expected weak market potential for certain ecosystem services (except carbon), the Evaluator considers that it was the right thing to do. Through the ForCES project the process of certifying ES has made a large jump forward and is being taken seriously. It is also strengthening FSC in the eyes of environmental and social organizations, and it is a new market for FSC where donors and governments would appreciate its gradually developing expertise.

The selected pilot countries and geographic pilot areas were relevant, considering economic and environmental factors, institutional setup and situation of local stakeholders in the countries, as well as to be able to pilot test certification of different types of ES. However, it would have been an advantage to include more pilot countries to have a broader basis for conclusions. The interventions have also been adequate compared with the priorities defined in national policies and plans and in the opinion of local stakeholders. The GEF funding was USD 2,880,000 and the co-funding reached USD 5,009,042, showing the interest in forest certification and especially certification of ecosystems services, as well as the efforts from FSC and partners. During implementation they did an important job in integrating communities, rural organizations, firms, indigenous peoples, women and other traditionally discriminated groups, while the project also collaborated extensively with governmental organizations.

The project design had many areas of strength and a few weaknesses. Following the UN Environment Evaluation Office assessment rubric, the project design quality is rated as 'Satisfactory'. Major strengths were the strategic relevance; governance and supervision arrangements; partnerships; learning, communication and outreach; Financial Planning and Budgeting; and Sustainability, Replication and Catalytic Effects. Some weaknesses were found in the Intended Results and Causality, Monitoring, and Risk identification, as well as a too short implementation period to achieve all expected results.

The global external context for the project was closely associated with the project performance on outcome-level. It seems to be a gradually *improving external context* based on increasing environmental consciousness among consumers. An analysis made by CIFOR found the following positive factors: (i) Increased awareness of the degradation of ecosystem services; (ii) Growing market for ecosystem services and the verification of impact; and (iii) Need to generate new revenue for companies, communities and smallholders. Most external factors that have negatively influenced project performance were found for individual countries, most notably the Nepal earthquake in April 2015 that killed 9,000 people and set the local projects at least a year back. However, thanks to an efficient local NEA, Nepal was still not behind the other countries at the end of project implementation. The other external factor that influenced project performance was government policy. In Nepal, a delay in the national REDD+ strategy made it impossible to establish a new certification scheme up to project completion. In Vietnam, a national logging ban in natural forest makes it difficult to reach financial sustainability through a combination of income from timber and ecosystems services.

The project had an excellent performance in terms of effectiveness, achieving 91.9% of its expected outputs and 95.6% of the expected outcomes. All outcomes had a compliance of at least 80% and all outputs of at least 50%, estimated based on sub division of the outcome and output indicators. The Benchmarks/Milestones for the project were also mostly attained. The activities carried out assured nearly all the planned concrete physical and financial results, however the project was extended with 15 months until December 2016. This was not due to low efficiency but because of a too optimistic project design. FSC through its extended network is an excellent executing agency, reflected in the opinion of UN Environment.

For the national executing agencies it was 'learning-by-doing', but more for the administrative and financial part of project management than for the technical part. GPMT carried out excellent quality supervision of the NEA's monitoring and reporting, and UN Environment also provided excellent supervision of FSC. The result of this supervision was a gradual improvement of effectiveness, efficiency, and quality of reporting throughout the project execution period.

Draft National FSC certification standards were developed in all the four pilot countries, including ES requirements. Among results of the pilot projects, two forest companies in Chile support enhancement of biodiversity of medicinal plants that have crucial importance for the Mapuche indigenous culture. Another business model in this country is a regional water fund for the Mechaico watershed. In Indonesia, the Lombok site is already receiving payment for ecosystem services, and six companies have shown strong interest in their integration in a PES scheme. In Nepal, the Charnawati pilot site involved multiple business models, and is currently negotiating a premium from the buyer of non-timber forest products. Two community forest user groups are receiving payment from a drinking water company, linked to protection of the watershed, and other groups are almost ready for carbon trade. In Vietnam, the Huong Son pilot site is a business model based on conservation of forest carbon, and the population in the Quang Tri site reached an agreement with purchasers of FSC-certified timber to receive a premium based on soil & water conservation.

The Project's strategies and goals have been transparent from the early design throughout the implementation, with broad stakeholder engagement and information on the project's progress and outputs, through its website, newsletters, publications, training events and seminars. Most local stakeholders, and even some main partners, didn't really understand the project from the start. It was a major challenge that the project was designed with a bottom-up approach, based on the assumption that "local people know best", but this didn't work because the project introduced a new topic, and everything moved very slowly. Only after the FSC took the decision to change the approach did it start to improve.

The quality of products, often study reports, methodologies, procedures, etc. was high, partly a result of the high professional level of FSC, CIFOR and main partners, but also a result of the standard procedures in FSC to review all documents several times before approval. There is a high degree of satisfaction among the main stakeholders with the products and services they obtained through the project, mainly technical assistance, training events and information material. One observation would be that due to the high technical level of most information and training material it was difficult for local stakeholders like community members to understand it, many of them that are even illiterate. This was partly mitigated through the participatory approaches at local level promoted by local partners and their collaborating organizations.

The results framework was used by all NEAs to plan and monitor project activities and expected outputs. The filled-in frameworks from the countries were presented to the GPMT to synthesize the results in the reports to UN Environment/GEF. Prioritization of the outputs based on the activities included in the project was considered satisfactory to promote and consolidate best practices. In fact, during the design phase the pilot projects were established as a recollection of best practices in each of the four pilot countries, where PES systems were already going on, proposed or at least thought of among key stakeholders. The activities to verify the feasibility of these potentially "best practices" coincide with what the project has been doing at the local level. All outputs are considered to be relevant and useful for reaching the project objectives. A large amount of training events, research studies, training material and information videos of high technical quality have been produced as part of the process to develop national and international ES.

The ForCES project has played a catalytic role, and the process is already moving fast in new countries. The impacts of the project are on two levels: (i) Impacts related with the overall goal of establishing a new global certification system, where the impacts would be ex-post; and (ii) Environmental, social and economic impacts in the pilot countries, created by the project during implementation. The project goal of a new normative framework and procedures that FSC is putting in place for forest stewardship on ecosystem services is adequate, based on current knowledge and pilot projects carried out. It is the right step forward, but it doesn't mean that it is already a perfect and finalized system. In line with FSC's track record, there may well be new and improved versions in the future.

A very positive effect of the project was *social conflict resolution*, integrating human rights objectives. This was partly a result of FSC's structure and way of working, bringing the business sector into dialogue with the social sector (indigenous peoples etc.) and environmental NGOs, through FSC's three chambers. But it was also due to excellent NEAs that understood the need for dialogue and inclusion of all major stakeholders to be able to achieve sustainable results.

The relation between implementation progress and budget resources invested shows that the project in general was implemented efficiently. It would however had an even stronger cost-effectiveness if it were a larger global programme, because many of the centrally administrated costs would not have increased much.

Table 21 of the Evaluation Report presents a ratings table on project performance, showing an overall rating of **Highly Satisfactory (HS)**.

The FSC received, through the implementation of the project, confirmation of the hypothesis presented in the project design that it is possible to develop sustainable business models based on certification of ecosystems services, in addition to carbon sequestration. The FSC also learned that there is great interest in the market for certification of ecosystems services.

Another lesson learned was that the national executing agencies need to understand a project completely to be able to work efficiently.

The public sector seems to show greater interest in certification of ecosystems services than on traditional forest certification, due to the public interest, e.g. in conservation of water resources and protection against natural disasters. This is strengthening the dialogue between FSC and the public sector on local, national and international levels, and could even lead to a future new chamber in the FSC.

The ecosystems services narrative is changing FSC, and there is no turning back. The organization is broadening its scope and will probably be even more relevant in the future. Through the ForCES project, the FSC and UN Environment received confirmation that certification of ecosystems services could be a vehicle to increased sustainability, combining environmental, social and economic objectives.

The evaluation report ends with a list of recommendations that FSC and main partners should consider to strengthen the impact and sustainability of what has been achieved through the ForCES project:

The FSC should enter into dialogue with UN Environment and other important international organizations such as the World Bank, to discuss how to follow up the results of the project. The FSC and main partners should design a new project ("second phase") with more resources, not necessarily financed from GEF, to test certification of ecosystem services in other geographic areas, especially the Amazon and the Congo Basin, and other ecosystems services like mitigation of natural disasters (watershed protection, coastal zone protection, etc.). FSC should also launch

an international awareness and information campaign about certification of ecosystems services, in collaboration with UN, WB and other international agencies, and large NGOs such as IUCN, WRI, TNC, CI and WWF, as well as research institutions such as CIFOR.

The National Executive Agencies FSC Chile, WWF Indonesia, ANSAB (Nepal) and SNV (Vietnam) should continue to follow up the pilot projects, or at least the projects where the business models seem feasible, and not leave the local partners and communities on their own before financial sustainability has been secured.

As soon as the new FSC global procedure for demonstrating impact of forest stewardship on ecosystems services has been approved, FSC should prepare more specific procedures for each of the most important ecosystems services, because they are very different and cannot be treated the same way. On this basis FSC should start training activities directed towards certifying bodies, and when these agencies have gone through training and show the required capacity they could apply for accreditation. This would be very different from the FSC accreditation they already have, focused solely on forestry. The FSC could, if necessary, integrate Accreditation Services International (ASI) in the accreditation activities; that would be an on-going process.

The FSC should also start a dialogue with UNFCCC, UN-REDD, GEF, GCF, and the Norwegian International Climate and Forest Initiative (NICFI), about the potential of funding for establishing a certification mechanism for REDD+. Even though this is part of the ecosystem service of carbon sequestration, REDD+ has developed further, and it would be necessary to develop a specific procedure including the problem with leakage, as well as compliance with environmental and social safeguards.

I. INTRODUCTION

1. The project “Expanding Forest Stewardship Council (FSC) certification at landscape level through incorporating additional ecosystem services” was implemented from October 2011 to February 2017 with UN Environment as Implementing Agency and Forest Stewardship Council (FSC) as Executing Agency, with US\$ 2,880,000 financial support from Global Environment Facility (GEF) and US\$ 5,009,042 co-financing. The project was implemented in the four pilot countries Chile, Indonesia, Nepal and Vietnam.
2. Considering the date of design and initiation of the project, it was assessed in the context of the UNEP Medium Term Strategy (MTS) 2010-2013 “*Environment for Development*”, which provides the vision and direction for the UNEP activities 2010–2013 and the UNEP GEF portfolio 2010–2014. The MTS defines six crosscutting thematic priorities, each with a defined objective and Expected Accomplishments.
3. The two most relevant priorities for this project are: **Climate Change** (mitigation and adaptation), with the objective to strengthen the ability of countries to integrate climate change responses into national development processes; and **Ecosystems Management**, with the objective that the countries utilize the ecosystem approach to enhance human well-being. However, other UN Environment priorities are strongly related with the project’s content, especially Disasters and conflicts [disaster risk management as an ecosystem service], Environmental governance, and Resource efficiency – sustainable consumption and production [of forest products].
4. The project was prepared in the framework of UN Environment’s Programme of Work (PoW) 2011-12 and 2012-13. As mentioned in the ProDoc, the project is closely aligned and contributes to achieving the following Expected Accomplishments of the PoW: Sub-Programme 1 (Climate Change), Expected Accomplishment d: “Reduction in deforestation and land degradation with countries moving towards sustainable forest management, conservation and full terrestrial carbon accounting based on tackling all drivers of deforestation, and taking fully into account co-benefits and safeguards”; and Sub-Programme 3 (Ecosystem Management), Expected Accomplishment b: “Countries and regions have the capacity to utilize and apply ecosystem management tools”.
5. UN Environment was the GEF Implementing agency and monitored the implementation through the UNEP GEF Coordination Office (UNEP/GEF). The UNEP/GEF Regional Focal Point for Asia carried out project supervision from the regional office in Bangkok, Thailand. UNEP provided the overall coordination and ensured that the project was in-line with UNEP Medium-Term Strategy and its PoW. The project was financed under GEF IV and linked to the GEF strategic programmes BD-SP5 ‘fostering markets for biodiversity goods and services’, BD-SP4 ‘strengthening the policy and regulatory framework for mainstreaming biodiversity in production sectors’, and partly BD-SP8 ‘building capacity on access & benefit sharing’ and CC–SP 6 ‘management of land use, land use change and forestry’ (LULUCF).
6. The Forest Stewardship Council (FSC) executed the project through a Global Project Management Team (GPMT) established in Bonn, Germany, with follow-up in Asia by a Policy Manager stationed at the FSC International Center in Hanoi, Vietnam from January 2015. The National Executing Agencies (NEAs) were FSC Chile, WWF Indonesia, ANSAB (Nepal) and SNV (Vietnam). An International Steering Committee (ISC) including UN Environment, FSC and other

key institutions provided political and strategic guidance for the project. National Steering Committees (NSCs) consisting of the NEAs and main national stakeholders had the role to plan and follow-up the activities at national level, and assured communication with local participants and important sector institutions.

7. The purpose of the Terminal Evaluation was to assess evidence of results to meet accountability requirements, and to promote operational improvement, learning and knowledge sharing through results and lessons learned within UN Environment and among main project partners. The key audience for the evaluation findings is; UN Environment, GEF, FSC and all partner organizations, as well as the UNEG member organizations FAO and UNDP. A Mid-Term Review of the Project was carried out in 2014.

II. EVALUATION METHODS

8. The Consultant reviewed the implementation progress, results, and effects/impacts, and their contribution to the overall UN Environment and GEF goal of biodiversity conservation, and also the relation with other important policy and strategy goals, such as climate change adaptation and mitigation, sustainable forestry and natural resources management, disaster risk management, poverty reduction, equity, land use planning, and sustainable local productive alternatives.



Source: Norheim, T. 2017. Medicinal spp. Chile

9. The TE was based on the following considerations, in accordance with OECD-DAC, UN Environment and GEF evaluation standards: (i) Free and open evaluation process, transparent and independent from Project management and policy-making, to enhance credibility; (ii) Evaluation ethics that abides by relevant professional and ethical guidelines and codes of conduct, while the evaluation was undertaken with integrity and honesty; (iii) Partnership approach, building development ownership and mutual accountability for results. A participatory approach was used on all levels (communities, institutions, firms, implementing agencies); (iv) Co-ordination and alignment, to consider national and local evaluations and help strengthen country systems, plans, activities and policies; (v) Capacity development of partners by improving evaluation knowledge and skills, stimulating demand for and use of evaluation findings, and supporting accountability and learning; and (vi) Quality control from UN Environment Evaluation Office throughout the evaluation process.
10. The project was implemented in four pilot countries, but only 10 pilot sites, of which the Consultant was able to visit 4. The same thematic topics were covered in all four pilot countries to permit comparisons and strengthen general conclusions about the Project results and impacts. Data for the evaluation can be divided into the following categories: (i) Background information received from UN Environment and FSC; (ii) Complementary information collected by the Consultant through Internet and other sources (including the project website); (iii) Material obtained from NEAs, partner organizations and other sources during the missions; (iv) Interviews through Skype and Go-to-meeting with persons from UN Environment, FSC, project partners and other key stakeholders; (v) Face-to face interviews during missions; and (vi) Information obtained during participatory workshops and meetings. Main sources of information are included in Annex 6.
11. The pilot sites to visit were selected with emphasis on covering sites with different ecosystems services, and to assure that all ecosystems services included in the project would be reviewed.

Table 2. Pilot sites and ecosystems services covered (sites visited during the TE marked with green)

| Pilot country | Pilot site | Ecosystems Services mentioned in ProDoc |
|---------------|--------------------|---|
| Chile | Predio Carahue | Biodiversity Conservation. |
| | Mechaico watershed | Watershed Protection. |
| | Pumalin Park | Biodiversity Conservation and Tourism. |
| Indonesia | Lombok Island | Watershed Protection and Tourism. |
| | West Kalimantan | Watershed Protection. |
| | East Kalimantan | Watershed Protection and Biodiversity. |
| Nepal | Charnawati | Tourism, Carbon, Non-Timber Forest Products, Water Supply. |
| | Gaurisankar | Tourism, Non-Timber Forest Products, Water Supply. |
| Vietnam | Quang Tri | Watershed Protection, Tourism. |
| | Ha Tinh | Watershed Protection for Water Supply, Hydropower, Carbon, Tourism. |

12. An Evaluation Framework, including evaluation questions, indicators/criteria and sources of information was prepared at an early stage. The evaluation criteria assessed were Strategic relevance, Quality of project design, Nature of external context, Effectiveness, Project management, Efficiency, Monitoring, Evaluation and reporting, Sustainability, and Coordination, coherence and complementarity. The Framework included a total of 161 evaluation questions, and the relevant questions for each stakeholder group were included in specific evaluation frameworks for each of the following groups: (i) Governments and public stakeholders; (ii) Project team and main partners; (iii) Other organizations and firms; (iv) Local stakeholders; (v) FSC Senior management; and (vi) UN Environment.
13. Visits to the pilot countries included the NEA, main partners, Governments and public agencies, other relevant organizations and firms working on forestry/forest certification, as well as sites where local project results could be reviewed. For local interviews, key informants were direct beneficiaries (that have participated in project activities), as well as female and male community leaders, focusing on detection of local ownership and sustainability, e.g. if the methods and pilot interventions promoted are sufficiently accepted. 27% of those interviewed were women (see also chapter V-H)

Table 3. Stakeholders interviewed during the evaluation

| Countries | FSC int. | UNEP | NEA incl. consultants | Government, public inst. | Firms | Indigenous peoples ¹ | NGO/CSO, federations | Local beneficiaries | Total |
|-----------|----------|------|-----------------------|--------------------------|-------|---------------------------------|----------------------|---------------------|-------|
| Global | 6 | 2 | | | | | | | 8 |
| Chile | | | 6 | 5 | 4 | 5 | 3 | 5 | 28 |
| Indonesia | | | 2 | | | | | | 2 |
| Nepal | | | 8 | 2 | 1 | 2 | 9 | 18 | 40 |
| Vietnam | 1 | 1 | 6 | 4 | 18 | | 11 | 9 | 50 |
| Total | 7 | 3 | 22 | 11 | 23 | 7 | 23 | 32 | 128 |

¹ Representatives of I.P. organizations (indigenous also included in other groups)

14. Information was collected using semi-structured questionnaires based on the Evaluation Framework to allow the systematization of data, but with enough space for taking notes on other relevant information and the Consultant's observations. The Consultant placed emphasis on interviewing local stakeholders in an informal way, so it was not perceived as a register of personal data or an exam. A flexible approach was used according to available time, education level of stakeholders, quality of translation, etc., sometimes interviewing persons individually and sometimes as a group during workshops, with the goal of increasing active participation to receive different views. All information from individual persons was differentiated by gender.
15. The evaluation considered four dimensions of sustainability: (i) Socio-political; (ii) Environmental; (iii) Institutional; and (iv) Economic-financial. The socio-political dimension included also social aspects, e.g. whether communities, indigenous peoples, rural organizations, women and youth were integrated in the project implementation, and if they consider the project results in their plans for the future. A specifically interesting and traditionally marginalised stakeholder group are the Dalits (cast-less people) in Nepal.
16. The Consultant received valuable assistance from the NEAs for planning and implementation of the mission programme and for translation of local languages in Nepal and Vietnam. Any confusing information obtained was verified with the translators and other key informants. At the end of each country visit, the Consultant summarized the main conclusions and consulted

any possible outstanding issues. A preliminary thematic analysis was carried out after each country visit, but the final analysis was made only after all information had been obtained.

17. The limitations of the evaluation have, first of all, been budget restrictions, reflected in the number of pilot sites visited and one country not visited (Indonesia). The limited budget meant that no visit was carried out to the Headquarters of the Executing Agency FSC. These limitations were partially mitigated with support from additional FSC funds for field visits and by carrying out many interviews through Skype. It still affected the evaluation, since a total of ten pilot sites is already a small number of pilots and four sites visited is a partial sample. However, to mitigate this limitation the key evaluation questions were posed to a large number of different stakeholders. These questions focussed on aspects such as the project's most important results and impacts, sustainability and lessons learned. It is an open question whether a sample of ten very variable pilot areas would be sufficient to draw general conclusions for the project, even if all of them had been included in the evaluation, and this issue is discussed in the analysis.

III. THE PROJECT

A. Context

18. More than 60% of the world's ecosystems services (ES) are either degraded or used unsustainably². These ES include climate change mitigation through carbon storage and sequestration, and several forms of climate change adaptation, such as watershed protection for water resources supply, and disaster risk management (DRM). As highlighted in the ProDoc, "degradation of the forest fauna and flora can have severe consequences for human welfare, since biodiversity is closely linked with the functioning of various forest ecosystems services such as soil conservation, genetic resources conservation and carbon sequestration". The framework conditions for the forestry sector in competition with other types of land use present huge challenges to sustainable forest management and exploitation.

19. The justification for the project is that sustainable forest management plans should incorporate the forest ES within a holistic approach, considering economic, social and ecological factors. Forest certification based on the FSC principles and criteria considers all these areas of sustainability, but FSC certification is still often considered as mostly timber focused. For that reason, the purpose of the project has been to incorporate and strengthen the focus on biodiversity and other ES within FSC certification, in that way improving sustainable forest management. Since the incorporation of ES into certification is a relatively new area on global scale, it was thought necessary to implement pilot projects to gain more experience and create a stronger 'evidence-base' for these aspects of forest certification, as well as to determine the willingness to pay for ES as an element in designing a market-based new business model. The results of the national pilots combined with FSC analysis are being incorporated in an expanded FSC certification system, and included in international and national standards.

² Millennium Ecosystem Assessment, 2005. *Ecosystems and Human Well-being: Synthesis*. Island Press, Washington, DC.

Fig. 1. The ForCES project, pilot countries and ecosystem services covered



B. Milestones/key dates in project design and implementation

20. FSC obtained a Project Preparation Grant of US\$ 125,000 for preparing the project, starting its implementation in April 2010 and resulting in submission for GEF CEO endorsement 15 months later. UN Environment's approval date was in September 2011, and the project initiated immediately with the first disbursement 4 months later. The sources of funds for activities in this period came from FSC and partners co-financing.

Table 4. Key events during project implementation

| Key event | Date |
|---|--------------------|
| 1 st PIF submission (resubmission 07 May and 09 Sept 2009) | 07 April 2009 |
| GEF Work Program inclusion | November 2009 |
| Start of PPG, 1 st PPG Workshop (Bogor, Indonesia) | 11-13 April 2010 |
| 2 nd PPG Workshop (Bangkok, Thailand) | November 2010 |
| Submission for CEO endorsement | 30 July 2011 |
| GEF approval date | 09 August 2011 |
| UNEP approval date | 30 September 2011 |
| Actual start date | 01 October 2011 |
| 1 st Revision | 17 October 2011 |
| First disbursement | 06 February 2012 |
| Planned date for Mid-term Review | January-April 2014 |
| Actual date Mid-term review | May-September 2014 |
| Intended completion date (on date of approval) | 30 September 2015 |
| 2 nd Revision | October 2015 |
| Last Steering Committee meeting | November 2016 |
| Formally registered completion date | December 2016 |
| Last PIR | 30 June 2017 |
| Terminal Evaluation | From May 16, 2017 |

The Mid-term review was carried out May-Sept 2014. Note that according to the last PIR (June 2017) the project formally ended in December 2016, however project activities (mostly financed by counterpart funds) have continued, which is the reason for UN Environment's request for a

new PIR covering first semester of 2017. Extension of the project implementation period after the intended completion date of September 2015 was done without additional funds from GEF.

C. Objectives and components

21. Table 5 summarizes the project content with some adjustments proposed by the Consultant. Five components are included, as in the document presented for GEF CEO endorsement. However, in the results framework (appendix 4 to ProDoc) there were only four components. The Consultant considers that all five components should be included, even though the project monitoring system normally isn't part of TOC, however this component has a clear and important outcome: "Expanded science-based database for FSC certification models". Since this is the only major difference between the Reconstructed Theory of Change (TOC) and the results framework in ProDoc, the Consultant considers that there is no need to present two summary tables, and has instead marked the changes compared with the original text. Most of these changes are simply presenting more clearly the outputs as products instead of activities. Further analysis of the outcomes and outputs are included in relation to the reconstructed Theory of Change (chapter IV).

Table 5. Project content

| Project Objective: FSC certification incorporates expanded and enhanced global and national environmental standards, which are applied to emerging markets for biodiversity conservation and ecosystems services as an initial step for upgrading successful models in order to improve ecosystem functions | | |
|--|---|---|
| Components | Outcomes | Outputs |
| 1. Development of Science-based Certification Models following FSC Principles and Criteria and targeting maintenance and or enhancement of ecosystem services | 1.1. Improved global forest certification system specifically incorporating evidence-based Biodiversity Conservation & key Ecosystem Services targets | 1.1.1 Identification of p- Potential environmental benefits of certification identified , and selection of optimal compliance indicators to improve/adapt FSC standards for certification of ES <u>selected</u> |
| | 1.2 New national indicators developed for incorporation into development of National Standards | 1.1.2 FSC ecosystem services <u>strategy roadmap</u> developed 1.1.3 Policy paper, and <u>strategy for approval</u> 'Expanded FSC Certification' approved by FSC Board of Directors 1.1.4 FSC international system adapted for additional ES and approved by FSC IC 1.2.1 FSC National Standards adapted for additional ES and approved by FSC IC |
| 2. International and National Market Assessment | 2.1. Accessing national & international markets for certified Biodiversity Conservation and other Ecosystems Services incl. Carbon sequestration, Water supply & purification, Disaster risk reduction, and Recreational Values | 2.1.1 Identification of m- Most promising ecosystem services for the market <u>identified</u> 2.1.2 Information available <u>and disseminated</u> on market demand for ES-based FSC certification and disseminated |
| | 2.2 Enhanced 'business case' for Sustainable Forest Management through expanded FSC certification schemes | 2.2.1 Priority market & key ES identified in terms of competitive opportunity costs (cost/benefit) and analysis of financial viability analysis 2.2.2 Design New business models for ES-based FSC certification |
| 3. National Pilots on Expanded FSC certification | 3.1 First forest management sites certified under additional ES system | 3.1.1 Stakeholder assessment & empowerment including capacity building of forest-based communities 3.1.2 Measures for access & benefit sharing through Free, Prior and Informed Consent (FPIC) incorporated in pilot trial plans 3.1.3 <u>Spatial maps</u> ping of ecosystem services related to the pilots 3.1.4 Systems of verification and certification for ES in place in target countries 3.1.5 Field testing FSC National Standards <u>field tested</u> , incorporating provisions for managing additional ES 3.1.6 Business models applied at pilot sites, <u>with</u> results potentially requiring correspondingly adapted FSC National Standards (adaptation part of sub-component) |
| | 3.2 System in place and tested as effective in providing evidence that Enhanced evidence-base that FSC ES/BD forest certification models allow for increased social well-being and/or environmental performance | 3.2.1 Global methodology for assessing environmental and social long term impact of the ES-based certification systems 3.2.2 Site programs assessing e Environmental and social <u>long term</u> impacts of the certification system in the pilot sites <u>assessed</u> , including data collection and reporting |
| 4. Awareness and Promotion of FSC Certification for ES Nationally and Globally | 4.1. Greater awareness of the potential of BD or ES-based forest certification in four pilot countries, with subsequent outreach through the global FSC Network | 4.1.1. National dissemination workshops held , and information and communication materials produced 4.1.2 The e Experiences are disseminated globally through the FSC network, targeting potential suppliers of forest ES, in line with the development of international standards |
| | 4.2. Increased capacity of FSC national office staff, technical agencies, forest managers, communities and business partners to implement and benefit from ES-based forest certification | 4.2.1 Provision of Tools (training modules, toolkits, etc.) for <u>strengthened ing</u> capacity of staff of local partner agencies and potential disseminators on expanded forest certification and PES services 4.2.2 Identified markets <u>will be targeted</u> , <u>including and</u> appropriate publicity materials produced to for communicateion about new business models for ES-based FSC certification 4.2.3 Follow up undertaken to interested private sector stakeholders involved |

| | | |
|--|----------------------------------|---|
| Project Objective: FSC certification incorporates expanded and enhanced global and national environmental standards, which are applied to emerging markets for biodiversity conservation and ecosystems services as an initial step for upgrading successful models in order to improve ecosystem functions | | |
| 5. Monitoring & Evaluation | 5.1 Monitoring & Evaluation Plan | 5.1.1 Implementation of Project M&E Plan <u>implemented</u> , and national impact studies on awareness & 'change of behavior' towards increased level of certified forests, at baseline, midterm & project completion |
| | | 5.1.2 Compilation of <u>r</u> Relevant M&E data <u>compiled</u> |

D. Target groups

22. FSC and its main partners have done an important and efficient job in integrating local target groups such as communities, indigenous peoples, Dalits (non-cast group), firms, rural organizations and women. All the groups mentioned in table 6 played significant roles in contributing to the project results, while all except for the Governments were also direct or indirect beneficiaries of these results. Please note that Dalits are only found in the pilot country Nepal. For other groups not covered (Indigenous peoples in Vietnam and Women in Indonesia) it doesn't mean that these groups didn't participate, but that the project did not implement an active strategy for their inclusion in these pilot countries according to information from the NEAs.

Table 6. Important participation of target groups in the pilot countries

| Target group | Country | | | |
|----------------------------|---------|-----------|-------|---------|
| | Chile | Indonesia | Nepal | Vietnam |
| Government/GEF Focal point | ✓ | ✓ | ✓ | ✓ |
| Communities | ✓ | ✓ | ✓ | ✓ |
| Indigenous peoples | ✓ | ✓ | ✓ | |
| Women | ✓ | | ✓ | ✓ |
| Dalits | | | ✓ | |
| Firms | ✓ | ✓ | ✓ | ✓ |
| Rural organizations | ✓ | | ✓ | ✓ |



Source: Norheim, T. 2017. UNEP – Women bringing home firewood in Nepal

E. Project partners

23. Key partners during project implementation have been the four national executing agencies (NEA), complemented by some important public and private agencies. A more complete Stakeholder Analysis was carried out before preparing the Inception Report.

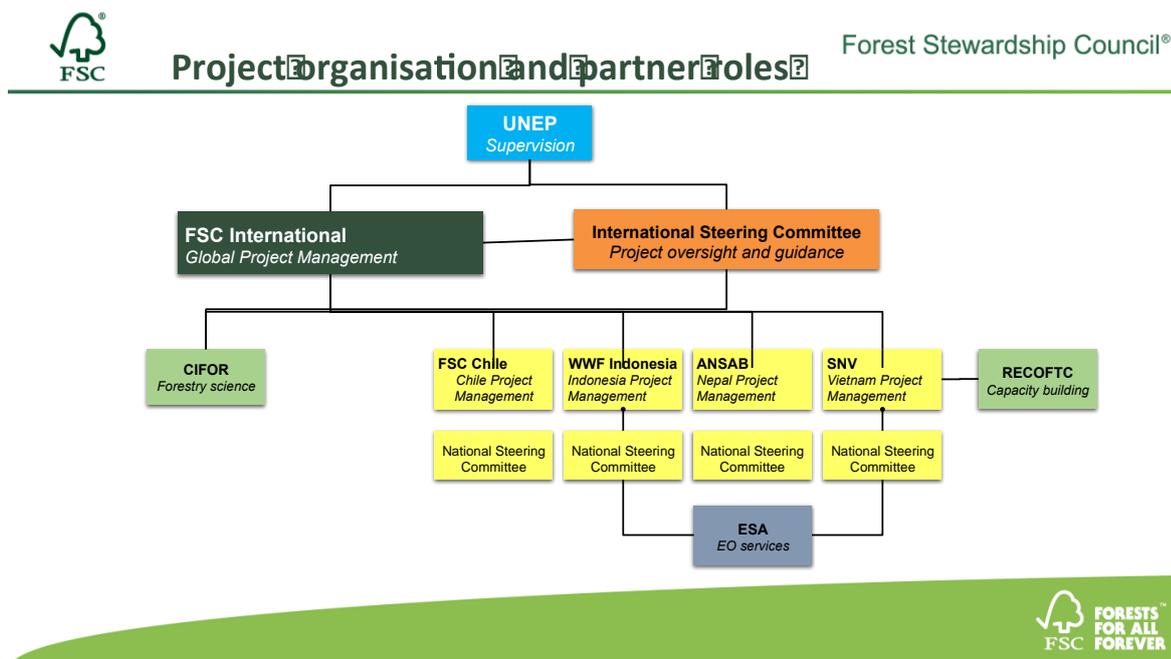
Table 7. Key project partners and their roles

| Partner | Power over project results | Co-financing | Group* | Roles in project delivery and performance |
|-----------------------------------|---|--------------|--------|--|
| International and regional | | | | |
| FSC | Project Executing Agency | ✓ | NG | GPMT in charge of day-to-day project management |
| RECOFTC | Regional Community Forestry Training Centre | ✓ | NG/ST | Role diminished compared with 1 st design |
| CIFOR | Support to FSC especially in local site | ✓ | ST | Fundamental role providing research data; Impact |

| | | | | |
|------------------|---|----------------|----|---|
| | monitoring | | | assessment; Design of database; and Training |
| Chile | | | | |
| FSC Chile | National Executing Agency | ✓ | NG | Project management and support to local partners |
| INFOR | Important implementation role | ✓ | GO | Leading the market analysis for ES |
| B. Cautin | Firm, has improved relation with I.P. | ✓ | BI | Medicinal plants in certified forest |
| Mininco | Firm, has improved relation with I.P. | ✓ | BI | Medicinal plants in certified forest |
| Pumalin | Pumalin Foundation was in charge of Pumalin Park (project site) | ✓ (in-kind) | NG | Supported pilot on certification of BD/ES, but did not finish (is being converted to National Park) |
| Indonesia | | | | |
| WWF Indonesia | National Executing Agency | ✓ | NG | Important role with good access to national authorities |
| Nepal | | | | |
| ANSAB | National Executing Agency | ✓ | NG | Project management and support to local partners |
| MFSC | Ministry of Forests and Soil Conservation | | GO | Collaborated in policy formation process through DOF and piloting through District Forest Offices |
| FECOFUN | Federation of Community Forest Users | ✓ | NG | Local implementation of BD/ES certification pilots |
| Vietnam | | | | |
| SNV Vietnam | National Executing Agency | ✓ (in-kind) | NG | Project management and support to local partners |
| MARD | Main Government counterpart | ✓ | GO | Policy discussions and facilitating implementation |

*NG=Non-Governmental; GO=Governmental; ST=Scientific & Technological; BI=Business & Industries.

Fig. 2. Project organisation



F. Project financing

67. The total project budget was USD 6,773,900 of which USD 2,880,000 was allocated from GEF (not including PPG and agency fee), and USD 3,893,900 was planned co-financing (USD 2,146,000 cash and USD 1,747,900 in-kind). The co-financing achieved is impressive and shows the interest in forest certification and especially certification of ecosystems services, as well as the effort from FSC during the project planning and implementation stages. Actual co-financing throughout the project life cycle was even higher and reached USD 5,009,042, or 128.6% of expected. The executing agency FSC International Centre supported the project with 322% of expected (USD

443,500 pledged and USD 1,429,810 effected).

Table 8. Approved co-financing at the moment of GEF CEO endorsement and until Dec. 2016

| Sources of co-financing | Cash pledged | | Cash final | | In-kind pledged | | In-kind final | | Total final | |
|--|------------------|------------|------------------|------------|------------------|------------|------------------|------------|------------------|------------|
| | US\$ | % |
| ANSAB (Nepal) | 150,000 | 7.0 | 276,568 | 8.9 | 200,000 | 11.4 | 148,545 | 7.8 | 425,113 | 8.5 |
| Astorga Consultants | 9,000 | 0.4 | 29,202 | 0.9 | | | 19,575 | 1.0 | 48,777 | 1.0 |
| Bosques Cautin (Chile) | 33,000 | 1.5 | 43,804 | 1.4 | | | 22,850 | 1.2 | 66,654 | 1.3 |
| MFSC (Nepal) | | | | | 115,000 | 6.6 | 0 | 0.0 | 0 | 0.0 |
| CIFOR | 350,000 | 16.3 | 232,669 | 7.5 | 350,000 | 20.0 | 515,744 | 27.0 | 748,413 | 14.9 |
| FECOFUN (Nepal) | 10,000 | 0.5 | 33,900 | 1.1 | 90,000 | 5.2 | 107,192 | 5.6 | 141,092 | 2.8 |
| FSC Chile | 16,500 | 0.8 | 60,563 | 2.0 | 13,500 | 0.8 | 24,175 | 1.3 | 84,738 | 1.7 |
| FSC International | 158,000 | 7.4 | 1,069,679 | 34.5 | 285,500 | 16.3 | 360,131 | 18.9 | 1,429,810 | 28.5 |
| Fundación Pumalin (Chile) | | | 28,173 | 0.9 | 100,400 | 5.7 | 19,475 | 1.0 | 47,648 | 1.0 |
| GFA (Germany) | 75,000 | 3.5 | 29,862 | 1.0 | 16,000 | 0.9 | 15,975 | 0.8 | 45,837 | 0.9 |
| GFA Vietnam | | | | | | | 1,469 | 0.1 | 1,469 | 0.0 |
| GIZ (Germany) | | | | | | | 7,699 | 0.4 | 7,699 | 0.2 |
| INFOR (Chile) | 170,000 | 7.9 | 145,993 | 4.7 | 90,000 | 5.2 | 251,350 | 13.2 | 397,343 | 7.9 |
| MARD (Vietnam) | | | | | 30,000 | 1.7 | 0 | 0.0 | 0 | 0.0 |
| NTNC (Nepal) | 212,500 | 9.9 | 50,880 | 1.6 | 37,500 | 2.2 | 138,827 | 7.3 | 189,707 | 3.8 |
| RECOFTC | 312,000 | 14.5 | 284,954 | 9.2 | 155,000 | 8.9 | 0 | 0.0 | 284,954 | 5.7 |
| Relief International | | | | | 50,000 | 2.9 | 51,427 | 2.7 | 51,427 | 1.0 |
| SNV | | | 139,700 | 4.5 | 60,000 | 3.4 | 0 | 0.0 | 139,700 | 2.8 |
| LEI (Indonesia) | 50,000 | 2.3 | | | | | 0 | 0.0 | 0 | 0.0 |
| UN Environment, Div. of Environmental Policy | | | 10,667 | 0.3 | 35,000 | 2.0 | 5,333 | 0.3 | 16,000 | 0.3 |
| UN Environment, Regional office for Asia – Pacific | | | 29,019 | 0.9 | 20,000 | 1.1 | 24,854 | 1.3 | 53,873 | 1.1 |
| WWF Indonesia | 600,000 | 28.0 | 635,135 | 20.5 | 100,000 | 5.7 | 190,863 | 10.0 | 825,998 | 16.5 |
| WWF Vietnam | | | | | | | 2,790 | 0.1 | 2,790 | 0.1 |
| Total | 2,146,000 | 100 | 3,100,768 | 100 | 1,747,900 | 100 | 1,908,274 | 100 | 5,009,042 | 100 |
| % | | | 61.9 | | | | 38.1 | | | |

IV. THEORY OF CHANGE

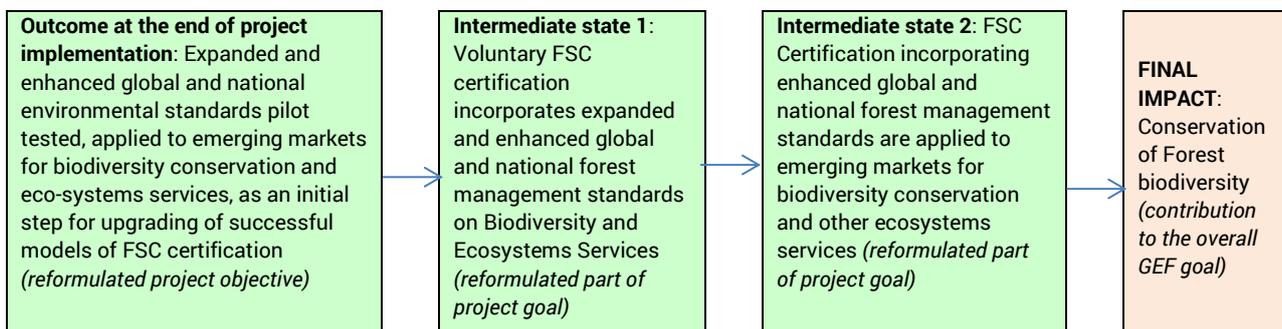
24. The Project Document and Results framework has been used to analyse the intervention logic and establish the projects' Reconstructed Theory of Change (TOC). There is no Logical Framework for the project, and even though a results framework has many of the same characteristics, there are also differences, and the two types of frameworks serve different purposes. A results framework is much more operational, and is normally used for monitoring of compliance with outputs and outcomes at specific dates or years compared with a baseline. On the other hand, it does not define expected impacts, which is a priority for both UN Environment and GEF. According to the Project Document (par. 335) "Impact indicators will be agreed and monitored in the first year of the project. This set of indicators will be related but different to certification indicators".

25. According to the project's Task Manager, "impact monitoring" has been conducted by the project team at Outcome level through "impact indicators" against the set mid- and end of project targets. When there was a measurable attainment of these Project (Direct) Outcomes, they have been called project impact in the monitoring system, and the impact indicators that have been used by the project staff are those found under each of the project Outcomes (1.1, 1.2, etc.).

26. In the opinion of the evaluator, these indicators should be regarded as outcome indicators, and even though it might be difficult for a project team to monitor and measure impacts, they would be found on a higher level in the results chain. The evaluation process and reconstruction of TOC require the definition of higher-level impacts, which are more related with the project goals. For that reason, the evaluator proposes that all the project outcomes combined would give "the

project impact” (as expected based on the project objective), while there are also higher-level ex-post impacts, with the following sequence:

Fig. 3. Process from Project Outcome to Final Impact



27. The project consists of five components with a total of 9 expected outcomes and 24 expected outputs. Most outputs are well defined in the results framework (see table 5), however several of them could be understood as activities and are therefore proposed reformulated to a clear product.
28. The Consultant proposed in the Inception Report that Outcome 5.1 could be “Reliable Monitoring & Evaluation based on volume and quality of data”. An intermediate state for the same component (before end of project) would be “Results of impact monitoring methodology tracking FSC certification impact” (pilot level). The evaluator also proposed intermediate states between outcomes and project impact for component 1: New national standards approved, with new indicators for biodiversity and other ecosystems services New global standards incorporating biodiversity and other ecosystems services drafted and formally discussed.
29. A few of the outputs are giving *inputs* to the outputs from other components: OP1.2.1 FSC National Standards adapted for additional ecosystems services and approved by FSC IC OP4.1.2 The experiences are disseminated globally through the FSC network, targeting potential suppliers of forest ecosystems services, in line with the development of international standards; and OP4.2.2 Identified markets will be targeted and appropriate publicity materials produced to communicate about new business models for ecosystems-based FSC certification OP2.1.2 Information available on market demand for ecosystems-based FSC certification and disseminated.
30. Regarding the outcomes, many of them are part of a logic interaction process between several outcomes, marked with arrows. Please also note that OC3.2 (Enhanced evidence-base that FSC ES/BD forest certification models allow for increased social wellbeing and/or environmental performance) is giving inputs back to the two outputs OP4.1.1 and OP4.1.2. This may seem a little strange, but it is possible because the different components are not progressing in parallel.
31. In the model of the Reconstructed TOC, the processes, drivers, assumptions and risks are partly taken from the project document and results framework, and partly proposed by the Consultant. It would be too complicated to present everything in text, but it is summarized in the following tables. Note that some drivers, assumptions and risks may be repeated in different components, but they are included where most relevant. It is also important to highlight that some issues could be assumptions and risks at the same time, especially if there was not strong enough evidence base to make the assumption during project design. In all components

the project activities and interaction with stakeholders would be drivers for results, but these general aspects are not included in the figure and tables.

Table 9. Process from Outputs to Outcomes

| Component | Drivers (D) | Assumptions (A) | Risks (R) |
|-----------|--|---|---|
| 1 | FSC members' interest in BD/ES certification | <ul style="list-style-type: none"> FSC Board agree with draft new standards | <ul style="list-style-type: none"> Lengthy FSC multi-stakeholder consultation process |
| 2 | | <ul style="list-style-type: none"> Existence of the service related to demand Willingness to pay for certified ES Benefits outweigh costs Integrated packages of several ES more likely to gain market appeal Business community response is positive Pilot sites are sufficiently representative of all forest types for global standard to be revised | <ul style="list-style-type: none"> Bias towards large areas certification could mean smaller operations disadvantaged/shut out Willingness to pay for certified ES Business readiness to pay for BD conservation determined by pure financial sentiment rather than social cost/benefit No attractive financial case can be made for some ES, leaving corporate responsibility as main market lever |
| 3 | Local ownership of process, including stakeholder awareness and interest | <ul style="list-style-type: none"> Basic capacity to run pilots Generation of significant economic, social and environmental benefits for local stakeholders Minimum social and economic conditions for capacity building SMART indicators have been defined/ selected in all pilot countries Enough literature and science based monitoring methodology exist | <ul style="list-style-type: none"> Relations between local partners and communities affect FPIC Some sites do not meet all certification criteria National standard development may extend beyond project lifetime Required external funding for independent studies not forthcoming |
| 4 | Capacity of national stakeholders | <ul style="list-style-type: none"> Enough stakeholders willing to attend training Sufficient set of didactic tools made available by local partners (additional to project outputs) Training material made available by local partners (additional to project outputs) Sufficient set of revenue generation options available | <ul style="list-style-type: none"> Training capacity may be inadequate |
| 5 | High quality M&E project staff with clear TOR | <ul style="list-style-type: none"> Quantity and quality of data sufficient for good M&E | <ul style="list-style-type: none"> Institutional changes in providers of monitoring data |

Table 10. Process from outcomes to impact at the end of project implementation

| Component | Drivers (D) | Assumptions (A) |
|-----------|---|--|
| 1 | <ul style="list-style-type: none"> • Ownership of process (key national stakeholders) • Pilot testing of global standards based on national pilot results | <ul style="list-style-type: none"> • National standards agreed in pilot countries • Lessons learned on local, national and international level promote project outcomes and impacts • New draft global standards moved forward through FSC consultation process |
| 2 | <ul style="list-style-type: none"> • Broad information to stakeholders on national and international markets regarding potential for FSC BD/ES certification • Increased support from the Economic Chamber of FSC and business community for BD/ES certification | |
| 3 | <ul style="list-style-type: none"> • Results and lessons learned from pilot certification summarized and disseminated to other countries that might like to update their national standards and to stakeholders that might be interested in BD/ES certification • Increased support from the Social Chamber of FSC and IP organizations for BD/ES certification | |
| 4 | <ul style="list-style-type: none"> • Information about project results and possibilities for BD/ES certification dispersed through FSC member organizations in pilot countries | <ul style="list-style-type: none"> • Increased support from FSC member organizations in pilot countries for BD/ES certification |
| 5 | | <ul style="list-style-type: none"> • Positive examples of FSC certification of BD/ES would encourage national and international stakeholders to start process to obtain this type of certification • Expanded science-based database for FSC certification models would encourage national and international stakeholders to start process to obtain FSC certification |

32. Returning to the subject of impact mentioned initially in this chapter, the Consultant proposes a sequence of three impact levels (including intermediate states) with drivers towards them.

Table 11. From outcomes to impact

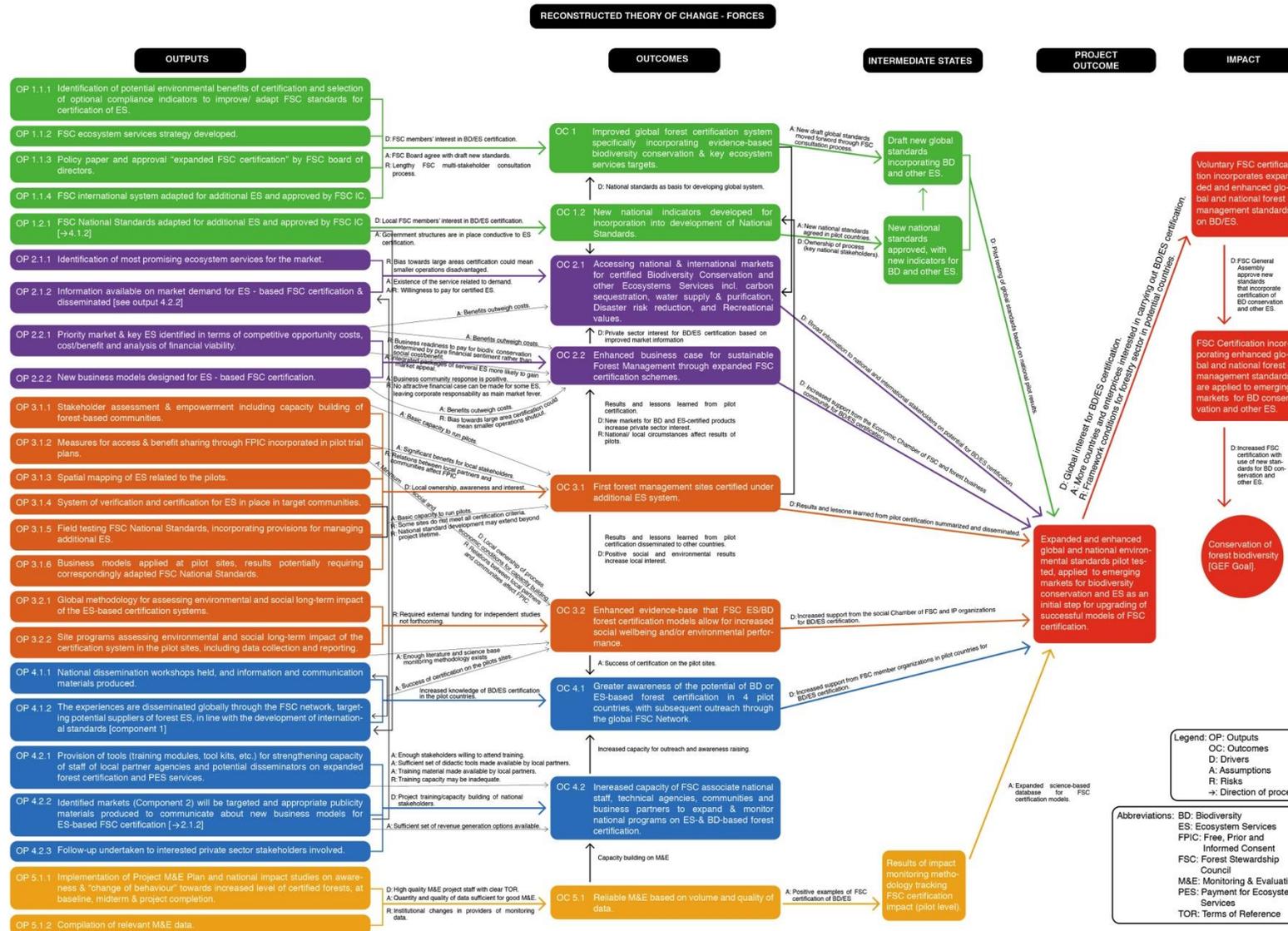
| Moment of project impact | Outcome | Intermediate state 1 | Intermediate state 2 | Impact |
|---|--|---|--|---|
| Drivers (D) towards impact, assumptions (A) and risks (R) | | D: Global interest for BD/ES certification; A: More countries and enterprises interested in BD/ES certification; R: Framework conditions for forestry sector in potential countries | D: FSC General Assembly approves new standards that incorporate certification of BD and other ES | D: Increased FSC certification with use of new standards for BD conservation and other ES |
| Type and description of impact | Expanded and enhanced global and national environmental standards pilot tested, applied to emerging markets for biodiversity conservation and eco-systems services, as an initial step for upgrading of successful models of FSC certification | Voluntary FSC certification incorporates expanded and enhanced global and national forest management standards on Biodiversity and Ecosystems Services | FSC Certification incorporating enhanced global and national forest management standards are applied to emerging markets for biodiversity conservation and other ecosystems services | Conservation of forest biodiversity |

A model for the Reconstructed Theory of Change is presented on the following page.



Source: Norheim, T. 2017. Huong Son Company Forest Vietnam

Fig. 4. Theory of Change diagram



V. EVALUATION FINDINGS

A. Strategic relevance

33. The objectives and content of the project have a strong strategic relevance as a contribution to the overall GEF Goal “Conservation of Forest Biodiversity”. The GEF has also engaged in pioneering development of mechanisms that reward good stewardship of natural resources, including Payment for Ecosystem Services (PES) schemes. The objective of UN Environment’s Ecosystem Management Sub Programme is to promote a transition to integrating the management of land, water and living resources, with a view to maintaining biodiversity and providing ecosystem services sustainably and equitably among countries. UN Environment’s Medium Term Strategy (MTS) 2014-17 also mentions that the organization supports countries and institutions in their efforts to meet the challenge of climate change through targeted interventions to promote and finance ecosystem-based approaches to adaptation, and to capitalize on the opportunities for reducing emissions from deforestation and forest degradation. As mentioned in the introduction, the project is aligned with UN Environment PoW (Sub-program 1 and 3). The project’s work with indigenous peoples and local communities is also aligned with the Nagoya Protocol on Access and Benefit-sharing, which recognizes the need for prior informed consent to address the fair and equitable sharing of benefits derived from genetic resources and traditional knowledge. It is not clearly aligned with the Bali Plan, but south-south cooperation is assured through exchange of experiences between the four pilot countries and through the FSC network.
34. The ForCES project is also strategically very relevant for the FSC member base in the environmental, social and economic chambers. Ecosystems Services is one of the 14 global priorities that FSC is focusing on in the coming years. FSC committed in its Global Strategic Plan 2015-2020 to offering new tools for certificate holders to access ecosystem services markets. This is part of a broader strategy to increase the market value of FSC, as ecosystem services can result in increased benefits for forest owners, smallholders, Indigenous Peoples and community-managed forests. The results of pilot trials through ForCES were used to develop the first draft of the procedure of certification on ecosystems services, recently submitted to public consultation. The FSC Director General, Kim Carstensen highlighted that *“without the project FSC would not have incorporated ecosystem services, so it is changing the overall strategic direction of the organization”*.
35. The selected pilot countries and geographic pilot areas have been relevant, considering economic and environmental factors, institutional setup and situation of local stakeholders in the countries, as well as to be able to pilot test certification of different types of ES. However, it would have been an advantage to include more pilot countries to have a broader basis to draw conclusions, which would have required a larger budget. The activities have been relevant to deliver against the project objectives and support the initial process of BD/ES certification in the pilot countries. Only a few important ecosystems services were not focused on, most importantly disaster risk mitigation, even though data on disaster risk was collected in Nepal and are still being analysed. The interventions have also been adequate compared with the priorities defined in national policies and plans that often combine opportunities for economic and social development with conservation. This is reflected in the opinion of local stakeholders participating in the project, such as communities, SMEs, NGOs and CSOs. Most often they consider that the project design is still appropriate, but that it is now time to intensify promotion of the approach within the pilot countries and to other countries.
36. The project has also been very relevant in the four pilot countries. **Chile** is party to CBD, UNFCCC, and the Kyoto Protocol. The National Biodiversity Strategy (2004) gives priority to

conservation of biodiversity at gene, species, and ecosystem levels as well as soil & water conservation, while sustainable forestry is given high political priority and monitored by CONAF. The law for Recovery of Native Forest and Forestry Promotion (2008) encourages conservation of native forest resources for environmental protection, including provision of economic incentives for sustained production and services such as NTFPs, tourism, carbon capture and preservation of biodiversity. The national private forest sector is strongly supporting certification and is organized in the national organization FSC Chile. Most of the forest plantations are FSC certified, but certification of ecosystems services is something new in the country that the Government is especially interested in from another angle, like promoting conservation of native forests with focus on biodiversity and watershed management, often in connection with indigenous peoples' rights.

37. **Indonesia** is signatory to the Kyoto Protocol and the International Tropical Timber Agreement (ITTA). Several national policies cover the topics of sustainable forestry and ES, such as the "Conservation of Natural Resources and Ecosystems (1990)" and the National Forestry Act (1999), which refers to certification and supporting forest PES, including environmental, social, cultural and economic benefits from forests, watershed functionality, and communities' capacity and resilience. Indonesia is a priority country for UNREDD and FCPF, and has signed a USD 1 billion framework agreement with the Government of Norway for REDD+ implementation, however the progress has been slow, partly due to conversion of natural forests and peat land to palm oil plantations. Large areas of state forest are under private forest concessions, where 2.5 million ha are FSC certified. The certification is a win-win situation because the forests are habitats for endangered species such as orang-utans and provide livelihoods for indigenous communities.
38. **Nepal's** Forest Act (1995) promotes empowerment of poor and deprived communities through sustainable community forestry and local forest based industries. The country is a signatory to UNFCCC and approved its National Determined Contributions (NDCs) already October 2006³. That document emphasizes the need for strategizes to develop mitigation-friendly forest management systems. The working policies give priority to community-based forests and watershed management, enhanced carbon sequestration through sustainable forest management, and support programmes to reduce carbon emissions from forest areas. More than 25,000 community-based forest management groups across the country are directly engaged in managing about 30% of the country's total forest area. The Government promotes production and use of non-timber forest products through a nationwide programme. It also strongly supports the forest certification approach, especially for community forests and SMEs, as well as strategies and frameworks for advancing certification. REDD+ is promoted especially through a FCPF programme. The Government mentioned in a meeting in May 2017 that the ForCES project could be the basis for new projects and activities, preferably a nationwide programme to test the new certification standards on a larger scale.
39. **Vietnam's** Biodiversity Law and the Law on Forest Protection and Development promote sustainable resource management. The Forestry Development Strategy 2006-2020 aims to increase the land under forest cover from 43% in 2010 to 47% in 2020, to sustainably establish, manage, protect, and utilize the forests. The goal is to ensure wide participation from various economic and social sectors and increase their contributions to socioeconomic development, environmental protection, biodiversity conservation and environmental services supply, as well as to reduce poverty and improve the livelihoods. The Strategy sets tasks to increase income from forest ES such as erosion control and water protection to USD 2 billion by 2020, and to get

³Gov. of Nepal, Ministry of Population and Environment 2016. Nationally Determined Contributions. 11 pp.

at least 30% of production forests certified for SFM. Ministry of Agriculture and Rural Development highlights that even though six forest certification agencies are currently working in the country, they are all using interim national standards. It is therefore highly appreciated that Vietnam soon probably will be the first country in the world to have an approved national standard for certification of ecosystem services. In Vietnam key donors including WB, ADB, GIZ, BMZ, IFAD, JICA, KfW, UNDP and USAID are implementing projects with complementary objectives to ForCES under the umbrella CPFSFLM.

40. Compared to other mechanisms developed to support sustainable forest management, where REDD+ is the important one financed under UNFCCC, it is necessary to highlight that it is not a question of selecting one alternative, but rather to select both. Since FSC is *unique* as the global forest certification body, with a delicate balance between the private sector and social and environmental organizations, the project's approach of extending certification schemes to incorporate ecosystem services is finding strong support from the social and environmental CSOs/NGOs. A marriage between FSC and REDD+ could be an optimal solution, where FSC certification could assure transparency and the data required by the donors. FSC Certification of ES could of course also be used for other projects and agencies.

Relevance is rated 'Highly Satisfactory'

B. Quality of project design

41. The Consultant has reviewed the quality of the project design, based on the key sources, namely Project Document, Results Framework, Project Review Committee (PRC) review sheet and the GEF Review documents (Annex B to GEF CEO Endorsement). Two versions of the Project Document have been obtained, both of them not dated: A pdf file and a Word file called "ProDoc-Expanding FSC certification to ES_Vietnamese Pilot Site Change". Apparently, the only difference between the two documents is the change of one pilot site in Vietnam.

42. The project design has many areas of strength and a few weaknesses. Following the UN Environment Evaluation Office form for assessment of project design quality and its weighing of 13 section criteria, the design comes out with a total score of 4.92 on a scale from 1 to 6, which is categorized as **Satisfactory**. Major strengths are the strategic relevance; governance and supervision arrangements; partnerships; learning, communication and outreach; Financial Planning and Budgeting; and Sustainability, Replication and Catalytic Effects. A weakness is found in the Intended Results and Causality, since the causal pathways and drivers are defined only from outputs to outcomes, and not from outcomes to impacts. Some weaknesses were also found in the Monitoring with use of the Results Framework and the Risk identification.

Table 12. Summary of the project design review

| | Criteria | Rating (1-6) | Explanation |
|---|--------------------------------|--------------|---|
| A | Nature of the External Context | 4 | Even though conflicts, natural disasters and change in national government policies probably would occur (at least in some pilot countries), there is relatively low risk that these issues would have major impact on project performance due to the nature of the project where the main outcomes are at global level. The risks should still be monitored and mitigated if possible. |
| B | Project Preparation | 5 | There is a clear situation analysis for the project, problems for forestry certification, threats, root causes and barriers. Environmental and social sustainability is mainstreamed throughout the project document. The stakeholder analysis is solid (country by country). A full consultation process was carried out within FSC, but no details are given. ProDoc mentions gender balance, but not how to achieve it. Indigenous peoples are covered under FSC principle 3, and the project activity FPIC. |
| C | Strategic | 6 | ProDoc is aligned with UN Environment strategic priorities including MTS/PoW Sub-program 1 |

| | Criteria | Rating (1-6) | Explanation |
|---|--|--------------|---|
| | Relevance | | and 3, and the GEF Goal of forest biodiversity conservation. The document is not clearly aligned with the Bali Strategic Plan, due to few resources for stakeholder capacity building, but exchange of experiences is done between pilot countries. The project coordinates with many donor institutions, regional partners and national governments (partly through GEF focal points). A large number of complementary projects require coordination, and NEAs contact these projects to seek synergies. |
| D | Intended Results and Causality | 3 | The TOC is not mentioned in the Project Document, but could be understood indirectly through the project objective and results framework. The causal pathways and drivers from outputs to outcomes are clearly described in the results framework but there is no description of pathways and drivers from outcomes to impacts. The Work Plan, Key deliverables and benchmarks define the agencies responsible for different deliverables, but not their roles for each causal pathway. The timeframe to reach the outcomes seemed realistic at the moment of project design. |
| E | Logical Framework and Monitoring | 4 | The Results Framework captures the TOC from outputs to outcomes, but not from outcomes to impacts. There are baselines, targets and SMART indicators for outcomes but not for the outputs, which are often not measurable, nor time-bound. Milestones in the M&E Plan are more specific than targets in the Results Framework, but mostly at output level and not clearly related to outputs in the Results Framework. Responsibilities for monitoring are defined in the M&E Plan, and there is an M&E budget. The Work Plan is clear and realistic. |
| F | Governance and Supervision Arrangements | 6 | Clear responsibilities are defined for the Global Project Management Team (GPMT) at FSC HQ, the International Steering Committee (ISC) and national Steering Committees (NSC) in the pilot countries. The UNEP/GEF Coordination Office monitored implementation and was responsible for reports to GEF. UNEP/GEF's regional office in Thailand supervised the project directly. |
| G | Partnerships | 6 | Capacities of partners seem to have been adequately assessed. Roles and responsibilities of external partners were reviewed in depth and specified during the design process. |
| H | Learning, Communication and Outreach | 6 | Knowledge management and training is covered by component 4. Communication with stakeholders is done from FSC through project website, publications, and existing channels to member organizations, as well as through communication channels of the project partners. Results and lessons learned would be disseminated throughout the FSC member organizations. |
| I | Financial Planning / Budgeting | 6 | There are no obvious deficiencies in the budgets / financial planning at design stage. FSC achieved US\$2 million cash co-financing and US\$1.4 million in-kind co-financing before approval. |
| J | Efficiency | 5 | There is good relation between project duration and secured funding. The project was designed making use of the FSC membership and pre-existing collaborations, and expected synergies and complementarities with other programmes. Priority markets and key Ecosystems Services were identified in terms of opportunity costs and financial viability. Value for money was considered in the incremental cost analysis. |
| K | Risk identification and Social Safeguards | 4 | Risks are identified in ProDoc, Results Framework and Risk Table, but the risks in the risk table are not the same as in the other two. The Risk Table includes probability of occurrence, but not impact in case of occurrence, making it difficult to define which are the major risks. UNEP's Checklist for Environmental and Social Issues was used, and environmental and social safeguards were also derived from the FSC Principles and Criteria. Potential negative economic impacts are not defined, only certain financial risks. No major negative and many positive environmental impacts are expected. There is no strategy to reduce the project's negative environmental/carbon footprint. |
| L | Sustainability / Replication and Catalytic Effects | 6 | There was a credible sustainability strategy at design stage, and sustainability is also mainstreamed in ProDoc. No exit strategy should be required for local pilot projects, since the main results would be integrated into FSC's work at global level. The ProDoc has a replication strategy, and results from pilot projects would be promoted and replicated or improved in other countries. Scaling up would occur through an improved global certification system. Socio-political, financial, and institutional sustainability is analysed for the pilot countries, and barriers defined, addressed through the FSC certification that considers all aspects of sustainability. Environmental sustainability is addressed most broadly in the project. |
| M | Identified Project Design Weaknesses/ Gaps | 6 | Issues raised by PRC were addressed and led to a revised ProDoc. Some critical issues were not flagged by PRC, such as lack of definition of impacts beyond outcome level (see D and E) and lack of gender mainstreaming (see B). <i>The section score was not reduced since all PRC recommendations had been followed.</i> |

43. The global and regional partners in the project (CIFOR and RECOFTC) were included based on their special profile, experience and access to stakeholders. CIFOR has played a fundamental role especially for technical-scientific monitoring. RECOFTC was expected to play a regional

role among the Asian pilot countries, but the costs were too high to be accommodated within the project budget, so FSC decided to undertake training directly without an intermediate layer.

44. The project document Appendix 6 includes a long list of 13 milestones for project implementation (see table 14). The Evaluator considers this to be a too high number because it resulted in a repetition of the project outputs and also conform to the usual purpose of milestones; to capture the most important events during project implementation, to ensure that the implementation is on right track, and highlight the appropriate moments to launch new project “phases” based on milestone achievement.
45. One aspect of the design that doesn’t fit well with any of the above categories is the number of pilot countries and pilot areas. Only four countries and ten sites seem too few to draw general conclusions for the design of a global certification system. According to interviews with persons that took part in the design phase, FSC didn’t want to proceed with a larger project, partly because they had very little experience with implementation of projects with financing from international agencies, and partly because they were afraid of not be able to deliver sufficient co-financing. This resulted in a project that, statistically speaking, is not significant if it was the only source of information. It is worth noting that the African continent was not included (even though they made intentions to include the Congo basin), nor was the world’s largest rainforest area (the Amazon). These limitations were partly mitigated through studies (e.g. by CIFOR) where other similar experiences could be drawn on, and partly by including several ES in some of the pilot areas.
46. Regarding the pilot areas that were selected, it appears that in addition to the criteria of representing ecosystem services; other important criteria were to include areas where FSC partners had on-going activities (instead of starting from zero) and areas with great possibilities of co-financing. Despite the fact that it would have been better to have more pilot sites to generate a larger data pool, the final list of pilot areas represents an adequate set of *examples* for developing and testing a global Forest ES certification system. One important ecosystem service is however not adequately represented, *mitigation of natural disasters*, where the main service of the forests consists of providing protection to watersheds (especially in their upper parts) to reduce the possibility of landslides and flooding. As shown in table 2, many of the areas included watershed protection, but that was mostly with the goal of protecting quantity and quality of water, especially drinking water. Mitigation of natural disasters is a completely different service. The two services can of course go hand-in-hand, but the analysis of the market, willingness to pay, etc. is completely different for the two.
47. The Evaluator considers that the limited number of pilot sites still gives relevant *examples* to design a mechanism for certification of ES. But it is necessary to move forward with a broader information base to potentially adjust the system in the future. A possible “second phase” should not necessarily rely on GEF funding, even though it is an option. There are a many forest research organizations (institutionally connected through the IUFRO- the International Union of Forestry Research Organisations) that would be able to obtain their own financing for participation in an international research collaboration of this type. The money would then often come from the Government in the countries where the research organizations have their headquarters, and the project team could have a more supervising and networking role than real project implementation. In such a new and broader effort it would be important to include the mentioned rainforest areas (the Amazon and Congo basin) and examples of subtropical, temperate, and dry forest.

C. Nature of the external context

48. Considering that the main outcomes for the ForCES project are not found in the field, but as an improved international certification system, it is the *global* external context that is most related to the global project performance at outcome-level. In this regard, it seems to be a gradually *improving external context* based on increase in environmental consciousness among consumers. An analysis made by CIFOR, based on the findings from project partners who attended the ForCES annual meeting 2016 identified success factors for the project, where the global factors were external and the national factors mostly internal for the project. In the global context it found the following relevance of the positive factors (out of hundred):
- Increased awareness of the degradation of ecosystem services: 45%
 - The growing market for ecosystem services and the verification of impact: 30%
 - Need to generate new revenue for companies/communities/smallholders: 20%
 - Increased interest from competitors for ES: 5%
49. One external factor affected the project negatively on global level. The FSC headquarters is situated in Bonn, Germany, and in June 2011 the German Government suddenly changed the tax law. That was exactly at the time when GSC was waiting for the project document to be signed. With the new law FSC would be taxed for the whole GEF financing, even though most of the money would be spent outside Germany. After a long process involving tax lawyers it was finally agreed that FSC would be regarded as “channelling funds” and would only have to pay tax on the money spent in Germany.
50. Most external factors that have negatively influenced project performance are however found within individual countries. All the four pilot countries are vulnerable to **natural disasters** that happen in certain regions of the countries every year, but only one disaster (the Nepal earthquake) was of a magnitude that strongly impacted the project performance in this country. The earthquake that struck in April 2015 killed nearly 9,000 people and injured nearly 22,000. It was the worst natural disaster to hit Nepal since 1934, and it affected both the capital Kathmandu where ANSAB has its headquarters and most of the rural areas where the project had on-going activities. Hundreds of thousands of people were made homeless with entire villages destroyed. It therefore made no sense for FSC to try to continue project activities for some time. Instead, FSC core budget funds were channelled to the affected areas while the GPMT was flexible with the ANSAB performance in this period. FSC and ANSAB estimate that the project activities in Nepal experienced approximately a one-year delay due to the earthquake, and the Evaluator considers that to be correct. However, thanks to an efficient local NEA, Nepal was still not behind the other countries at the end of project implementation.
51. The other external factor that has influenced project performance in individual countries is **government policy**. For the ForCES project, this has affected the project results at least in two cases. In Nepal, a delay in the national REDD+ strategy beyond the project’s control makes it for the moment impossible to establish a certification scheme for carbon sequestration and storage claims.
52. In Vietnam, the state company Huong Son in North Vietnam is a project pilot site, and thanks to support from ForCES the company was able to achieve FSC certification for the ecosystem service of carbon storage and sequestration. The firm was certified by the German FSC accredited company GFA Certification GmbH and finally approved by FSC in March 2017. However, before the certification was complete, a change of Government policy seems to have ruined the effort. December 11th 2014 the Government decided to stop logging of natural forests nationwide, except for two FSC certified areas under the management of Dak To in Kon Tum province and Truong Son in Quang Binh province that had certification for both forest

management and chain of custody. The project team had been assured that the logging ban would not apply to Huong Son. However, the process went in the opposite direction, with a new Government Directive January 12th 2017 that stopped all logging of natural forests nationwide. The decision makes it nearly impossible to manage the forest in a financial sustainable manner. Carbon financing could be a valuable complement to sustainable logging, and Huong Son would continue to explore the carbon market, but with the current international carbon prices it would probably not be sufficient to avoid a financial crisis for the company.

Nature of External Context is rated 'Favourable'

D. Effectiveness

i. Achievement of outputs

53. The outputs included in the Project Framework for GEF CEO endorsement have been used as the Expected Outputs included in the following table, with the adjustments proposed by the Consultant and marked in Table 5. The project monitoring and reporting system that was used by the GPMT went one step further, sub-dividing each output into “sub outputs” (1.1.1.1, 1.1.1.2, etc.). In the table below the column “Outputs and sub outputs achieved” summarizes results for these sub outputs, and the % compliance refers to the output indicator as an average of the sub outputs. Review of the results is dealt with in the text. Please note that the calculation of compliance don't consider more than 100% of any outputs and sub outputs, even though the project achieved much higher results than the target on certain outputs, especially training and capacity building.

Table 13. Achievement of outputs

| Expected Outputs | Outputs and sub outputs achieved ¹ | % Compliance |
|---|---|--------------|
| 1.1.1 Potential environmental benefits of certification identified, and optimal compliance indicators to improve/adapt FSC standards for certification of ES selected | <ul style="list-style-type: none"> • Review of methods for monitoring of each ES • Workshop to select/adapt indicators for the 4 countries • Review of existing national standards and initiatives in Indonesia, Nepal and Vietnam | 100 |
| 1.1.2 FSC ecosystem services strategy developed | <ul style="list-style-type: none"> • FSC ES strategy Developed • Strategy for FSC national standard incorporating ES & BC in Indonesia, Nepal and Vietnam | 100 |
| 1.1.3 Policy paper, and strategy for 'Expanded FSC Certification' approved by FSC Board of Directors | <ul style="list-style-type: none"> • FSC Ecosystem Services Strategy approved by the Board | 100 |
| 1.1.4 FSC international system adapted for additional ES and approved by FSC IC | <ul style="list-style-type: none"> • Version 5 of FSC Principles & Criteria approved 2012 • Draft procedure, <i>Demonstrating the impact of forest stewardship on ecosystem services</i>: approval expected 03/18 | 80 |
| 1.2.1 FSC National Standards adapted for additional ES and approved by FSC IC | <ul style="list-style-type: none"> • Guidance for an harmonized FSC forest stewardship standard(s) incorporating ES in the relevant area • Chile national FSC standard adapted for additional ES: Draft was consulted March 2017; 2nd consultation is planned for Sept/Oct 2017; submission to FSC expected by end of 2017. • Indonesia FSC draft standard integrating ES&BC: Public consultation plans for Sept 2017. FSC approval expected July 2018 • Nepal National standard integrating ES&BC (field tested 2nd draft). Last version to be submitted to FSC Sept 2017 • Vietnam National FSC standard: 2nd draft consulted Dec 2015-Feb 2016 and was forest-tested at the two ForCES pilot sites in Sept 2016. A final 3rd draft was developed March 2017, with submission to FSC expected August 2017. | 80 |
| 2.1.1 Most promising ecosystem services for the market identified | <ul style="list-style-type: none"> • Assessment of potential demands and supplies of ES based certification on defined market boundaries, pilot countries, in various forest systems (CIFOR studies; FSC surveys and business models) | 100 |
| 2.1.2 Information available and disseminated on market demand for ES-based FSC certification | <ul style="list-style-type: none"> • Information available on market demand for ES-based FSC certification & disseminated (see output 4.2.3): FSC Market studies; FSC reports • Results of market analyses disseminated to project partners • Market analysis of demand/interest for ES based FSC certification: Chile, Indonesia, Nepal and Vietnam | 100 |
| 2.2.1 Priority market & key ES identified in terms of competitive opportunity costs (cost/benefit) and financial viability analysis | <ul style="list-style-type: none"> • Demand and supply analysis in order to compare market values of each ES in the market analysis (CIFOR) • Market study analysed and business models adopted (FSC) • FSC market strategy developed (not finalized yet) | 95 |
| 2.2.2 New business models for ES-based FSC certification | <ul style="list-style-type: none"> • Inventory of potential business models for value/benefit generation of the certificate- holders of an ES-based FSC certification – CIFOR • Chile: Most suitable business model for ES certification selected at site and country level (Chile) • Chile: Consultation at national and site level for selection of most relevant business model (Chile) • Indonesia: Business model incorporating results of market analysis at national and site level • Nepal: Business model incorporating the result of market analysis at national and site level • Vietnam: Most relevant business model at national and site level selected through consultation | 100 |
| 3.1.1 Stakeholder assessment & empowerment including capacity of forest-based communities | <ul style="list-style-type: none"> • Guidance for promotion of FSC certification and communication of social and environmental benefits • Chile: (i) Stakeholder assessment updated at national | 100 |

| Expected Outputs | Outputs and sub outputs achieved ¹ | % Compliance |
|---|---|--------------|
| | <p>and site level; (ii) Plan at pilot site level designed to get it ES certified; (iii) Awareness workshop for FSC certification and ES; (iv) Capacity building workshops for 3 sites</p> <ul style="list-style-type: none"> • Indonesia: (i) Stakeholder assessment updated at national and site level; (ii) Plan at pilot site level designed to get it ES certified; (iii) Training and capacity building on certification for community forest user groups, government, NGOs, private forest holders; (iv) Site specific marketing material developed and contextualized based on global material provided by FSC; (v) Workshops on the ES&BD integrated FSC certification for key partners and relevant stakeholders at site and community level • Nepal: (i) Stakeholder assessment updated at national and site level; (ii) Plan at pilot site level designed to get it ES certified; (iii) Training and capacity building on certification for community forest user groups, government, NGOs, private forest holders • Vietnam: (i) Stakeholder assessment updated at national and site level; (ii) Plan at pilot site level designed to get it ES certified; (iii) Awareness raising for FSC certification and ES; (iv) Capacity building workshops for 2 sites. | |
| 3.1.2 Measures for access & benefit sharing through Free, Prior and Informed Consent (FPIC) incorporated in pilot trial plans | <ul style="list-style-type: none"> • Chile: Measures for access & benefit sharing identified through Free, Prior and Informed Consent (FPIC) and incorporated in pilot trial plans • Identify measures for access & benefit sharing through Free and Prior Informed Consent (FPIC) incorporated in pilot trial plans – Indonesia • Identify measures for access & benefit sharing through Free and Prior Informed Consent (FPIC) incorporated in pilot trial plans – Nepal • During 3.1, identify measures for access & benefit sharing through Free and Prior Informed Consent (FPIC) incorporated in pilot trial plans – Vietnam | 100 |
| 3.1.3 Spatial maps of ecosystem services related to the pilots | <ul style="list-style-type: none"> • Spatial maps of ES at pilot site level developed and consolidated in Chile, Indonesia, Nepal and Vietnam | 100 |
| 3.1.4 Systems of verification and certification for ES in place in target countries | <ul style="list-style-type: none"> • Guidance for settlement of systems of verification and certification for ES in place in target countries • FSC ES certification possibilities field tested by certification body in Chile, Indonesia, Nepal and Vietnam | 100 |
| 3.1.5 FSC National Standards field tested, incorporating provisions for managing additional ES | <ul style="list-style-type: none"> • Coordination with FSC on all issues and solutions encountered during the certification process integrating ES, in Chile, Indonesia, Nepal and Vietnam • Pilot site for ES certified by filling the gaps at FMU level, in Chile and Vietnam. • In process of getting the site ES certified by filling the gaps at FMU level, Nepal (progress 80%) • Pilot testing of the standard and baseline assessment of the pilot sites. – Indonesia | 95 |
| 3.1.6 Business models applied at pilot sites, with results potentially requiring correspondingly adapted FSC National Standards | <ul style="list-style-type: none"> • Chile: (i) PES mechanism tested at pilot site level and established; (ii) Progress in linking ES payment to other forest products (50%); (iii) Forest management plan model developed according to FSC P&C including ES. • Indonesia: Development of model/template of forest management plan completed for relevant sites, aligned with ES&BC integrated FSC certification. The sites to be certified will be assessed based on the FSC SOP. • Nepal: (i) A PES scheme for drinking water was established in Charnawati between two CFUG (Charnawati and Suspa) and the drinking water institution CDWSUL., and payments started in 2016. (ii) Contract for business model linking NTFP and biodiversity conservation was ready for signing when the evaluation took place. | 93.3 |

| Expected Outputs | Outputs and sub outputs achieved ¹ | % Compliance |
|---|---|--------------|
| | <ul style="list-style-type: none"> • Vietnam: The country has an existing domestic PES system, identifying buyers, prices and benefit sharing arrangements. ForCES results: (i) The Huong Son ES claim for Carbon was approved Feb 2017 but the mechanism is not yet established. (ii) A business model based on premium price for timber products for ES (Soil) in Quang Tri has been validated through confirmed interest with potential buyers | |
| 3.2.1 Global methodology for assessing environmental and social long term impact of ES-based certification systems | <ul style="list-style-type: none"> • Methodology assessing environmental and social long term impact of the certification system designed and tested in the pilot sites • Workshops to select environmental and social indicators with NEAs • Database designed • Methodology assessing environmental long term impacts of the ES certification system tested in the pilot sites and incorporated in the FSC system | 97.5 |
| 3.2.2 Environmental and social long term impacts of the certification system in the pilot sites assessed, including data collection and reporting | <ul style="list-style-type: none"> • Site programs assessing environmental and social long term impact of the certification system in the pilot sites, including data collection and reporting. • Training of country team data collectors • Relevant indicators for country level and site level selected and collected, for Chile, Indonesia, Nepal and Vietnam • Interim review of data collection • Data compiled and analysed | 100 |
| 4.1.1. National dissemination workshops, and information and communication materials | <ul style="list-style-type: none"> • Chile: (i) Cases of successful business models developed at pilot sites (field test 3.1.4); (ii) Material for national level dissemination about the benefits of FSC ES certification; (iii) National and community level workshops to present FSC PES certification system and its benefits • Indonesia: (i) Cases of successful business model developed at pilot sites (field test 3.1.4); (ii) Material for national level dissemination about the benefits of FSC ES certification; (iii) National and community level workshops to present FSC PES certification system and its benefits. • Nepal: (i) Cases of successful business model developed at pilot sites (field test 3.1.4); (ii) Material for national level dissemination about the benefits of FSC ES certification; (iii) National conference on "Sustainable Forest Management Certification for Resilient Ecosystems, Improved Governance and Local Livelihoods. • Vietnam: (i) Cases of successful business model developed at pilot sites (field test 3.1.4); (ii) National workshop to present FSC PES certification system and its benefits. | 90.8 |
| 4.1.2 Experiences disseminated globally through the FSC network, targeting potential suppliers of forest ES, in line with development of international standards | <ul style="list-style-type: none"> • FSC database of certificate holder adapted to capture ES certification data • FSC website revised for global dissemination through the FSC network, targeting potential suppliers of forest ES, in line with development of the certification system | 62.5 |
| 4.2.1 Tools (training modules, toolkits, etc.) for strengthened capacity of staff of local partner agencies and potential disseminators on expanded forest certification and PES services | <ul style="list-style-type: none"> • Generic tools prepared to guide and strengthen National Coordination Units and local partners, and potentially disseminators on expanded forest and PES certification • Chile: Assessors trained on integration of ES certification, incl. other forest stakeholders (e.g. government, NGOs) • Indonesia: (i) Training modules and Toolkits developed; (ii) Training and capacity building on certification for key stakeholders, incl. community forest groups, government, | 100 |

| Expected Outputs | Outputs and sub outputs achieved ¹ | % Compliance |
|---|--|--------------|
| | NGOs, private forest concession holders; (iii) Assessors trained on integration of ES certification, incl. other forest stakeholders (e.g. government, NGOs) <ul style="list-style-type: none"> • Nepal: (i) Assessors trained on integration of ES certification, incl. other forest stakeholders (e.g. government, NGOs); (ii) Site specific marketing material on ES developed and contextualised based on global material provided by FSC, for promotion of appropriate business models that included SMEs and communities. • Vietnam: Assessors trained on integration of ES certification, incl. other forest stakeholders (e.g. government, NGOs) | |
| 4.2.2 Identified markets targeted, including appropriate publicity materials for communication about new business models for ES-based FSC certification | <ul style="list-style-type: none"> • Material designed to communicate about new business models for ES-based FSC certification • Documents (brochures, factsheet, etc) produced, adapted (2.1.2) and disseminated to prospects in Chile, Indonesia, Nepal and Vietnam | 98 |
| 4.2.3 Follow up to interested private sector stakeholders involved | <ul style="list-style-type: none"> • Visits undertaken to interested private sector stakeholders on international level, including (i) State Forestry Administration of China; (ii) Taiwan Forestry University; (iii) Roundtable on Sustainable Palm Oil; (iv) RSPO compensation mechanism; (v) Stora Enso; (vi) Climate Bonds Initiative; • Visit undertaken to interested private sector stakeholders involved in Chile; • Host Buyer's Trip hosted at Pilot Sites in Indonesia, Nepal and Vietnam | 66 |
| 5.1.1 Project M&E Plan implemented, and national impact studies on awareness & 'change of behavior' towards increased level of certified forests, at baseline, midterm & project completion | <ul style="list-style-type: none"> • Project M&E Plan: (i) M&E data collected from countries; (ii) Inception Workshop; (iii) Inception Report; (iv) Project logframe indicators measured (implementation progress and tracking tools) • National impact studies: The NEAs have not proceeded with such studies (see explanation below). | 50 |
| 5.1.2 Relevant M&E data compiled | <ul style="list-style-type: none"> • Relevant M&E data compiled in Chile, Indonesia, Nepal and Vietnam | 100 |
| Average compliance at output level | | 91.88 |

¹ Results extracted from PIR June 2017, partly reformulated based on the Evaluator's analysis. Further information is given in the text.

54. Based on the figures above, it is clear that the activities carried out have delivered nearly all the planned outputs from the start of the project through the moment of the evaluation. The implementation period was officially extended with 15 months until December 31st 2016, without additional funds from GEF, and the activities have also continued after that with FSC and partners funds, but additional results have not been considered in the evaluation. This issue will be dealt with also in the chapter on sustainability. Despite the delay of implementation (which is, apparently, not unusual in GEF projects), FSC through its extended network seems to have been an excellent executing agency, and this was also reflected in the opinion of the UN Environment TM in charge of project supervision. It is important to underline that this is the first time FSC undertook an international project and had to deal with supervision from an international agency, which made it "learning-by-doing".

55. For the national partners (NEA) it was also learning-by-doing, but more for the administrative and financial part of project management than for the technical part. Surprisingly, the NEA that struggled most in the beginning was FSC Chile, even though the organization had more knowledge than the others about FSC and forest certification. It is necessary to underline that FSC Chile is not the local branch of FSC International, but rather the organization for Chilean

stakeholders that are seeking or maintaining FSC certificates. FSC had a lot of problems with the administrative part of the project management in the first period, but gradually it improved.

56. As mentioned, the percentages of compliance refer strictly to the defined indicators. This means that for indicators that are not very specific it could theoretically be possible to achieve a high score but at the same time hide deficiencies in the outputs. For that reason the Evaluator has looked further into the aspects of quantity, quality and timeliness for achieving the outputs. Regarding **quantity**, the table reflects that for each indicator there is a variability between the countries, but for the overall compliance the project has achieved more than expected volume of most outputs, and especially for (i) Generic tools to guide and strengthen national coordination units and partners; (ii) Workshops and training; (iii) Indicators for country level and site level; (iv) Spatial maps of ES at pilot sites; (v) Review of monitoring methods, and compilation of M&E data; (vi) Inventory of potential business models; (vii) Guidance for promotion of FSC certification; (viii) Guidance for verification and certification systems; (ix) Environmental and social impact assessment; (x) Communication of social and environmental benefits; and (xi) Field testing of ES certification possibilities by accredited certification bodies.
57. Regarding **quality** of outputs, this is a bit more difficult to assess. The Evaluator has reviewed a sample of technical documents and material from all countries visited, e.g. baseline studies, training material, communication material (including videos and online information), generic tools, M&E systems, maps, and summary documents from seminars and training events. All outputs reviewed held a very high technical level. An observation is however that most documents are prepared on a nearly even level, which makes them difficult to understand for local stakeholders. A counter-argument to that would be that local stakeholders especially at community level would anyway not understand the English documents, making it necessary to produce locally adapted material in local languages (in Indonesia, Nepal and Vietnam). This has been done to certain extent, especially in Nepal, but has been limited due to budget restrictions. In Chile this was not a problem because all material was prepared in Spanish and the local population understands it.
58. Regarding **timeliness**, since the project was building on several previous projects executed by the same partners (in the three Asian countries), some outputs were nearly finished or existing in a draft form before the project started, e.g. studies on pilot site level and training material. This gave the opportunity for a faster start than if the NEAs had initiated without that previous experience. It therefore made the project a little more feasible to implement than if it had started from scratch (but as mentioned, still too optimistic). Since the project was extended within the same budget and approved by UN Environment and GEF, the Evaluator has not considered this as lacking timeliness. However, some outputs were still not finished even within the extended project period. This is the case for (i) Experiences disseminated globally through the FSC network, targeting potential suppliers of forest ES; (ii) Follow-up to interested private sector stakeholders involved; and (iii) national impact studies, that were not continued. It is also worth noticing that it was not possible to approve all national standards and the draft FSC procedure on ES during the implementation period due to slowness in the process of developing the procedure.
59. There was also a gradual trend in improved effectiveness at international level through the implementation period. The GPMT maintained a very efficient Project Director and Project Manager (from 2010 until the end), based on the achieved results and opinion of national partners. GPMT and NEAs were also satisfied with the strict but technically solid supervision and support received from the UN Environment TM. The trend in improved effectiveness came, most of all, from improvements among the national partners.

60. The Global Manager visited one pilot country per month during the PPG period, first from Bonn and later from a 6 months stay in Singapore. From the moment the project officially started she visited each country on average every 6 months, and maintained good and transparent communication with local partners also through newsletters, e-mails, phone calls and publications. Another fundamental issue was the development of training tools to improve local project management. This steady and broad support to the partners was necessary, because even though they had technical experience they didn't know the complexity of FSC services, and even less about how to merge them with ecosystems services. As mentioned, FSC changed the implementation approach to improve effectiveness and efficiency, and at the same time FSC refined the indicators together with CIFOR.
61. **The evaluator would like to comment on some important outputs mentioned in table 13:** In the expected output 1.1.4 (FSC international system adapted for additional ES and approved by FSC IC), the Executing Agency has reported 100% compliance, but the evaluator considers that the indicator is not complied with yet. Even though a version 5 of FSC's Principles & Criteria including Ecosystems Services was approved as early as the year 2012, this document does not give the opportunity to carry out certifications, which is the essence of FSC activities. A draft procedure for demonstrating impact of forest stewardship on ecosystems services has been elaborated and is expected to be submitted for approval in March 2018.
62. Draft National Forest Stewardship Standards have been developed in all the four pilot countries, including ES requirements, e.g. if a forest manager intends to make FSC claims to access PES markets. In Chile the draft went through public consultation in March 2017. It was expected to go through a second consultation Sept/Oct 2017 before submission of the standard to FSC expected by the end of 2017. In Indonesia, the first public consultation on the draft was planned to start in September 2017. Further adaptations were expected between draft 1 and 2, and the standard was expected to be submitted to FSC in July 2018. In Nepal, a first draft went through public consultation and a second draft was developed and forest-tested. A public consultation on the forest-tested draft was carried out March-May 2017, a pre-approval draft was finished July 2017 and the standard was expected to be submitted to FSC by September 2017. In Vietnam, the draft went through public consultation Dec 2015-Feb 2016, and a second draft was forest-tested at the two ForCES pilot sites in Sept 2016. The last draft of the standard went through public consultation from Dec 2016-Feb 2017, and a third draft was developed March 2017. Submission to FSC for approval was expected at the end of August 2017.
63. CIFOR conducted research on potential new business models and business strategies for BD/ES certification, as an important input to the FSC ES Strategy. On this basis, FSC proposed, adapted and field-tested several business models. Several market tools were also tested, including market surveys and focus group testing with buyers.
64. Regarding adaptation of FSC National Standards, incorporating additional ecosystems services (1.2.1), two companies in **Chile** holding forest concessions in Carahue Imperial have tested an internal benefit model, supporting enhancement of biodiversity of medicinal plants that have crucial importance for the Mapuche indigenous communities and their culture. The main benefit for the companies is having achieved a better relationship with the Mapuches, a relationship that in the past was very adversarial. The main benefit for the Mapuches is recovering and strengthening the main aspects of their traditional culture, and gradually improving their income through recollection and sale of medicinal plants to a local hospital that has a traditional indigenous medicine section. Another business model developed in Chile was a regional water fund for the Mechaico watershed. A previous proposal for PES developed by

INFOR achieved protests from the Chiloe Consumer Association, because they were already paying high prices for bad quality water from the water company that was privatized during the dictatorship. The new model promoted by ForCES brings all main stakeholders to the table and the water company would pay most of the cost to improve the water quality through sustainable watershed management. A third site in Chile (Pumalin Park) was being transferred to the state as a new National Park. This will maintain the biodiversity, but no certification of ES was for the moment being planned for the area.

65. In **Indonesia**, the Lombok site was already receiving payment for ecosystem services, and six companies have shown strong interest in their integration in a PES scheme. The Ratah site has explored potential for certification of biodiversity benefits through premium price and REDD+, but with little progress. FSC was seeking sponsors for verified ecosystem services through ForCES. The third Indonesia site, Kapuas Hulu has promoted ecotourism but the scale of the business was too small to justify certification.
66. In **Nepal**, the Charnawati pilot site involves multiple business models, and was, for example, negotiating a premium from the buyer Loktha and Argeli Paper for non-timber forest products, linked to a FSC verified claim on biodiversity. In this area two community forest user groups have started receiving payment from Charikot Drinking Water and Sanitation (1.2 USD yearly per tap) for maintaining the quality of drinking water. The payment is linked to responsible management practices and protection of water sources verified with FSC ES standards. The same pilot site also includes conservation and sequestration of forest carbon, as well as reducing the drivers of deforestation and forest degradation. The local forest user groups are almost ready for carbon trade, but they are waiting for approval of the national REDD+ strategy. The other pilot site Gaurishankar focuses on tourism through strengthening and potential certification of recreational services and biodiversity, but so far the business model has not been tested in practice.
67. In **Vietnam**, the Huong Son pilot site is a business model based on payment linked to sponsorship of the demonstrated impact on conservation of forest carbon, and the Huong Son state company was seeking sponsors for verified ES. In the other Vietnam site, Quang Tri, Purchasers of FSC-certified timber from community forests had agreed to pay a premium of 10-12% for certified timber and in the long run 1-2% based on ES.
68. **The evaluation questions revealed some aspects partly related to the project outputs:** The Project's strategies and goals have been transparent from the early design throughout the implementation, with broad stakeholder engagement and information on the project's progress and outputs, through its website, newsletters, publications, training events and seminars. It is however important to highlight that most local stakeholders, and even some main partners, *didn't really understand the project* from the start. It was a major challenge that the project was designed with a bottom-up approach, based on the assumption that "local people know best", but this didn't work and everything moved very slowly. Only after the FSC took the decision to change the approach did rates of progress start changing. A lesson learned is that partners have to really understand the deeper meaning of the project before they start working actively. The situation has now changed through the training tools developed during the project implementation.
69. The pilot areas have been maintained throughout the implementation. One pilot area in Vietnam was changed after approval but before implementation initiated. The evaluator found the quality of products; often study reports, methodologies, procedures, etc. to be high. The high quality is partly a result of the high levels of professionalism of FSC, CIFOR and main partners, but is also a result of the standard procedures in FSC to review all documents several

times before approval. There is a high degree of satisfaction among the main stakeholders with the products and services delivered through the project, mainly technical assistance, training events and information material. One observation would be that due to the high technical level of most information and training material it would be difficult for local stakeholders such as community members to understand it, many of whom are even illiterate. This has partly been mitigated through the participatory approaches on local level promoted by local partners and their collaborating organizations, e.g. in Nepal and Indonesia.

70. Even though the quality of the project design has been dealt with in Chapter V-B, the Evaluator gave special emphasis to the Project performance as a result of the design. As mentioned, many partner organizations have expressed that they did not really understand the design in the beginning. It is a very special project, because it had the goal of creating something that has never before existed, and achieving this at an international level. Additionally, at national and local levels the partners had to deal with this “moving goal”, so it cannot be readily compared with projects where previous successful examples with the same or similar approach already exist. The design created much confusion and delays from the start, but it also created room for innovation. One example is from the Carahue area of Chile where the project started out with a focus on biodiversity, then selected medicinal plants as the part of biodiversity to concentrate on, and finally ended up mostly as a project to conserve the indigenous Mapuche culture.
71. Regarding the structure of the project, the Evaluator considers that an ideal structure would have been a more extensive global project with maybe twelve pilot countries, four in each of the three regions Latin America & Caribbean, Africa, and Asia & Pacific, each region with a regional support team established in one of the pilot countries. The number of pilot projects in each country should also have been higher to achieve a better database for statistical review of results and impacts. The GPMT could have been established in FSC Bonn or an FSC hub in one of the pilot countries. This would have required a larger project with a larger resource envelope. Since this wasn't the case, the FSC took the decision to undertake all supervision from GPMT, it was basically a budget issue. However a potential “second phase” could have more or less the suggested structure, irrespective of the funding source.
72. The results framework has been used by all NEAs to plan and monitor project activities and expected outputs. The filled-in frameworks from the countries were presented to the GPMT to synthesize the results in the reports to UNEP/GEF. It was however a very simple monitoring tool, and was used mostly by the NEAs to summarize the achievements close to the deadline for delivery to FSC. Some national partners expressed that the reporting had taken too much of their time, especially in Vietnam where they had to deal with a parallel reporting to SNV. In the opinion of the Evaluator, a more process-oriented monitoring system at the national level would have been better, linking activities, procurement, and products, considering the required time for each process and when the different outputs were needed, (this is a standard functionality of the MS-Project software). However, it was never planned that the project should develop or support their partners in changing to such an integrated system.
73. Regarding outputs from 5.1.1, the GEF CEO endorsement document was a reference for development of the ProDoc, but the concepts of that document were refined and adapted. GPMT mostly used the M&E plan/logical framework, Work plan and deliverables, in order to shape the actions. As none of these documents mentioned 5.1.1 and especially *national studies on forest management behaviour*, the project team did not proceed with such studies. The GPMT considers that this omission made sense because the project was mostly about testing and developing an approach. Regarding impacts at forest level and even more at national level, they

considered to have a waiver because ProDoc par. 337 mentions that "the main impacts may not be apparent until after project completion".

74. Based on the achieved outputs and the aspects mentioned under "Quality of Project Design", the Evaluator considers that the timeline for the design was very optimistic, especially considering: (i) that this was the first major international project taken on by FSC; (ii) That the project was very innovative and therefore did not have another project to compare with; (iii) that everything would have to go on smoothly without any bottlenecks to avoid delays; (iv) that the NEAs were new to major technical aspects of the project content; and (v) that some outcomes relied on the often slow internal approval process among FSC members. For these reasons, the design was not very realistic, and even with a good performance should have needed at least one more year of implementation.
75. Prioritisation of the outputs based on the activities included in the project is considered satisfactory to promote and consolidate best practices. In fact, during the design phase the pilot projects were established as a recollection of best practices in each of the four pilot countries, where PES systems were already going on, proposed or at least thought of among key stakeholders. The activities to verify the feasibility of these potentially "best practices" coincide with what the project has been doing on local level, such as training, capacity building, studies (willingness to pay, economic feasibility, etc.), and monitoring to extract lessons learned throughout the process.
76. Lessons learned from previous projects were satisfactorily reflected in the design in all the places where the project was hereditary of previous local projects. This is the case e.g. in Indonesia where WWF already was working with indigenous communities in the West Kalimantan site and in supporting more traditional FSC certification in the East Kalimantan site, as well as in the Quang Tri pilot site in Vietnam that was already certified with participation of SNV/WWF. Also one of the pilot sites in Chile (Predio Carahue) and both pilot sites in Vietnam include forest areas certified by FSC before the project started. On the other hand, it is not clear how lessons learned from other projects were integrated in the project design. One of the reasons might be the innovative design, which limited the number of projects to choose from. Also the issue that the FSC certification system is unique on international level makes it impossible to find other projects with similar outcomes.
77. All outputs are considered as relevant and useful for reaching the project objectives. A large amount of training events, research studies, training material and information videos of high technical quality have been produced as part of the process to develop national and international ES certification frameworks. There would have been an advantage having more training and information material in local languages in the pilot countries (Bahasa, Nepali and Vietnamese), but the budget restrictions did not permit it. Regarding timeliness of outputs, the Evaluator considers that an even stronger emphasis should have been given to basic training on certification, ecosystems services and PES during the PPG and first year of project implementation. This would have increased the NEAs' and other main partners' knowledge of the key topics that was the basis for project conceptualization. Interviews among the NEAs showed that most of them were very confused in the beginning regarding what the project wanted to achieve, and therefore were not able to do an efficient job in that period; this caused delays.
78. Appendix 6 to ProDoc includes the **Benchmarks/Milestones** for the project that mostly have been complied with, or would be complied with in the following few months after the TE.

Table 14. Compliance with project benchmarks.

| Components and Expected results | Benchmark/Milestone | Achieved |
|--|--|--|
| <p><u>Component 1</u> Development of an FSC ES strategy (FSC IC)</p> <ul style="list-style-type: none"> ES strategy approved by FSC IC Board | By PY2 Q2, Board approved a strategy on new certification business models incorporating PES in FSC standards | COMPLETE FSC ecosystem services strategy was approved by the FSC Board 2015. |
| <p><u>Component 1</u> Draft implementation policy document circulated to stakeholders and consensus document prepared for the Board of Directors (FSC IC)</p> <ul style="list-style-type: none"> Policy on 'Expanded FSC Certification' approved by FSC Board of Directors | By PY4, Q2 FSC global policy on PES standards adopted | PARTIALLY COMPLETE* Version 5 of FSC Principles & Criteria was approved 2012. <i>A draft procedure, Demonstrating the impact of forest stewardship on ecosystem services is expected to be approved 03/18</i> |
| <p><u>Component 1</u> International Standard development undertaken (FSC IC, CIFOR and national partners, with national standards working groups)</p> <ul style="list-style-type: none"> Generic international indicators approved. Validated ES indicators in pilot countries are incorporated in national standard development | <ul style="list-style-type: none"> By PY1, Q3, draft list of science-based compliance indicators assessed on their technical, environmental, and social-feasibility (against targets set) By PY4, Q2, approved indicators are incorporated into draft national standards | COMPLETE FSC's International Generic Indicators approved 2015 includes Annex C - a module of additional requirements for ecosystem services, which apply when forest management certificate holders wish to make use of FSC's new ecosystem service market tools. Annex C was transferred into the draft national forest stewardship standards of all four ForCES pilot countries. |
| <p><u>Component 2</u> Market analyzed and business models designed and adopted (FSC IC and CIFOR)</p> <ul style="list-style-type: none"> Enhanced 'business case' made for Sustainable Forest Management through expanded FSC certification schemes | PY 2, Q4, feasibility of at least four different ES-based FSC certification models confirmed in the pilot countries | COMPLETE Two global market surveys commissioned by FSC on the demand for ecosystem services certification in general, and especially the demand of FSC verification of ES. Menu of business models for country partners developed by FSC to test at the site level. Several CIFOR publications on opportunities and constraints for forest ecosystem services certification, FSC business strategies for ecosystem services certification, market supply of certified forest ecosystem services, and demand for ecosystem services certification from forest management certificate holders. Market analysis of demand for ES certification carried out by each country partner to refine business models. |
| <p><u>Component 2</u> Result of the market study analyzed and business models adopted in order to support the development of a FSC market strategy (FSC IC)</p> | PY3 Q3, FSC market strategy developed | PARTIALLY COMPLETE* Organizational business strategy developed by FSC building an ecosystem services quality certification tools as an optional module in addition to existing forest management certification, offering an optional tool for FSC certificate holders to improve their access to ecosystem services markets. Five market tools described based on the business models developed and tested, and feedback requested through a stakeholder consultation. FSC will finalize its market strategy in 2017 before launch of the tools. |
| <p><u>Component 3</u> Technical support to promote FSC certification and communicate social and environmental impact and put existing FSC content into an ES perspective (FSC IC)</p> <ul style="list-style-type: none"> FSC Policy and Standards Unit able to support standards development incorporating ES FSC | By PY2 Q4, FSC PSU is providing technical support on ES certification | COMPLETE Ecosystem Services Program with 3 full time staff created by FSC Policy and Standards Unit, promoting and supporting expansion of FSC's adapted standards across the FSC global network. Training and guidance materials developed for FSC staff, partners, certification bodies and forest managers on national standards development and site certification. |
| <p><u>Component 3</u> Measures for access & benefit sharing</p> | <ul style="list-style-type: none"> PY1, Q4 measures for access and benefit sharing at pilot site level, | COMPLETE FPIC guide applied at each site, will become standard |

| Components and Expected results | Benchmark/Milestone | Achieved |
|---|---|--|
| based on Free and Prior Informed Consent (FPIC) incorporated in pilot sites (National partners) | incorporated into pilot sites plans • PY4, Q3 measures for access and benefit sharing at pilot site level, applied/tested in at least 4 pilot sites | as the countries are using Principles & Criteria version 5 Benefit models developed at country level, and the experiences gathered from the sites available for scaling up at national level. |
| Component 3 First forest management sites certified under additional ES system (National partners) | • By PY2, Q4, at least 3 pilot sites in the process toward BD or ES-based certification with a minimum of 1 per country • PY 4, Q4 at least 6 pilot sites in the process toward BD or ES-based certification with a minimum of 1 per country | COMPLETE 6 pilot sites FSC certified for ES during ForCES. 8 sites have undergone FSC forest management evaluations including assessment against additional ecosystem services requirements and the draft ecosystem services procedure (FSC-PRO-30-006). |
| Component 3 Incorporate a methodology and system assessing environmental long term impact of the certification system - tested in the pilot sites (FSC IC and national partners) • Methodology developed to provide evidence that FSC forest ES certification allows for increased social wellbeing and/or environmental performance | PY2 Q2, Social and environmental impact targets defined and methodology agreed by project partners | NEARLY COMPLETE* CIFOR global methodology for impact evaluation was used in all countries at site level with some modifications depending on site-specific situations. The CIFOR methodology was also used as a core input to the draft FSC ecosystem services procedure to demonstrate impact of forest stewardship on ecosystem services (FSC-PRO-30-006), which will be available at the global level. It was tested at 8 pilot sites, consulted 2017 and scheduled for approval early 2018. |
| Component 4 Preparation of generic tools to guide National Coordination Units and their partners to strengthen capacity of staff of local partner agencies and potential disseminators on expanded forest certification and PES services (FSC IC with national partners) • Training programmes and associated tools available from FSC for local capacity building | By PY4 Q4; modules/toolkits available on FSC website and with NEAs; at least 60 community members trained in each country in the new models for expanded FSC forest certification (ES- and BD-based) | NEARLY COMPLETE The milestone is considered completed except for that the training modules have not been uploaded on the FSC website. They are currently available to the FSC offices and through country partners. The important difference consists in that they are yet not accessible to the general public. Special training modules in Chile, Indonesia and Nepal. Book on the sustainable management and harvest of medicinal plants available in Chile, based on Mapuche indigenous culture Guide for transferring additional requirements for ES into national standards published (global level) Training module for standards development groups and certification bodies developed Training on the use of FSC's draft ecosystem services tools to certification bodies, FSC national offices and forest managers involved in pilot testing the tools provided by FSC IC Numerous training events at country level on sustainable forest management, FSC certification, FPIC, impact indicator selection, monitoring and impact evaluation, potential ES models, Participatory Carbon Monitoring, and Nursery training Number of community members trained in each country: Chile 293, Indonesia 92, Nepal 98, and Vietnam 384. |
| Component 4 FSC database of certificate holder adapted to capture ES certification data (FSC IC) • Data base includes information on certification for additional ES | By PY1 Q4, FSC certificate holder database adapted ready to record additional ES information | IN PROCESS* FSC has proposed changes to its database within the draft ecosystem services procedure: Approved Ecosystem Services Certification Documents would be published on the FSC database of registered certificates. |
| Component 4 Content prepared and material designed and disseminated to communicate about new business models for ES-based FSC certification (FSC IC with national and international partners) • Promotional material prepared for | By PY4 Q2: ▪ > 20 articles published in national and international media ▪ 8 national training and communications events ▪ 3 international media event on ES or BD-based certification | COMPLETE Articles: • Five international and national news stories • Four movie documentaries • Eight published scientific articles • Two books • Several posters, leaflets, newsletters |

| Components and Expected results | Benchmark/Milestone | Achieved |
|---|--|--|
| new FSC ES business models <ul style="list-style-type: none"> Material disseminated nationally and internationally | <ul style="list-style-type: none"> > 12,000 copies of various didactic materials completed and disseminated in 4 countries and internationally | Training events: <ul style="list-style-type: none"> Over 50 national and international training events <i>International media events:</i> <ul style="list-style-type: none"> Papers presented at 11 international conferences on biodiversity or ecosystem services. <i>Didactic materials:</i> <ul style="list-style-type: none"> Exact number not provided, but target has been met. |
| <u>Component 4</u> Market strategy devised and visits undertaken to interested private sector stakeholders involved (FSC IC with national and international partners) <ul style="list-style-type: none"> Demonstrated private sector interest in supporting FSC additional ES certification | By PY4 Q2, as a result of dissemination and use Market Strategy Document and manifested interest, at least 3 priority markets selected as “best bets” related to relevant ES | COMPLETE Global market research commissioned by FSC (Bennett et al. 2016) confirmed greatest interest from both buyers and sellers in (i) biodiversity conservation; (ii) carbon sequestration; and (iii) storage and watershed services. CIFOR’s study (Jaung et al. 2016) found the highest adaptability for biodiversity conservation and carbon storage, medium adaptability for watershed protection services, and low adaptability for ecotourism. Based on the market research, FSC has confirmed the following market segments as the most promising: <ol style="list-style-type: none"> Voluntary carbon market Voluntary watershed services payments Global commodities markets (with sustainability / zero deforestation commitments) Conservation/impact investment. |

*See table 13.

Achievement of Outputs is rated ‘Highly Satisfactory’

ii. Achievement of direct outcomes

79. In the following table, the achievement of direct outcomes is assessed as performance against the outcomes as defined in the reconstructed Theory of Change. The text is analysed literally, which gave a very high degree of compliance (95.6%). Please note that for some of the processes that have been going on in parallel in all four pilot countries, not necessarily all countries have to finalize all activities to consider compliance for the project as a whole.

Table 15. Achievement of outcomes

| Expected Outcomes | Outcomes achieved ¹ | % Compliance ² |
|---|--|---------------------------|
| 1.1. Improved global forest certification system specifically incorporating evidence-based Biodiversity Conservation & key Ecosystem Services targets | <ul style="list-style-type: none"> FSC global policy on PES standards approved by all FSC board members Complete set of science-based global indicators endorsed by FSC IC, which fulfil FSC principles and criteria | 100 |
| 1.2 New national indicators developed for incorporation into development of National Standards | <ul style="list-style-type: none"> New national indicators developed for incorporation into development of National Standards in all 4 pilot countries and 15 other countries or regions | 100 |
| 2.1. Accessing national & international markets for certified Biodiversity Conservation and other Ecosystems Services incl. Carbon sequestration, Water supply & purification, Disaster risk reduction, and Recreational Values | <ul style="list-style-type: none"> 14 major international market players surveyed expressed interest in paying for FSC verified ES impacts, an additional 7 stated that it depends on the final system. Other indications of increased market access: (i) Annual increase of 20% in references to the desk study of most promising ecosystem services for the market on FSC and project partners’ websites (baseline PY2 Q4) (ii) Positive results of a large number of FSC and CIFOR market research studies for certified BD/ES. | 80 (estimation) |
| 2.2 Enhanced ‘business case’ for Sustainable Forest Management through expanded FSC certification schemes | <ul style="list-style-type: none"> Increasing number of public & private stakeholders have shown active interest in using FSC ES certification, including 4 public institutions; 4 SME & large-scale business community stakeholders, and 1 gov’t REDD program At least 3 priority markets selected as “best bets” related to relevant ES, | 100 |

| Expected Outcomes | Outcomes achieved ¹ | % Compliance ² |
|--|---|---------------------------|
| | confirmed by market studies <ul style="list-style-type: none"> Feasibility of at least four different ES-based FSC certification models confirmed in the pilot countries | |
| 3.1 First forest management sites certified under additional ES system | <ul style="list-style-type: none"> 6 sites FSC-certified during the project. One site has an approved ES impact claim (Huong Son), 5 others in process | 100 |
| 3.2 Enhanced evidence-base that FSC ES/BD forest certification models allow for increased social well-being and/or environmental performance | <ul style="list-style-type: none"> The CIFOR global methodology for impact evaluation has been used in all countries at the site level with some modifications depending on site-specific situations. Average annual data at pilot site level stable or increasing on BD, carbon sequestration, SFM benefits, watershed protection, recreational values, and social aspects | 100 |
| 4.1. Greater awareness of the potential of BD or ES-based forest certification in four pilot countries, with subsequent outreach through the global FSC Network | <ul style="list-style-type: none"> Increasing number and type of program, specific outreach materials, training & communications events, and articles and papers developed to disseminate experiences 4 sites outside the pilot countries are undergoing forest management evaluations and field tests of FSC's ES tools (Italy, Canada, Peru and Kyrgyzstan) June-August 2017. Increasing number of hits at FSC website on pages regarding ES- and BD-based certification (since 2013). | 80 |
| 4.2. Increased capacity of FSC national office staff, technical agencies, forest managers, communities and business partners to implement and benefit from ES-based forest certification | <ul style="list-style-type: none"> Increased capacity of FSC and partners on BD/ED certification, through training of at least 292 local FSC staff, all partner organizations in all 4 pilot countries, and 950 community forest members. Messaging document from FSC to national offices about the new ES tools, with a FAQ list, high-level talk track, factsheet. | 100 |
| 5.1 Monitoring & Evaluation Plan | <ul style="list-style-type: none"> M&E plan elaborated and implemented | 100 |
| Average compliance at outcome level | | 95.6 |

¹Results were extracted from the PIR June 2017 and partly reformulated based on the Evaluator's findings and analysis

²Percentage compliance is an average of compliance with the different sub outcomes mentioned in column 2.

80. Based on the figures included in the table, the project has made important contributions towards the outcome targets, and the financing therefore seems to have been well justified. However, an ex-post evaluation perhaps at end of 2018 would be required to provide more definitive evidence. Alternatively, this analysis could be included in the feasibility study for a new FSC project related with the same topic. The reason is, as outlined under the chapter on TOC, that there is a chain of intermediate stages beyond the project outcomes before real impact can be reached, where FSC is able to deliver the desired long-term benefits. The project financing seems to have been well justified, considering international and regional priorities, as well as national priorities in the four countries where pilot projects have been carried out. There are no signs of duplication of efforts with other projects, but many synergies, e.g. with on-going REDD+ projects. The lack of duplication is logical since FSC is in a unique position internationally, and any similar project would have needed collaboration from FSC to be relevant.

81. As mentioned in previous chapters, the outcomes of the project are, in large part, due to high quality project management and supervision. However, the concrete results in each pilot country also depend on national circumstances and the quality of NEAs, including their supervision and support to local partners.

82. The ForCES project has played a catalytic role, and the process is already moving fast in new countries. Based on the new Draft FSC Standards Annex C "Additional ecosystem services requirements for using FSC's new ecosystem services tools" and the results of the pilot projects implemented through ForCES, replication initiatives are already being implemented in Italy, Canada, Peru and Kyrgyzstan. Standards for certification of ES have been approved in Bulgaria, China and Kyrgyzstan, while 15 other countries or regions now have such standards in

draft form: Australia, Bolivia, Bulgaria, Cameroon, Canada, China, Democratic Republic of Congo, Gabon, Italy, Kyrgyzstan, the Netherlands, Peru, Romania, Spain and Tanzania.

Achievement of Direct Outcomes is rated 'Highly Satisfactory'

iii. Likelihood of impact

83. The impact of the project would be the long-term changes in securing forest biodiversity, as its prime Global Environmental Benefit (ProDoc par. 238). It is however necessary to make a distinction between two levels of impact made by the project:
- Long term impacts on the state of the environment as a result the overall goal of establishing a new global certification system, where the impacts would be ex-post (see fig. 3); and
 - Environmental, social and economic impacts created by the project in the pilot countries.
84. Based on the process from outcomes at the end of project implementation to the long-term impacts mentioned in the reconstructed TOC, the Evaluator assessed the likelihood of the positive impacts becoming a reality. During the implementation period, the project is expected to achieve "Expanded and enhanced global and national environmental standards pilot tested, applied to emerging markets for biodiversity conservation and eco-systems services, as an initial step for upgrading of successful models of FSC certification".
85. All the following steps would occur after project implementation, which is common for long-term positive environmental impacts. The next step in this chain of events would be "Voluntary FSC certification incorporates expanded and enhanced global and national forest management standards on Biodiversity and Ecosystems Services", which is very likely to occur. The main driver to reach this intermediate state would be the global interest in certification of biodiversity conservation and certification of ecosystem services, which as indicated in the evaluation report seems to be increasing. It is assumed that gradually more countries and enterprises would be interested in this type of certification. The project's catalytic role and the large number of countries already interested (see D-ii) indicate that this also seems to come through. A risk is however the general framework conditions for the forestry sector compared with other land use in potential countries.
86. One risk is the general framework conditions for the forestry sector compared with other land use in potential countries. In many countries the Governments subsidize the agricultural sector and tax the forestry sector; hence, the playing field between these two sectors is not level. In such a situation it is difficult for PES initiatives to generate sufficient additional income to avoid change of land use from forests to agriculture and husbandry. Among the countries that already have draft ES certification standards, Bolivia is a special case, where the Government policy is firmly against any type of PES, on international level (the carbon market and REDD+) and local level (PES projects e.g. for watersheds).
87. The second intermediate state would be "FSC Certification incorporating enhanced global and national forest management standards are applied to emerging markets for biodiversity conservation and other ecosystems services". This has to do with the market interest for FSC certification of BD and other ES. It however seems very likely, since the driver in this case would be that the FSC approves the new standards that incorporate certification of Biodiversity and other Ecosystems Services, and on this basis the new procedures would be promoted on international level. As previously mentioned, the ecosystem services procedure will undergo a second round of consultation in 2017 and be submitted for final approval in 2018.

88. The final impact of the project, which corresponds with one of GEF's global goals, would be "Conservation of forest biodiversity". This impact also coincides with the Sustainable Development Goal number 13 (Climate Action) and especially with Goal number 15 "Sustainably manage forests, combat desertification, halt and reverse land degradation, and halt biodiversity loss". The Evaluator considers that the ForCES Project would have the opportunity to give a significant contribution to reaching these overall international goals. To reach the mentioned long-term Final Impact, the driver would however be increased FSC certification with use of the new standards for Biodiversity conservation and other Ecosystems services, developed through the project. However, to be realistic, large-scale conservation of forest biodiversity would also depend on significantly increased areas under more traditional forest certification, especially in tropical and subtropical countries.

89. The Evaluator considers that the project goal of a new normative framework and procedures that FSC is putting in place for forest stewardship on ecosystem services is adequate, based on current knowledge and pilot projects carried out. It is the right step forward, but it doesn't mean that it is a perfect and finalized system. In agreement with FSC working practices, there might be new and improved versions in the future.

90. The outcomes and impacts of ForCES at site level were monitored through a tracking tool for each country (see table 20), where the NEAs reported to the GPMT. Table 16 shows results of this monitoring, however the data included were based on multiple sources combined with field registration. The results in the table do not necessarily coincide with the project period. *This is not a problem*, since the goal of the project was to create a system, not for instance to reforest certain number of hectares in 5 years, and success or failure of individual projects are therefore not the basis for project impact but rather inputs to the analysis. A longer time period for data monitoring (e.g. including data from projects in the same sites before ForCES) would give more reliable information for the analysis than limiting it only to the project period. The sample evidence collected by the Consultant during field visits and local interviews confirms what has been reported by FSC in the PIRs. The data in the table were included in the information presented to accredited certification bodies as evidence of impact. These bodies have pilot tested FSC's draft Ecosystem Services Procedure, with 5 sites approved 2nd semester 2017: Carahue-Imperial and Mechaico (Chile), Huong Son (Vietnam), Ratah and Lombok (Indonesia). For 3 unsuccessful sites, positive impacts were registered but non-conformities with some aspects of the standards were found.

Table 16. Results of impact monitoring at the ten ForCES sites⁴

| Pilot site | Ecosystem service | Impacts being measured | Monitoring approach | Results |
|------------------|------------------------------------|--|--|---|
| Chile | | | | |
| Carahue-Imperial | Biological diversity conservation‡ | <ul style="list-style-type: none"> • Presence / absence of medicinal plants • Availability of Mapuche traditional medicinal plants for sustainable use | <ul style="list-style-type: none"> • Theory of change to demonstrate causality between management activities and impacts • Assessment of outputs and outcomes • Semi-structured interviews with participants of the roundtable to understand perceived impacts permanence of the changes in management practices. | <ul style="list-style-type: none"> • There is field evidence that changes in management practices have led to positive impacts on the ground; for example, the availability of medicinal plants has improved to levels where these can be sustainably managed. • There is a commitment among the roundtable participants to the common impact goals and there are now agreed 'good collection' practices, (guidelines published 2016). • There is information exchange between stakeholders and increased awareness of |

⁴ * The impact was approved by the certification body; † The impact was rejected by the certification body; ‡ The assessment of the impact by the certification body is pending.

| Pilot site | Ecosystem service | Impacts being measured | Monitoring approach | Results |
|-------------------------|---|---|--|---|
| | | | <ul style="list-style-type: none"> The information from these two sources was triangulated by a field visit; the information received from the project manager and the site manager, and the presence-absence records of the medicinal plants. | company practices, as well as awareness about medicinal plants and how to protect them on company lands. |
| Cuenca Río Mechaico | Watershed services‡ | <ul style="list-style-type: none"> Measures to prevent erosion and access of cattle to water sources | <ul style="list-style-type: none"> Theory of change to show how activities at farms will improve water quality. Assessment of outputs. Field visits, interviews with site managers, and reviewing project documents. | <ul style="list-style-type: none"> Initial improvement of water quality due to farmers' measures to control access of cattle to water and reduce erosion, observed during field visits. |
| Parque Pumalín | <ul style="list-style-type: none"> Biological diversity conservation | <ul style="list-style-type: none"> Site-level indicators developed, but this pilot site withdrew. | <ul style="list-style-type: none"> Theory of change to demonstrate causality between management activities and impacts | None |
| Indonesia | | | | |
| Lombok Island | <ul style="list-style-type: none"> Watershed services‡ | <ul style="list-style-type: none"> Area of forest cover, which will enhance water provision Extent of planting in degraded areas Data on temperature, water debit, rainfall, soil type, and river flow Monitoring of HCV areas Monitoring of water data Intensive ground check for degraded areas in the community-managed areas to identify future areas for planting. | <ul style="list-style-type: none"> Landsat 7 image band 3 / band red (RED) and band 4 / band near infrared (NIR) were used to analyse vegetation changes from April 2009 (chosen as a baseline because the payment for ecosystem services scheme and restoration activities started the following year) to 2016. Ground check in the field to verify which species were planted via the management activities Intensive ground check for degraded areas in the community-managed areas to identify future areas for planting. | <ul style="list-style-type: none"> There was no change in high-density forest cover. Medium-density forest decreased in 2012 and 2014 compared to the baseline but increased almost to the baseline level in 2016. There was an increase of 21 ha in the low-density forest cover Vegetation cover in the lowest class decreased slightly over the study period. Overall, there was a net positive change of 15 ha of low-density forest. |
| East Kalimantan, Borneo | <ul style="list-style-type: none"> Carbon sequestration and storage‡ | <ul style="list-style-type: none"> Carbon densities (kg/m²) and their change between 2010 and 2015 | <ul style="list-style-type: none"> 50 circular plots (20m radius and each 0.126 ha) were established. All trees ≥10 cm diameter at breast height (dbh) were measured and above-ground biomass was estimated. A regression model was established, with the amount of carbon per plot as the dependent variable, and reflectance of the corresponding pixel on Landsat imagery as independent variables. The model was extrapolated to the entire area to estimate the amount of carbon outside the inventory plots based on the 2010 or 2015 Landsat imagery. | <ul style="list-style-type: none"> Mean carbon density decreased by 0.28 kg/m² from 2010 to 2015. If a t-test is applied straightforwardly to the pixel-basis values, the reduction of mean carbon density from 2010 to 2015 is statistically significant ($p < 2.2e-16$).‡ The frequency of high-stock forests slightly reduced from 2010 to 2015, while the frequency of moderate stocks increased. This suggests that carbon sequestration is proceeding in the logged-over forests. It can be concluded that the total carbon stock within the management unit of the PT. Ratah Timber has been reduced by a small but statistically significant amount ($p < 2.2e-16$), but that there is no decrease compared to a regional reference level. |
| | <ul style="list-style-type: none"> Biological diversity conservation ‡ | <ul style="list-style-type: none"> Inventory of middle to large mammal species, conducted with sensor cameras at 10 | <ul style="list-style-type: none"> 10 circular plots (each with 1km diameter) were systematically placed in the management unit. Within each circular plot, ten camera setting points were | <ul style="list-style-type: none"> The presence of rich species diversity for animals indicates that the Ratah forests are of high conservation value. Of 34 species monitored using camera trapping, there was no difference in the number of photographs |

| Pilot site | Ecosystem service | Impacts being measured | Monitoring approach | Results |
|-------------------------|---|---|---|---|
| | | <p>circular plots (each with a 1 km diameter)</p> <ul style="list-style-type: none"> Measurements of forest intactness | <p>randomly selected. A total of 157 setting points were initially used to install the sensor cameras, of which 147 provided useful data.</p> <ul style="list-style-type: none"> Differences in community composition among those plots laid out for estimating carbon storage were examined using an ordination technique. An ordination of plots was conducted with non-metric multidimensional scaling (nMDS). The nMDS ordination was applied to the combined dataset of the 2012 and 2015 inventories, and nMDS axis 1 scores of plots were obtained both for 2012 and 2015. A multivariate regression model was established with the nMDS axis 1 scores of plots as dependent variable and reflectance and textural metrics of the corresponding pixels on either 2010 or 2015 Landsat imagery as independent variables. The model was extrapolated to the entire area on 2010 and 2015 Landsat. | <p>for 29 species; for two species, the number of photographs increased and for three species the number decreased. between the old logged area and the recently logged area for most species, suggesting largely effective biodiversity safeguards.</p> <ul style="list-style-type: none"> The overall change in forest intactness between 2010 and 2015 was nominal, despite continued logging activities. Forest stands with an intactness greater than 1.0 (i.e. more pristine stands) decreased, while forest stands with the intactness of less than -0.5 (degraded stands) also decreased. This indicates that recent logging activities have resulted in a loss of intactness, and that the regrowth of unlogged blocks has resulted in a gain in intactness. The overall change is a net small decline in intactness. |
| West Kalimantan, Borneo | <ul style="list-style-type: none"> Biological diversity conservation recreational services | <ul style="list-style-type: none"> Site-level indicators were developed. However, the site dropped out of the ForCES project, so no impacts were demonstrated. | | |
| Nepal | | | | |
| Charnawati | <ul style="list-style-type: none"> Biological diversity conservation† | <ul style="list-style-type: none"> Area of natural forest Effective forest cover Area of biodiversity habitat Area of HCV forest Area of IFL | <ul style="list-style-type: none"> Participatory resource mapping, forest inventories and group discussions, all conducted by community forest user groups The team recorded: tree species; the number of trees; the number of poles-sized trees; regeneration; NTFPs Also measured height, diameter, and weight of chosen species. Team identified and estimated the status of species, their distribution, and composition. | <ul style="list-style-type: none"> The forest inventory results show the presence of mosaics of forests with 10–40 tree species growing in a single management unit. More than 7,000 ha of natural forests have been protected and a little over 860 ha have been designated as HCV areas for regulating environmental services and conserving biodiversity. |
| | <ul style="list-style-type: none"> Carbon sequestration and storage† | <ul style="list-style-type: none"> Forest carbon storage (ton of CO₂), assessed in 2010 (baseline), 2013 and 2016 at the landscape level. | <ul style="list-style-type: none"> 205 plots (41 under sparse canopy and 164 under dense canopy) were established. Above-ground biomass, below-ground biomass, leaf litter, soil organic carbon were measured. | <ul style="list-style-type: none"> Carbon stock increased from 209.12 ton per hectare (t/ha) in 2010 to 221.44 t/ha in 2013 and 235.37 t/ha in 2016. |
| | <ul style="list-style-type: none"> Soil conservation† | <ul style="list-style-type: none"> Area of natural forest cover | <ul style="list-style-type: none"> As for biological diversity conservation | |
| | <ul style="list-style-type: none"> Watershed services† | <ul style="list-style-type: none"> Number of water sources protected Discharge from water sources | <ul style="list-style-type: none"> Participatory resources mapping Focus group discussions, organized by community forest | <ul style="list-style-type: none"> Majority of the water sources identified in the 45,500 ha project area have so far been protected through increased vegetation and soil conservation measures. The initial and |

| Pilot site | Ecosystem service | Impacts being measured | Monitoring approach | Results |
|---|---|--|---|--|
| | | | user groups, held with relevant groups and key people in a buffer area of 10–30 m of radius, depending on specific size of water flow | gradually increasing impact is (i) improved quality of drinking water; and (ii) less sedimentation in hydropower dams. |
| <ul style="list-style-type: none"> Gaurisankar | <ul style="list-style-type: none"> Biological diversity conservation | <ul style="list-style-type: none"> Vegetation diversity in each forest management unit: availability, number, and species distribution, of trees and of non-timber forest product species Areas of HCV (intact forest landscape), and conservation areas | <ul style="list-style-type: none"> A participatory biodiversity monitoring protocol, developed by ANSAB in 2010, which focuses on ecosystem health and vitality, and includes an assessment of threats. Methods include: direct observation; transects walks; key informant interviews; focus group discussions. GIS mapping tool to identify areas of high biodiversity and critical ecosystem services | <ul style="list-style-type: none"> Local forest managers are actively conserving 7,563 ha with special attention to the 1,026 ha HCV area. There is a mosaic of forests, with 10–40 trees species growing in a single management unit. |
| | <ul style="list-style-type: none"> Recreational services | <ul style="list-style-type: none"> Area protected and accessible for nature-based recreation Landscape features in the forest management unit Spatial distribution of major forest and biodiversity hotspots Presence of charismatic species | <ul style="list-style-type: none"> Socio-resource mapping Key informant interviews and group discussion Results from a biodiversity survey in 2013 and a social survey in 2015 Direct observations and a forest inventory | <ul style="list-style-type: none"> Local forest managers maintained 7,563 ha forests, with mosaics, and diverse species composition and structure, as a basis for nature-based tourism. |
| | <ul style="list-style-type: none"> Soil conservation | <ul style="list-style-type: none"> Area and change of forest cover Areas vulnerable to landslides and soil erosion. Boundary map of the forest Land-use analysis Spatial distribution of vulnerable areas | <ul style="list-style-type: none"> GIS-based analysis identified number of landslides, area affected, and locations, as a baseline. A spatial map of the erosion- and landslide-prone areas has been developed Socio-resource mapping GPS survey data | <ul style="list-style-type: none"> Project measures to restore and conserve soil is protecting approximately 2% of the total forest area that is identified as highly prone to soil erosion and landslides. |
| Vietnam | | | | |

| Pilot site | Ecosystem service | Impacts being measured | Monitoring approach | Results |
|--------------------|-------------------------------------|---|--|---|
| Vinh Tu, Quang Tri | • Soil conservation† | <ul style="list-style-type: none"> • Area affected by wind and water erosion • Changes in forest cover and open sand areas • Condition of environment before and after tree-planting activities • Socio-economic impacts the tree planting activities have had on their livelihoods | <ul style="list-style-type: none"> • Landsat 5 and Landsat 8 data satellite images from 1988–2015 • Semi-structured key informant interviews with 21 people from four villages that participated in the ForCES project | <ul style="list-style-type: none"> • Forest cover increased from 194 ha to 1136 ha between 1988 and 2015. When the harvested parts are included, the forest area increased to 1992 ha between 1988 and 2015. • Open sand areas decreased from 52 to 15 ha between 1988 and 2005, but since 2005 mining activities outside the community controlled area have caused an increase up to 97 ha, as of 2015. So far, this has not had a negative impact within the community-controlled areas according to interview data. • Tree planting has prevented sand movement by wind, which has increased soil fertility and water retention in fields. This has increased crop yields, contributing to increased incomes for farmers. • In total, farmers identified 13 positive changes in the condition of the environment which have directly and indirectly improved their wellbeing. • Farmers have received additional income from the tree plantations and through reduced cultivation costs, as they can use leaves as fertilizer. • The tree plantations have made it possible to expand agricultural land and cultivate higher-value species such as pepper. |
| Huong Son | • Biodiversity conservation† | <ul style="list-style-type: none"> • Forest cover change 2002–12 represents baseline • Biodiversity (forest cover, fauna, and flora) • HCV areas | <ul style="list-style-type: none"> • Satellite images • A rapid assessment was carried out 2015 to establish a baseline, using 20 transects (from 0.5–3 km) across the whole forest area. These are monitored via monthly patrols. | <ul style="list-style-type: none"> • Although selective logging has occurred in the Forest Management Unit, there have been only minor changes in forest cover • HCV 1, 3, and 4 areas with a total of 7,926.03 ha are in good condition to be protected, with no further fragmentation • There has been no negative change in the composition of flora and fauna. |
| | • Carbon sequestration and storage* | <ul style="list-style-type: none"> • Forest carbon storage (ton CO₂) • Maintenance of carbon pools, determined by forest trees and biomass measured in randomly assigned sample plots | <ul style="list-style-type: none"> • Participatory carbon-monitoring tool developed by SNV • Forestry inventory | <ul style="list-style-type: none"> • Measurements in 2014 showed 967,575 ton of reserves and 3,550,999 ton of carbon, with contributions of 13,555.3 ha of production forests (reserves 625,717 ton of carbon, 2,296,380 ton of carbon) and 6,190.3 ha of protected forest (341,858 ton of reserves, 1,254,619 ton of carbon). • The continued implementation of this management approach (not logging) will maintain the carbon stocks. |
| | • Watershed services† | <ul style="list-style-type: none"> • Forest cover change 2002–12 represents baseline • Forest cover in HCV 4 area, which protects 23 per cent of the headwater area of the Song Con branch river of Ngan Pho River • This is measured via: natural forest cover; forest structure; incidences of illegal hunting and harvesting. | <ul style="list-style-type: none"> • Periodic inventories and regular monitoring by patrols to ensure no changes occur in forest cover and the HCV4 areas are kept intact • Earth observation data | <ul style="list-style-type: none"> • Forest cover maintained in 2,236 ha of HCV 4 forest |

91. A very positive effect of the project that was not given special importance in the project document is **social conflict resolution**. This is partly a result of FSC's structure and way of working, bringing the business sector into dialogue with the social sector (indigenous peoples etc.) and environmental NGOs, through FSC's three chambers. But it is also due to excellent NEAs that have understood the need for dialogue and inclusion of all major stakeholders to be able to achieve lasting results and real impact.
92. To mention some examples: In **Chile** there has been a long and deep conflict between the Mapuche indigenous people and the private forest concession holders. Many concessions were given to private companies during the military dictatorship (1973-90) on land regarded by the Mapuches as their territories, where forest plantations of the exotic species pines and eucalypts were established partly on deforested land and partly as conversion of native forests. The conflict persists today, because the indigenous population doesn't recognize the companies' land rights. The conflict has created scepticism towards FSC from many NGOs and CSOs, because most of the private concessions are FSC certified. In this very difficult environment, FSC Chile has been able to bring private companies and indigenous communities to the same table. In the native forests that are still left inside the concessions of the firms Bosques Cautin and Forestal Mininco, the Mapuche community members collect medicinal plants that are very important for their culture. The company Bosques Cautin has even employed a female Mapuche as being in charge of social inclusion. The plants are partly used in the communities and partly sold to the "indigenous section" of a local hospital. Representatives from both the companies and the Mapuche communities participate in the local board for medicinal plants "*Mesa de Plantas Medicinales*".
93. In **Nepal**, the Hindu caste tradition discriminates strongly against the caste-less "dalits" and the society is also discriminating against women. The ForCES project, through its national partner ANSAB, has still been able to bring both dalits and women into the local community forestry user groups, making a significant impact to human rights and gender empowerment. The Evaluator met with local dalits that were very active in project activities, including a lady who was doubly marginalised being both a woman and dalit.
94. During the project design phase, a full assessment of environmental and social risks was conducted, using UN Environment's 'Checklist for Environmental and Social Issues'. As mentioned in the review of project design, no potential negative economic impacts were defined in ProDoc, only some financial risks. If the goal of the project had been to achieve positive economic impact from *all* pilot projects, this would have been a serious error. However, the *pilot* projects were implemented without pre-determined models on economic-financial feasibility, through "learning-by-doing" and carrying out studies during the implementation. This means that also projects that could have ended up with a negative financial result could be valid inputs to the overall ForCES goal of designing a new system for certification of Ecosystem Services.
95. No unintended negative social and environmental impacts were found as consequence of the project activities. This is logical since the main goal of the project is to create a new certification system (no infrastructure investments or land tenure changes) and because both FSC's Principles and Criteria and the local pilot projects aims at promoting social, environmental and economic sustainability. However, even such projects with good intentions could theoretically have some adverse impacts, but the evaluator has not been able to detect such negative impacts in any of the four pilot areas visited.

96. The Project Document included no strategy to reduce the project's negative environmental/carbon footprint, and logically no such strategy was implemented. The Evaluator has no doubt that in total the project had a positive environmental and carbon footprint, especially considering the forest areas that were conserved and trees that were planted through the pilot projects. However, it would have been good practice for the project to prepare an analysis of this positive figures set against the negative figures caused e.g. by international travel. The carbon footprint caused by travel in the framework of ForCES is lower than in the majority of global projects since most of the activities have been going on in the four pilot countries, supported by a small core staff mostly through the Internet.

Likelihood of Impact is rated 'Highly Likely'

Overall Rating for Effectiveness is 'Highly Satisfactory'

E. Financial management

97. The Consultant analysed whether the organisation and administration of the resources have affected the timeliness in compliance with the results, time and cost planned initially. The financial management was assessed under three broad themes:

(i) Completeness of financial information

98. At the moment of the Terminal evaluation, all financial information is complete (June 30-2016). The four NEAs have presented their financial statements related with each progress report to FSC (GPMT), and GPMT has presented each complete financial statement to UN Environment for review.

99. Each NEA prepared its annual budget, and their participation in the overall project budget allocation and transfers of resources were according to the agreed budget limits. The procurement plans have been handled according to budget, and administrated based on required resource use.

100. The NEAs also handled financial information for local counterpart financing. Pledged counterpart contribution was USD 3,893,900, or 57.5% of the total project budget. Actual co-financing throughout the project life cycle was even higher and reached USD 5,009,042, or 128.6% of expected, with an estimated 61.9% as cash contributions. Of this FSC International financed USD 1,429,810 until December 2016 (see table 8). However, it is sometimes difficult to review the real monetary value of all in-kind contributions.

Completeness of financial information is rated 'Satisfactory'

(ii) Communication between financial and project management staff

101. The fund management officer at FSC International maintained fluent communication with the project managers in all four NEAs to assure effective delivery of the planned outputs and outcomes and the need for a responsive, adaptive management approach. The NEAs are all very satisfied with the high quality support they received from central project level. The financial management staff of each NEA managed budgets, the financial parts of procurement processes, payments, and accounting, and the financial management staff of GPMT handled the same for international costs. The financial staff on international level and the Administrative Project Manager supervised the financial management handled by the NEAs, gave comments and advice.

102. From the start of the project, not all NEAs were equally prepared to handle the financial management and reporting requirements. FSC International had to support especially FSC Chile a lot in the beginning before the financial management came on track.
103. One issue that might have affected the efficiency of financial management (see next chapter) is that the NEAs had different financial and reporting requirements from the NEAs than from FSC International/UN Environment, which meant an additional administrative burden.
104. The main link of communication between the financial and technical project management staff (on national and international level) was on the issue of procurement, when it was important to assure required budget allocation (amount and timeliness) for each service to procure, considering the time required for each process. However, the NEAs managed a rotational fund and could ask for new transfers in time before running out of money.
105. FSC is satisfied with the supervision and support received from the UN Environment Task Manager stationed in Bangkok. The Task Manager is also satisfied with FSC's compliance with procurement plans based on the budget, in time to obtain the required goods and services for project activities. However the Task Manager is not satisfied with the UN Environment financial management system and HQ support during parts of the project implementation period. He claims that before they had a good system with many efficient financial managers, but that was changed with introduction of new procedures and formats combined with less staff for follow up. He feels that UN Environment fell short for a period from June 2015 to first quarter 2016 during the introduction of the Umoja system. That was however greatly corrected in May 2017 with 7 full-time finance staff working on the GEF portfolio.
106. The accounting documentation information has been transferred and stored according to the institutional rules and the requirements of UN Environment, FSC, and each NEA.

Communication between financial and project management staff is rated 'Highly Satisfactory'

(iii) Compliance with financial management standards and procedures

107. The Evaluator has been able to review the annual financial audit statements from the NEAs. The conclusion is that financial management has been handled according to proper financial management standards and practice, and adherence to UN Environment's financial management policies. The few comments received were on details without importance, e.g. on the exchange rate being used.
108. As mentioned in C- "Nature of the external context" one financial factor affected the project on global level, when the German Government changed the tax law in 2011. To avoid paying taxes on the complete project budget, the final solution was that FSC would be regarded as an organization "channelling funds" and only had to pay tax on the money spent inside Germany.
109. The following table shows actual costs spent across the life of the project of funds secured from all donors. FSC have not been tracking costs by outcome/outcome or component, but by project budget line. The Evaluator has reviewed the project audit reports for the project as well as for each NEA and verified that proper financial management standards have been followed. No financial management issues have affected the timely delivery of the project or quality of its performance.
110. The variance between planned budget and actual expenditure in 2017 is quite high for some components. The international project manager ended up costing US\$22,570.93 more than planned on the GEF budget in 2017 because the project activities were not expected to last for

so long. On the other hand, certification bodies in Indonesia were costing US\$14,000 less than planned due to delay of project activities in this country.

Table 17. Total project costs, GEF funding

| Budget line | Total project budget | Cumulative expenditures through 2016 | 2017 total + audit adjustment | Cumulative expenditures through June 17 | Unspent balance | Organization |
|--|----------------------|--------------------------------------|-------------------------------|---|-----------------|---------------|
| Communications Manager (partly co-financed) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | FSC |
| Business Development Manager | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | FSC |
| International Project Manager | 397,360.95 | 400,420.37 | 22,570.93 | 422,991.30 | -25,630.35 | FSC |
| Administrative Assistant | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | FSC |
| International travels | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | FSC |
| Visits to field sites and NEAs | 35,012.63 | 30,390.78 | 923.67 | 31,314.45 | 3,698.18 | FSC |
| National travels (private sector - Chile) | 7,349.68 | 7,791.24 | 0.00 | 7,791.24 | -441.56 | FSC Chile |
| National travels (private sector - Indonesia) | 10,000.00 | 14,684.64 | 0.00 | 14,684.64 | -4,684.64 | WWF Indonesia |
| National travels (private sector - Nepal) | 7,932.00 | 3,585.67 | 3,507.45 | 7,093.12 | 838.88 | ANSAB |
| National travels (private sector - Vietnam) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | SNV |
| CIFOR: ES certification & market research | 322,503.79 | 311,193.84 | 11,369.96 | 322,563.80 | -60.01 | CIFOR |
| CHILE | 316,785.16 | 310,156.55 | 6,000.00 | 316,156.55 | 628.61 | CIFOR |
| INDONESIA | 477,894.70 | 467,765.07 | 345.25 | 468,110.32 | 9,784.38 | WWF Indonesia |
| NEPAL | 289,840.65 | 281,945.73 | 10,373.13 | 292,318.86 | -2,478.21 | ANSAB |
| VIETNAM | 321,674.98 | 320,495.05 | 5,907.50 | 326,402.55 | -4,727.57 | SNV |
| Certificate database adapt. | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | FSC |
| Website design | 2,454.00 | 2,454.00 | 0.00 | 2,454.00 | 0.00 | FSC |
| Certification bodies (field testing - Chile) | 7,925.45 | 14,858.07 | 0.00 | 14,858.07 | -6,932.62 | FSC Chile |
| Certification bodies (field testing - Indonesia) | 30,000.00 | 6,933.18 | 8,803.60 | 15,736.78 | 14,263.22 | WWF Indonesia |
| Certification bodies (field testing - Nepal) | 19,152.00 | 11,083.45 | 13,145.01 | 24,228.46 | -5,076.46 | ANSAB |
| Certification bodies (field testing - Vietnam) | 40,000.00 | 36,602.87 | 0.00 | 36,602.87 | 3,397.13 | SNV |
| Group training (summary) | 204,140.70 | 204,403.64 | 2,807.33 | 207,210.97 | -3,070.27 | |
| Meeting/conferences | 181,052.17 | 164,872.14 | 7,530.15 | 172,402.29 | 8,649.88 | |
| Reporting costs | 153,921.14 | 109,963.39 | 32,116.34 | 142,079.73 | 11,841.41 | |
| MTR and TE* | 55,000,000 | 30,000 | 30,000 | 30,000 | 25,000 | UNEP |
| Audit (co-financed) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | FSC |
| TOTAL | 2,880,000.00 | 2,754,599.68 | 155,400.32 | 2,855,000.00 | | |

*Not managed by FSC

Table 18. Co-financing Table¹ (GEF format)

| Co financing (Type/Source) | UN Environment own financing (US\$1,000) | | Government (US\$1,000) | | Other ² (US\$1,000) | | Total (US\$1,000) | | Total Disbursed (US\$1,000) |
|----------------------------|--|-------------|------------------------|--------------|--------------------------------|----------------|-------------------|--------------|-----------------------------|
| | Planned | Actual | Planned | Actual | Planned | Actual | Planned | Actual | |
| Grants | 0 | 39.7 | 170 | 146 | 1,976 | 2,915.1 | 2,146 | 3,100.7 | 3,100.7 |
| Loans/Credits | | | | | | | | | |
| Equity investments | | | | | | | | | |
| In-kind support | 55 | 30.2 | 235 | 251.4 | 1,457.9 | 1,626.7 | 1,747.9 | 1,908.3 | 1,908.3 |
| Totals | 55 | 69.9 | 405 | 397.4 | 3,433.9 | 4,541.8 | 3,893.9 | 5,009 | 5,009 |

¹Represents final co-financing data

²This refers to contributions mobilized for the project from other multilateral agencies, bilateral development cooperation agencies, NGOs, the private sector and beneficiaries.

111. The following table is a questionnaire directed to the evaluator, to rate the financial management carried out throughout the period of project execution and give evidence and comments to the ratings.

Table 19. Financial Management

| Financial management components | | Rating | Evidence/ Comments |
|---|---|-----------|-----------------------|
| 1. Questions relating to financial management across the life of the project: | | | |
| Compliance with financial requirements and procedures of UN Environment and all funding partners (including procurement rules, financial reporting and audit reports etc) | | HS | UNEP info |
| Timeliness of project financial reports and audits | | HS | UNEP info |
| Quality of project financial reports and audits | | HS | Evaluator review |
| Contact/communication between the PM/TM & FMO | | HS | UNEP and FSC info |
| PM/TM & FMO responsiveness to addressing and resolving financial issues | | HS | UNEP info |
| 2. Questions relating to financial information provided during the evaluation: | | | |
| Provision of key documents to the evaluator (based on the provision of A-F below) | | HS | Evaluator experience |
| A. | An up-to-date 'Co-financing and Project Cost's table | Y | " |
| B. | A summary report on the project's annual financial expenditures during the life of the project. | Y | " |
| C. | Financial documents from Mid-Term Evaluation/Review (where appropriate) | Y | " |
| D. | All relevant project legal agreements (e.g. SSFA, PCA, ICA) – where appropriate | Y | " |
| E. | Associated financial reports for legal agreements (where applicable) | Y | " |
| F. | Copies of any completed audits | Y | " |
| Demonstrated knowledge by the PM/TM & FMO of partner financial expenditure | | HS | Evaluator review |
| PM/TM & FMO responsiveness to financial requests during the evaluation process | | HS | Evaluator experience |
| Overall rating | | HS | |

Compliance with UN Environment Standards and Procedures is rated 'Satisfactory'

Overall Rating for Financial Management is 'Highly Satisfactory'

F. Efficiency

112. The Evaluator *recognizes the challenge* of implementing a global project with an overly optimistic project design (see par. 75), four pilot countries where one (Chile) was situated far from the rest, and also work at different levels with many national and local partners in each country. The Global Project Manager mentioned that 50% of her work in the beginning consisted in problem solution: "As soon as one problem was solved, we had ten new in front of us".

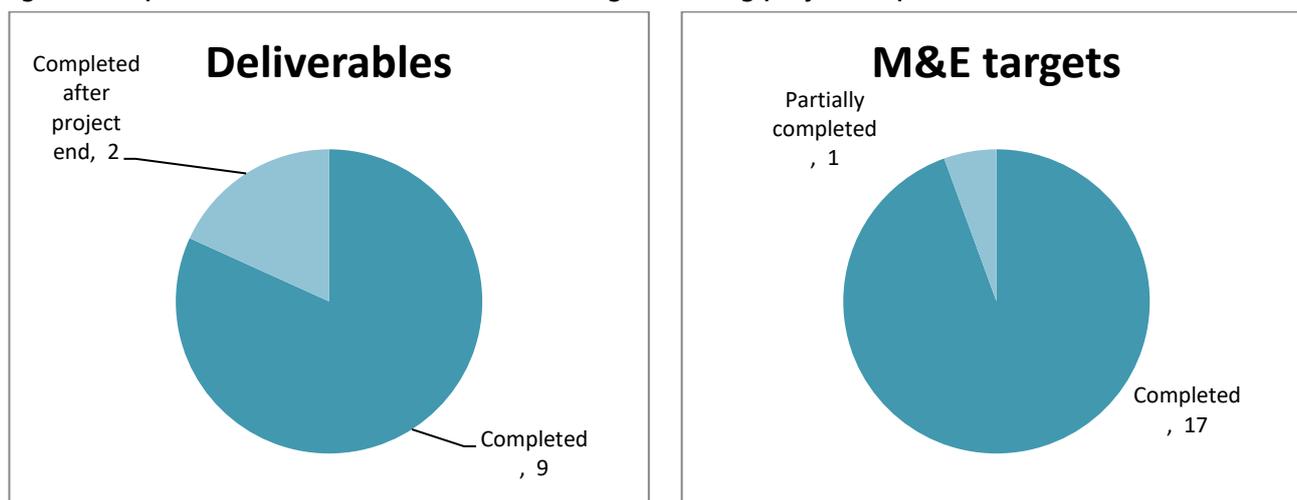
113. It was a very intelligent strategy from FSC's side to build on pre-existing institutions and partnerships they already had in the four countries, with the aim of starting project activities relatively quickly. This included testing certification of ecosystems services in geographic areas where the partners already were active and had their networks with local stakeholders. However, it soon became clear that it was not enough to know FSC and traditional forest

certification to be an efficient partner for ForCES. Even with the relationships that already existed and a year preparation during the PPG phase, the NEAs were still not ready for a project so different, where they had to “walk in unknown forest” thematically speaking, and be innovative. For that reason it still took some time before the NEAs came up to speed.

114. The relation between implementation progress and budget resources invested shows that the project in general was implemented efficiently. It would however had an even stronger cost-effectiveness (cost/benefit) if it was a larger global programme with the same structure focused on local management and follow-up from HQ mainly through Skype, because many of the centrally administrated costs (for M&E, finance management, etc.) would not have increased with the same % as the total budget. This is therefore not an efficiency issue related so much to implementation, but more to project design.
115. The timeliness of project execution (two extensions without additional funds) was due to slow progress of activities and financial disbursements compared with the initial financial plan. It however also had to do with design, because FSC and partners took on the very difficult task of designing and approving a completely new global certification system in only four years, even though they started nearly from scratch and knew the slowness of the FSC international review and approval system. Another question is if GEF really would have approved a six-year project.
116. The Evaluator therefore considers that it would have been difficult to avoid at least one of the no-cost project extensions through stronger project management. The extensions experienced have however not had any negative impacts on the project outcomes. To create a solid new certification system at national and international level through a participatory and democratic system it must take the time it needs. Only then the system can be solid and sustainable, supported from the member base. It is also interesting to notice that the national NEAs have continued to work for a strengthening of the process towards the project’s long-term goals after the project finished, based on their own resources.
117. The project had initially many implementation challenges and therefore a slow start in most countries. Another issue was that the NEAs needed a deeper understanding of the project goals and what to do to reach them before they were able to do an efficient job. Much high quality supervision and follow-up from GPMT towards the pilot countries gradually improved the situation. GPMT defined and carried out an efficient coordination strategy with the NEAs that included monthly Skype meetings between each NEA and the Global Project Manager and ES Policy Manager, and frequent email communication to follow up on issues and problem solutions.
118. Regarding efficiency of each pilot country, Nepal came out on top despite a one-year delay caused by the huge earthquake in this country. Chile and Vietnam also made good progress during implementation, while Indonesia was a little slower than the other countries in finalizing the expected outputs, but performed more strongly in the second part of 2017.
119. In **Chile** the NEA FSC Chile was from the start the front-runner, since they knew much more than the other organizations about FSC and forest certification. FSC Chile is however a national member organization for companies, organizations and others that support FSC certification. The efficiency problems however occurred with management of large grants, where they had to go through a long learning process. In addition, the translation from English to Spanish sometimes caused lack of efficiency, depending on the person the project was dealing with at national level. Towards the end of the implementation period Chile had some delays in completing their surveys and analysis of impacts at site level, but FSC-accredited bodies certified two pilot sites the second part of 2017.

120. The selection of WWF Indonesia as the NEA in **Indonesia** might have been a good choice since they know the country, are politically well connected and have experience with large projects. There are however structural problems with bureaucracy in Indonesia, and also the quality of information related to a lack of transparency. One issue has been on carbon trading, which has not been managed efficiently from the government's side, partly due to a lack of transparency and because the government doesn't seem to have a clear policy on it. There was also an unclear division of responsibilities between national and local levels on this topic. These factors have negatively affected the project's efficiency in trying to work on carbon sequestration as part of ecosystems services. The lower project efficiency in Indonesia compared to other countries has however improved during the no-cost-extension period, and FSC International reached an agreement with WWF Indonesia to secure completion of the final goals by late 2017 or early 2018, including the analysis of local impacts.
121. In **Vietnam** there was a capacity challenge from the start, and the National Executing Agency SNV struggled to come up to speed with its project execution responsibilities. It was however according to the FSC Project Manager the country that most clearly expressed their needs for capacity building. SNV is internally quite complex, but from outside this is difficult to discern. There were some missed opportunities for synergies, but SNV was still able to keep the project prominent at national level. Another strength of SNV was that they have been able to recruit good technical staff that delivered results. In Vietnam, institutionalising ForCES within the government made slow progress for some time, but this was gradually solved especially through participation of government staff in courses and seminars, plus efficient networking.
122. In **Nepal** the efficiency was, as mentioned, the best among the pilots, due to ANSAB as an excellent NEA with good connections both nationally and in the field. Despite some doubts about the project and slow pace in the initial period, Nepal is probably the only country where it was possible to comply with all targets within the scheduled four years, had it not been for the one-year setback caused by the earthquake.
123. Despite the aforementioned challenges encountered in different countries, the efficiency of project implementation has been high in terms of deliverables achieved and targets reached, as already discussed in the chapter on effectiveness. The project managed to achieve nine of the eleven deliverables defined in the project document during the official project implementation period, while the other two were reached shortly after. The project also achieved nearly all its targets, resulting according to the Evaluator's calculation in 92% compliance on output level (table 13).

Fig. 5. Completion of deliverables and M&E targets during project implementation



124. One similar issue affected the efficiency in both Nepal and Vietnam, -stakeholders that believe they have the right to be “owners” of the project. In Nepal a long-time FSC partner and member of Nepal Foresters’ Association (NFA) considered that this organization should be the NEA and refused to collaborate with ANSAB, affecting project efficiency. Collaboration with NFA to develop national certification standards was therefore initiated quite late. In Vietnam the organization Sustainable Forest Management institute (SFMI) showed interest in the project because the organisation used to be the national FSC representative and lead the national standards process. When SNV was selected as the NEA there was certain resentment in SFMI that caused the project much effort to overcome. SFMI later participated in some project activities. It is unclear if the same also happened in Indonesia, where the organization Lembaga Ekolabel Indonesia (LEI) or Indonesian Eco-labelling Institute has worked extensively on forest certification. They had initially agreed to co-finance the implementation phase but later pulled out of their commitment. However an agreement was reached near the end of implementation and LEI is now coordinating development of FSC national standard.

125. **Efficiency in the use of human resources:** The global project was led by a small Global Project Management Team (GPMT) in the headquarters of FSC International in Bonn, Germany, led by the Project Director and Manager supported by administrative staff and supervised by executive staff. In certain periods some GPMT staff members worked remotely from other cities. The GPMT Administrative Manager was stationed 6 months in Singapore during the PPG and a GPMT Technical Supervisor was stationed in Vietnam from 2015. GPMT followed up the four national executive agencies, which implemented the project with a combination of project funded staff and support from their own staff, and also to a large degree co-financed the project. For that reason, even though the project was light on the top, the total number of people involved was higher than reflected in the project budget.

126. This was a cost-efficient use of human resources because the average cost for staff in the pilot countries is lower than for internationally recruited staff and because it can lead to higher efficiencies when most staff is situated close to the field activity locations. There was, however, also a risk factor, because FSC had to rely completely on the NEA partners to implement the work and monitor the local situation. This can work very efficiently with good partners but not

so well had there been any weak partners or partner organizations going through periods of crisis.

127. **Coordination, coherence and complementarity:** The project's relationships through the NEAs with the national governments, and with national forestry and environment structures, were very important to assure efficient implementation. It gave the opportunity for national networking and coordination, e.g. through certification standard development committees and REDD+ collaboration. The relations between the NEAs and local indigenous structures (in all countries except Vietnam) and community structures in all pilot countries were also important to be able to support priority project issues while at the same time disseminating knowledge and training. Coordination with other organizations and projects was handled locally, especially for training activities.
128. It would have been possible to achieve an even stronger collaboration with programs and projects working on forestry, environment, sustainable rural development and indigenous peoples in the same geographic regions, including ad-hoc co-funding of activities and alignment to assure synergies and avoid duplication of efforts on local level. In Chile there has been good local collaboration with private companies and organizations working on indigenous issues, but not much collaboration with most public institutions that influence the forest sector, including CONAF, CONAMA, CONADI and FNDR, as well as environmental NGOs that often have been sceptical to FSCs certification in this country. In Vietnam both GIZ and WWF contributed to the development of the National Standard, and WWF was involved at the Quang Tri pilot site. SNV also collaborated well with public and private organizations participating in developing national certification standards, but the project work could have benefitted from more joint activities with WWF and GIZ.
129. The NEAs would also have been able to establish stronger collaboration with international agencies such as UNDP, IFAD, World Bank and Asian Development Bank, and bilateral agencies from Germany (BMU, KfW and GIZ), Great Britain (DFID), Switzerland (COSUDE), Japan (JICA), Denmark (DANIDA), Finland (FINNIDA), Norway (NORAD), and United States (USAID), that are providing financing to the forestry sector in the pilot countries. Often the funding can be so significant that it influences the whole sector and thereby has to be considered in project planning and implementation.
130. The workload of local administrative staff and the need for double technical and financial reporting reduced efficiency of some local partners. In the case of SNV in Vietnam, many local staff members mentioned trouble with micro management from the SNV Headquarters in the Netherlands to the national team and also from the national team to field operations due to institutional rules. To mention one example on local level, SNV procedures requires the need for checking cost of three hotels in a city before selecting the cheapest one. This reduced both time- and cost-efficiency because the cheapest hotels were often situated far from the city centres where the meetings were held, increasing travel cost and time spent. FSC on the other hand didn't have these requirements, but since the national project was implemented through SNV it had to use that organization's procedures.
131. In the case of Indonesia, factors related to the general work environment might have negatively affected efficiency and been part of the reasons for delays. For instance, it is common that staff is asked to do work tasks for their former bosses, during work hours or before/after a long work day. This reduces efficiency of staff and causes delays of important activities and decisions to be taken. Another important reason for delays in Indonesia is the distance and time to reach the very remote pilot areas in this country.

132. The efficiency in terms of number of **beneficiaries compared to applied resources** is difficult to define for a project such as this, since the main project outcome (new certification standards) would give most benefits after project implementation, with international and national beneficiaries not limited to the pilot countries. These beneficiaries would include the global population through climate change mitigation from carbon sequestration; the national and regional populations through conservation and improvement of water resources; and the tourism industry through conservation of biodiversity and scenic beauty.
133. Even an analysis of the number of beneficiaries in each pilot country would have limited value, since the pilot areas are small, sometimes with a small population, but the beneficiaries of new national certification standards could be firms and population situated in other parts of the country. However, if we only have a look at local direct beneficiaries during the project period, it should be highlighted that the project was able to train 293 community members in Chile, 92 in Indonesia, 98 in Nepal and 384 in Vietnam. These are only the participants in project-organised courses and seminars on certification of ES, while the number of beneficiaries of the application of their new knowledge would of course be much higher. The replication effect of local business models would also multiply the number of beneficiaries. To give one example, the watershed management model introduced at Cuenca Río Mechaico in Chile could according to project estimation easily be replicated in at least 100 catchments in the country.

Efficiency is rated 'Satisfactory'

G. Monitoring and reporting

(i) Project reporting

134. UN Environment has a centralised Project Information Management System (PIMS) in which project managers upload six-monthly status reports against agreed project milestones. In this case, as a GEF funded project, monitoring of the project activities and outputs from FSC's side was done through the review of half-yearly project implementation reports (PIR) in the GEF format, presented by each NEA in June and December, and a half-yearly progress report presented at the same time. The projects' final report (until June 30-2017) was finished during the evaluation period.
135. The quality of the PIR reports has been generally good, however a gradual improvement was noticed from the start to the end of the implementation period, because FSC was getting used to the review and requirements from UN Environment. The information and ratings presented in the last PIR (Jan-June 2017) is in general consistent with the evaluation findings, with only a few exceptions where the Evaluator considers that the tasks were not yet finalized, mentioned in other parts of the evaluation report.
136. GPMT travel, meetings, Skype conferences and reviews complemented the formal reporting. The Evaluator considers it to be efficient using the same format (PIR) from national level (NEA) to international level (GPMT-FSC) to the Implementing agency (UN Environment) and all the way to GEF, thereby fulfilling the monitoring and reporting requirement of both the implementing agency UN Environment and the donor agency GEF. However, some of the NEAs had additional reporting requirements from their respective mother agencies (SNV, WWF). Additional to the project reporting required by UN Environment/GEF, FSC recently produced an interesting book with the experiences from the project, called "ForCES: Creating incentives to protect forests by certifying ecosystem services", ©FSC 2017, 116 pp.

Project Reporting is rated 'Satisfactory'

(ii) Monitoring design and budgeting

137. As mentioned regarding the quality of project design, the fifth component “Monitoring & Evaluation Plan” was included in the document for GEF CEO endorsement, but later taken out. It should, in the opinion of the Evaluator, have been maintained based on the project logic, because it has concrete outputs that are not related with project monitoring, but with establishing a system for monitoring of environmental services. This included national impact studies on awareness and ‘change of behaviour’ towards increased level of certified forests and relevant M&E data compiled. When the component was taken out, even after GEF approval, it seems to have been because the GEF management fee is only 5%, so the decision was taken in UN Environment to include these outputs in other components not related with monitoring of the project itself.

138. The project’s monitoring plan was designed to track progress on implementation against the targets defined in the Results Framework, approved together with the project document and also in the GEF CEO endorsement document. As mentioned initially, there were baselines, targets and SMART indicators for outcomes but not for the outputs. The definition of the outputs made them often not measurable, nor time-bound. The milestones in the M&E Plan were more specific than the targets in the Results Framework, but in that case mostly at output level, and they were not clearly related to the outputs in the Results Framework. The definition of targets for each pilot country followed the same pattern, they were clearly not SMART indicators, and very often they described activities instead of expected outputs. On the bright side, the responsibilities for monitoring were defined in the M&E Plan, and there was also an M&E budget.

139. The budget for Monitoring & Evaluation was US\$395,000 including US\$245,000 co-financing. It is necessary to highlight that this amount should cover not only relevant M&E data from all pilot countries, but also Inception Workshop, Inception Report, measurement of Project logframe indicators, and National impact studies. This showed not to be enough, and the budget restrictions were one of the reasons the NEAs did not proceed with the impact studies.

Monitoring Design and Budgeting is rated ‘Moderately Unsatisfactory’

(iii) Monitoring implementation

140. Despite certain deficiencies, the monitoring system was operational and facilitated the timely tracking of results and progress towards project outputs and outcomes. According to UN Environment’s TM, FSC was most often able to deliver the progress reports on time based on project monitoring combined with progress reports from the NEAs. He mentioned FSC as a high quality executor, an organization that accepted critics, and which it was possible to have a dialogue with to steadily improve monitoring and reporting. Some examples of this dialogue was the TM’s critical position to FSC Chile’s administrative capacity from the start, and after a year it was improving and picking up speed. The TM was also much involved with Indonesia, where the problem was not so much the quality but more the slowness of the processes. In Vietnam, the TM observed that SNV in the beginning did not have much technical involvement, but did more project administration, and it was also a lot of staff changes. These issues improved gradually throughout the implementation period. The information generated by the project M&E system was used to steadily improve effectiveness of execution and ensure sustainability with focus on both the overall project goal and the benefits for local stakeholders.

141. GPMT carried out excellent quality supervision of the NEA’s monitoring and reporting, and UN Environment also did an excellent supervision of FSC. The result of this supervision was a

gradual improvement of monitoring implementation throughout the project execution period. As mentioned in other parts of this report, the project was very responsive to gender equity, indigenous peoples rights and other aspects of human rights. Regarding indigenous peoples this was well reported, based on their integration in different project activities and the FPIC. ANSAB also monitored and reported on the Dalit's activities, as a valuable aspect of human rights. However gender reporting was not so complete. Many NEA's didn't report on the topic at all, or sporadically, and when women were mentioned it was normally as headcount or % of an activity, normally training (see socio-political sustainability in chapter H). Some NEAs mentioned that the budget allocated for monitoring was not enough, especially when the project increased its focus on impact monitoring (see iv).

Monitoring Implementation is rated 'Satisfactory'

(iv) Impact monitoring

142. As discussed in the chapter on quality of project design, the results framework used in the project is efficient to monitor and report compliance with outputs and outcomes at specific dates or years compared with a baseline. But it does not define expected impacts, which is a priority issue for GEF and UN Environment. The Project Document mentioned that impact indicators would be agreed upon and monitored later, however the problem was lack of baseline in each country, except for the more scientific sample studies done by CIFOR.

143. As mentioned in the chapter on likelihood of impact (V-C iii), there are two levels of impact made by the project: (i) the long-term impacts of a new certification system for ecosystem services, and (ii) the environmental, social and economic impacts caused in the pilot areas during implementation. For this second type of impacts, the project established a "tracking tool" for monitoring of results and impacts in each pilot country, which should not be confused with the GEF tracking tool. The following table shows a few examples of the content in these national tracking tools. However, they also included socio-economic data, such as income from the forest.

144. Monitoring and evaluation activities at national level in the pilot countries included data being collected and analysed at sites following *data collection protocols* developed with CIFOR and Kyoto University (for PT Ratah Timber); as well as significant support (including field visits) to partners for data collection to present evidence related with ES certification.

Table 20. Some examples of content from the pilot countries "tracking tool" filled in by NEAs.

| Chile | | | | Indonesia | | | |
|---|-------------------------------------|----------------------|-------------------|---|---------------------------|---|----------------------------|
| Targets and Timeframe | Foreseen at project start | Achieved at Mid-term | Achievement Final | Targets and Timeframe | Foreseen at project start | Achievement at Mid-term | Achievement Final |
| Project Coverage | | | | Project Coverage | | | |
| Landscape/sea-scape <u>directly</u> covered by the project (ha) | 200,000 | 318.305,78 | 2.111,09 | Landscape/sea-scape <u>directly</u> covered by the project (ha) | 474,600 | 95,000 ha FSC certified | 93,610 ha FSC FM certified |
| Landscape/sea-scape <u>indirectly</u> covered by the project (ha) | 318.305 | 0 | 3.711,09 | Landscape/sea-scape <u>indirectly</u> covered by the project (ha) | 932,000 | 465,000 ha of management unit managed by KPH or FMU | |
| Name of Protected Areas (PA) | IUCN and/or national category of PA | Extent in ha of PA | | | | | |

| | | |
|------------------|---------------------------|--|
| Predio Praderas | Private conservation area | 463,49 ha are PA (Total in Management Unit = 1.723,8 ha) |
| Predio San Jorge | Private conservation area | 77,81 ha are PA (Total in Management Unit = 307,57 ha) |
| Fundo Raimilla | Part of a Water catchment | 63 ha |
| Fundo Vieille | Part of a Water catchment | 16,72 ha |

| | | |
|--|-------------------------------------|---|
| Landscape/sea-scape indirectly covered by the project (ha) | 932,000 | 465,000 ha of management unit managed by KPH or FMU |
| Name of Protected Areas (PA) | IUCN and/or national category of PA | Extent in ha of PA |
| Danau Sentarum National Park | IUCN Category II | 132,000 ha (whole National Park) |
| Betung Kerihun National Park | IUCN Category II | 800,000 (whole National Park) |
| Gunung Rinjani National Park | IUCN Category II | 125,000 ha (whole National Park) |

Nepal

| Project Coverage | Foreseen at project start | Achievement at Mid-term | Achievement Final |
|---|--------------------------------|-------------------------------|--|
| Landscape/sea-scape area <u>directly</u> covered by project (ha) | 121,790 | 57,545 | 57,545 |
| Landscape/sea-scape area <u>indirectly</u> covered project (ha) | 250,000 | 212,900 | 212,900 |
| Protected areas (PA) | Name of Protected Areas | IUCN and/or national category | Extent in ha of PA |
| | Gaurishankar Conservation Area | IUCN Category VI | Part of conservation areas (7563 ha of 217,900 ha) |
| Targets and Timeframe Specific management practices that integrate BD | Foreseen at start of project | Achievement at Mid-term | Achievement Final |
| 1. Community forestry (ha) | 22,596 | 11,391 | 15,398 |
| 2. FSC certified area in pilot sites (ha) | 3,542 | 3,542 | 3,542 |

| Vietnam | | | |
|---|---|---|--------------------|
| Targets and Timeframe Project Coverage | Foreseen at project start | Achievement at Mid-term | Achievement Final |
| Landscape/sea-scape area <u>directly</u> covered by project (ha) | Huong Son, Ha Tinh: 38,000 ha | 5.000 ha certification plan | |
| Landscape/sea-scape area <u>indirectly</u> covered by project (ha) | Vinh Tu, Vinh Linh, Quang Tri: 1,000 ha | 400 ha under certification plan | |
| Protected areas (PA) | Name of Protected Areas | IUCN and/or national category of PA | Extent in ha of PA |
| | Ngan Pho River Protected Area | II | 19,000 ha |
| | Natural forest and sand | VI | Approx. 450 ha |
| Targets and Timeframe Specific management practices that integrate BD | Area of coverage foreseen at start of project | Achievement at Mid-term Evaluation of Project | Achievement final |
| 1. FSC certified area within pilot sites | 400 ha | 400 ha are planned to get FSC certified | |

Overall Rating for Monitoring and Reporting is 'Moderately Satisfactory'

H. Sustainability

145. The Evaluator considered four dimensions of sustainability: (i) Socio-political; (ii) Environmental; (iii) Institutional; and (iv) Economic-financial. The socio-political dimension included also social aspects.

(i) Socio-political

146. The Country Ownership from a **Governments'** point of view is not so strong in ForCES as in many other projects, and that makes sense. First of all, the FSC *voluntary* forest certification system is based on collaboration between the environmental-social sectors and the private sector, but it doesn't include the public sector as a major player. Many governments recognize the value of FSC certification for sustainable forest management and promote it, while others (such as in Vietnam) have set up their own "certification system" that in fact only is a new name for the Government's compulsory monitoring, supervision and permit system for the forestry sector. This however did not negatively affect project activities in Vietnam, since FSC

certification is a voluntary system and the project was implemented with a positive attitude from the Government.

147. With the inclusion of ecosystems services in forest certification, the general public's (and Government's) interest in this certification is increasing. On the subject of water there are often public drinking water companies or hydroelectric power plants that benefit. Also on the subject of carbon, the whole country is the monitoring unit for REDD+ and the compensation money enters through the governments.
148. The ForCES project has therefore experienced an increased interest from the public sector and also the need for a stronger dialogue with the governments. It is necessary to achieve long-term sustainable solutions. The Evaluator noted strong interest and political support for the results of the Project in all the countries visited, where the governments are starting to consider ecosystems services in their long-term planning, e.g. in Nepal where the Government has proposed to carry out a new countrywide project based on the ForCES model. The stakeholder assessment (see table 7) includes many public sector institutions that have collaborated with the project and even some that have given co-financing. The FSC DG mentioned that in the future the governments might be represented in FSC. That would strengthen FSC and give opportunities for increased financing without losing independence, thanks to the strength of the other three sectors within the organization.
149. As mentioned throughout this report, the **communities, indigenous peoples, rural organizations, local companies and women** have been integrated in the Project implementation as important partners for the local pilot projects, and many of them consider the Project results in their plans for the future. ForCES has resulted in awareness raising, and based on the positive results achieved recorded in the M&E system, combined with follow-up from local partners, the Evaluator expect that they would last and probably increase beyond the Project period. It is the same as for impact; the sustainability of the project's results is on global level, national level and site level. The pilots combined with NEAs work in national standard developing processes have already led to changes in national and global FSC standards. The sustainability of these standards is assured when they are being institutionalized as part of the FSC system.
150. For the local stakeholders, the importance for them is the local pilot projects. In the cases where there are positive results that show a *market* for the ES tried out, the activities would be continued through local FSC partners, communities, firms and other stakeholders. The sustainability on local level also depend on the strong conscience building that has been developed through ForCES, and the capacity building that the project did in collaboration with local partners. The Evaluator's visits to three pilot countries confirm that the capacity building carried out through the project and the partnership with local stakeholders have created a strong ownership of the process and recognition of what is in their own interest that would strengthen the sustainability of the results.
151. The participation of women has been strong in all pilot countries, however maybe a bit weaker in Indonesia. The strongest participation of women, at least in number, has been in Nepal, where approximately 7,600 women (40% of the total) from 90 community forestry user groups (CFUG) received training on certification of ecosystems services in the framework of ForCES. In this country 3,909 women (37.6% of total) participated in the general assembly of CFUG and endorsed the forest management plan, which includes the provisions to fulfil the requirement of FSC Sustainable Forest Management Standards with additional ecosystem services certification.

152. But for the issue of sustainability gender mainstreaming is more than headcount. It has to do with women empowerment and influence on all levels, and the women's traditional conservation of nature and sustainability perspective. Often the gender issue is not highlighted so much anymore when the women start to see it as natural for them to manage the companies and organizations, which is the case e.g. in FSC Chile and the pilot areas in that country.

Socio-Political Sustainability is rated 'Highly Likely'

(ii) Environmental

153. In line with the definition of sustainability in the Brundtland Report (1987), *environmental sustainability* could be defined as "meeting the needs of the present without compromising the ability of the environment to meet the needs of future generations".

154. This is right at the core of what the ForCES project has been trying to achieve. Environmental, Social and Economic sustainability is the basis for FSC certification. For that reason, all forest units or companies that would like to be FSC certified have to comply with these three aspects of sustainability. The ForCES project is no exception, but it has also demonstrated the important issue that it is possible to achieve social and economic progress *through environmental sustainability*.

That is a new vision: Environmental sustainability not as a limitation, but as an opportunity for development.

Environmental Sustainability is rated 'Highly Likely'

(iii) Institutional

155. The Evaluator assessed the institutional sustainability of the project mainly based on what the new certification system for environmental services would mean for FSC. The organization was sceptical of the topic at the start, but the FSC General Management is now happy that they addressed it. The FSC Director General mentioned, "It is a reminder of the need for new ideas, which would not have come forward without the project". The organization's highest governing document now includes ecosystem services, with generic indicators for all national standards. Still to come are the procedures for how to measure impact; guidance document and marketing for the new system. Regarding the question of whether a focus on ES would be maintained, he responded that "once it is included [in the global standard] it is not very likely, or easy, to get it out". That means that ForCES has changed FSC institutionally.

156. The FSC Director General also thinks strengthened focus on ES would change the institution in the way it works with partners. The FSC has a tradition with strong focus on the private sector and markets, and therefore certain scepticism to governments. It is still like that, except for in the case of carbon, but the tools ForCES has developed are very relevant for work with governments and international agencies. In January 2017 they had a meeting with the World Bank that is interested in FSC's work on Ecosystem Services and Indigenous Peoples.

157. The process is moving very fast. In the month of July 2017 41 national certification standards for ecosystem services were under development, 24 countries have expressed that they want to include it, and more countries may follow later. In 40-50 countries that currently have FSC interim standards they now have to include ecosystem services. The next step is showing results, through regional strategies and dialogue with partners. Market demand is the key issue, but large companies such as IKEA are already interested. The FSC must ensure that it is made user friendly and that the companies understand certification of ES as a tool for them to

perform. The FSC has already developed a carbon-monitoring tool, but it is more difficult to monitor other ecosystem services such as biodiversity.

158. During project implementation FSC's website was used to establish the ForCES webpage as a knowledge-sharing platform for all interested stakeholders. If there is no second phase of the project, the information regarding certification of ecosystem services would be integrated in the general website of FSC.
159. Appropriation of Certification of Ecosystem Services is making FSC stronger. Already before that process started, the FSC system was the most respected forest certification because it had the confidence and backing from indigenous organizations and large environmental organizations such as WWF and Greenpeace, while other certification alternatives such as FLEGT cover only legality, not sustainability. With inclusion of certification of ecosystem services, probably no other certification system would be able to compete, at least in the industrialized countries markets. Now it is time for capacity building for certification companies and their staff, so the demand can be met.

Institutional Sustainability is rated 'Highly Likely'

(iv) Economic-Financial

160. Inclusion of ES into FSC global standards does not require further financial support to be sustained, because even in the absence of further financial support ES will remain in global and national standards. However, as mentioned in other parts of the evaluation report, it would be an advantage for the FSC certification system to carry out more pilots, especially in regions that were not included in ForCES such as the Amazon and the Congo basin. Pilots in these areas would promote ES certification in important tropical regions and at the same time give further lessons learned that could lead to new national standards and potentially even adjustments of the global standards.
161. The economic and financial sustainability of the project is based on the costs and benefits of the project outcomes within a long-term perspective, and if these would be economically sustainable in the future without project donations. As mentioned under (iii) above, this is a market issue. FSC must assure user-friendly certification tools that don't increase the cost of certification too much. According to different sources inside and outside the project, it should be possible to include certification of ecosystem services such as carbon sequestration in a standard forest certification with only a ten percent additional cost. The prices for other ecosystems services would vary according to the requirements to the assessors, were the details still have to be developed and decided.
162. Under the condition that the certification of ecosystems services would be a success, and everything indicate that it would be, the system would be economically self-sustained. It is a question of supply and demand for ES and BD certification, where the buyer of the certification services would have to pay for it. This doesn't eliminate the possibility that large international players such as the UN and the development banks (through the governments) might subsidize these certifications because they are in a clear public interest. This would be especially feasible in areas of indigenous communities and poor populations, where certification (followed by PES) could be part of programmes for poverty alleviation.
163. The report has mentioned some positive examples where certification of ES are or could be part of sustainable business models. In Carahue Imperial, Chile, the two companies Bosque Cautin and Forestal Mininco are supporting a business model based on enhancement of biodiversity to facilitate the Mapuche indigenous communities' sustainable extraction of

medicinal plants, which are used locally and sold to a local hospital that has a traditional indigenous medicine section. It was first planned as a PES mechanism, but it later turned out to be a mutual benefit agreement between the firms and the communities, where the monetary transaction is carried out between the communities and the hospital. In Nepal a PES scheme was established for watershed conservation, and in 2016 a water company initiated payment to two Community Forest User Groups for drinking water originating from the forests. In Indonesia the Lombok site had already established a PES scheme for watershed protection before the project started, however during project implementation gradually more companies have shown interest in participating. The Huong Son forest company in Vietnam has a business model that includes payment for carbon sequestration and conservation of forest carbon, while in the other Vietnam pilot site (Quang Tri) purchasers are paying a 10-12% premium on the price of FSC certified timber that will increase with 1-2% due to soil & water conservation.

164.Regarding other local pilot projects, it is important to highlight that a project could have very positive environmental and social impacts even if a certain environmental service does not appear to be financially feasible, maybe due to low market demand. This is part of the reason why it was necessary to do field trials combined with market studies. After the ForCES project it is therefore expected that economic-financial sustainability would be reached in some areas but not in all. For instance, in the West Kalimantan pilot area of Indonesia they are still working to develop and improve the ecotourism alternative, but right now the indigenous peoples in the area earn from lodges and as guides, but don't receive anything additional for protecting the biodiversity. It could be an argument for additional fees from the tourists, but based on the volume of the business it doesn't justify the cost of certification. For the Mechaico watershed in Chile (focused on potable water) there is probably low willingness to pay among consumers, because they consider they are already paying too much for a deficient product. A new water fund promoted by ForCES would require the local water company to pay most of the costs of sustainable watershed management, but since this company is in a monopoly position the results of negotiations with the firm are not sure to achieve financial sustainability.

165.In general, the economic feasibility of each pilot depends on the local stakeholder's success in establishing sustainable business models for ecosystem services (watershed protection, carbon, biodiversity, etc.) based on the market and what they have learned through the project. Some of these businesses could be strengthened through certification with international FSC accreditation.

Financial Sustainability is rated 'Highly Likely'

Overall Rating for Sustainability is 'Highly Likely'

I. Factors affecting performance

166.These factors have been discussed in different sections of the document, so this chapter presents a brief summary. Ratings for these factors are also given in the ratings table.

167.**Preparation and Readiness:** The inception stage of the project (PPG) was used for establishing the Global Project Management Team (GPMT) and interaction with the national executing agencies (NEAs) and other important organizations such as CIFOR, as well as securing a large amount of co-financing. One of the criteria for selection of the NEAs was their knowledge and understanding of FSC and the FSC certification system, as well as ecosystems services. Weaknesses in that knowledge were addressed during the PPG phase, including through two international workshops, but it later became clear that this exposure had not been sufficient,

because the organizations did not have a deep understanding of what the project aimed to achieve. No major changes were made to the project document, except for the change of one pilot area in Vietnam. One component focusing on project M&E and also on setting up an M&E system for environmental services was integrated into the other components. Preparation and readiness is rated 'Moderately Satisfactory'.

168. **Quality of Project Management and Supervision:** There has been excellent monitoring and supervision throughout the implementation period, both from FSC (GPMT) with headquarters in Bonn, Germany, towards the NEAs, and the supervision from UN Environment (Task Manager established in Bangkok, Thailand) towards FSC. In the beginning FSC's Global Project Manager had to use half of her time for problem solution, but it gradually improved. The supervision and continuous follow-up has resulted in good effectiveness of the project outputs and outcomes achieved. A considerable delay of execution resulted in two extensions, however this was more due to an overly optimistic project design than to weaknesses in management efficiency. The international Steering Committee played the role of decision-maker, while the National Steering Committees had an advisory role, and were therefore used more as a forum for maintaining productive partner relationships with national stakeholders. Supervision of risk management has been difficult since risks included in the Risk Table were not the same as those identified in ProDoc and Results Framework. On the other hand, the Risk Table included probability of occurrence, but not impact in case of occurrence, making it difficult to define which were the major risks. The risks have been monitored throughout the project implementation, but on national level the risk mitigation was most often ad-hoc. Quality of project management and supervision is rated 'Highly Satisfactory'.
169. **Stakeholder Participation and Cooperation:** There has been a broad stakeholder participation based on the partner organizations', other organizations' and local stakeholders' real interest in the topic of ecosystems services. The achievements in each country depended much on the quality and efficiency of the National Executing Agency, where Nepal showed the strongest performance. Despite a small global team, the GPMT were able to achieve effectiveness in communication and consultation with the NEAs through a project website, bulletins, monthly Skype meetings with each NEA, and frequent e-mail communication, as well as training events. The GPMT also carried out supervision and advisory missions, and one FSC advisor was transferred to Asia (Vietnam) from January 2015. Most of the contacts with local stakeholders and field activities were the responsibility of the NEAs. Reporting was completed each semester using the GEF format, from NEAs to FSC, from FSC to UN Environment and onwards all the way to the GEF Secretariat. Stakeholder participation and cooperation is rated 'Highly Satisfactory'.
170. **Responsiveness to Human Rights and Gender Equity:** One of the strengths of the project on local level has been the attention given to facilitating conflict resolution; bringing opposing stakeholder groups to the same table, e.g. private sector companies and indigenous communities in Chile. Regarding human rights, the project worked efficiently with indigenous peoples (including application of FPIC) and integration of other traditionally discriminated groups, for example the Dalits in Nepal. Regarding gender equity, there has been a high level of female participation in nearly all the local project activities. All NEAs had a special focus on gender equity except for Indonesia, however gender did not have an important place in the project's monitoring system. Responsiveness to human rights and gender equity is rated 'Highly Satisfactory'.
171. **Country Ownership and Driven-ness:** The Country Ownership from the Governments' point of view is not so strong in ForCES as in many other projects because the FSC *voluntary* forest

certification system is based on collaboration between the environmental/social sectors and the private sector, but it doesn't include the public sector as a major player. Many governments recognize the value of FSC certification for sustainable forest management and promote it, while others (such as in Vietnam) have set up their own "certification system" for the Government's monitoring of the forestry sector. With the inclusion of ecosystems services in forest certification, the general public's (and Government's) interest in certification is increasing, especially on subjects such as water and carbon. The project has also a strong ownership on local level, from CSOs, communities, indigenous peoples, and other stakeholder groups. Country ownership and driven-ness is rated 'Highly Satisfactory'.

172. **Communication and Public Awareness:** The project has carried out efficient communication and awareness campaigns through the FSC global network, towards the general public, and through partners in the pilot countries. Training and capacity building on certification of ecosystem services has been carried out with participation of a large number of people in all four pilot countries. Experience-sharing has also been carried out through a few workshops with participation of all pilot countries. The existing websites in FSC and national partners were used effectively. FSCs website was used to establish the project's webpage that was open for feedback from the public. Communication and public awareness is rated 'Satisfactory'.
173. **Catalytic Role, Replication and Scaling Up:** As it has been demonstrated through this evaluation report, the ForCES project was designed to have a catalytic role and complied with that goal. The pilot activities carried out through ForCES are being replicated in many other countries; 41 national certification standards for ecosystem services are under development and in 40-50 other countries with FSC interim standards they now have to include ecosystem services. The results of the pilot projects are being scaled up through approval of a new FSC certification system for ecosystem services that is being promoted on global scale. Catalytic role, replication and scaling up is rated 'Highly Satisfactory'.

VI. CONCLUSIONS AND RECOMMENDATIONS

A. Conclusions

174. The world's ecosystems provide valuable services such as climate change mitigation and adaptation, biodiversity conservation, watershed protection and disaster risk management, but more than 60% of these ecosystems are either degraded or used unsustainably, with severe consequences for human welfare (par 19). This is the cause and justification for the ForCES project, which was designed with the vision that sustainable forest management plans should incorporate ecosystems services within a holistic approach. The project's goal was to incorporate and strengthen biodiversity and other ecosystems services within FSC certification (par 20).
175. The project focused on expanding and enhancing global and national certification standards, applied to emerging markets for biodiversity conservation and ecosystems services, as a step towards successful models to improve ecosystem functions (project objective). To reach this goal the project was implemented in the four pilot countries Chile, Indonesia, Nepal and Indonesia, through components on improved certification models, market assessment, pilot projects, awareness and promotion, and monitoring & evaluation (par. 22).
176. The ForCES project tested the theory that certification of ecosystems services would work to benefit conservation of forests, and social and economic development for the population. However, the project was implemented in only ten pilot areas in four pilot countries, which makes the data set rather limited for robust general conclusions. This was partly mitigated through studies of other examples of ecosystems services that were not part of ForCES. Another limitation to the generalizability of the pilot site results was that the African continent and the Amazon basin were not included (par. 46).
177. The ForCES project had a strong strategic relevance as a contribution to the overall GEF Goal "Conservation of Forest Biodiversity" and UN Environment's Sub Programme "Ecosystem Management". The project is also strategically very relevant for the FSC member base in the environmental, social and economic chambers (par. 35). The selected pilot countries and geographic pilot areas have been relevant, considering economic and environmental factors, institutional setup and situation of local stakeholders, as well as to be able to pilot test certification of different types of ecosystem services.
178. FSC committed in its Global Strategic Plan 2015-2020 to offering new tools for certificate holders to access ecosystem services markets. This is part of a broader strategy to increase the market value of FSC, as ecosystem services can result in increased benefits for forest owners, smallholders, Indigenous Peoples and community-managed forests. The results of pilot trials through ForCES were used to develop the first draft of the procedure of certification on ecosystems services, recently submitted to public consultation. The FSC Director General highlighted that *"without the project FSC would not have incorporated ecosystem services, so it is changing the overall strategic direction of the organization"*(par 35).
179. Regarding the decision to start developing a new certification system despite an expected weak market potential for certain ecosystem services (except carbon), the Evaluator considers that it was the right thing to do. Through the ForCES project the process of certifying ES has made a large jump forward and is being taken seriously. It is also strengthening FSC in the eyes of environmental and social organizations, and it is a new market for FSC where donors and governments would appreciate its gradually developing expertise.

180. Even though a version 5 of FSC's Principles & Criteria including Ecosystems Services was approved as early as the year 2012, this document did not yet provide the possibility to carrying out certifications, which is the essence of FSC activities. A draft procedure for demonstrating impact of forest stewardship on ecosystems services has been elaborated and is expected for approval in March 2018.
181. The project had an excellent performance in terms of effectiveness, achieving 91.9% of its expected outputs (table 13) and 95.6% of the expected outcomes (table 15). Draft National FSC standards have been developed in all the pilot countries, including ES requirements, and new business models for ecosystems services have been developed in all four countries. The project was however extended by 15 months until Dec. 2016. This was not due to low efficiency but rather because of a too optimistic project design. FSC through its extended network has shown to be an excellent executing agency.
182. The relation between implementation progress and budget resources invested shows that the project in general was implemented efficiently. It could however have achieved an even stronger cost-effectiveness (cost/benefit) if it was a larger global programme, because many of the centrally administrated costs (for M&E, finance management, etc.) would not have increased with the same degree.
183. The Project's strategies and goals have been transparent from the early design throughout the implementation, with broad stakeholder engagement and information on the project's progress and outputs, through its website, newsletters, publications, training events and seminars. High quality products have been delivered, often in the form of study reports, methodologies, procedures, etc., partly a result of the professional competencies of FSC, CIFOR and the main partners and partly a result of the FSC's standard procedure of reviewing all documents several times before approval.
184. There is a high degree of satisfaction among the main stakeholders with the products and services they obtained through the project, mainly technical assistance, training events and information material. One observation would be that due to the high technical level of most information and training material it would be difficult for local stakeholders such as community members to understand it, many of whom are even illiterate. This has been partly mitigated through the participatory approaches at the local level promoted by local partners and their collaborating organizations (par. 70).
185. The ForCES project has played a catalytic role, and the process is already evolving quickly in many new countries. There are no signs of duplication of efforts with other projects, but on the other hand many synergies, e.g. with on-going REDD+ projects. The lack of duplication is logical since FSC is in a unique position internationally, and any similar project would have needed collaboration from FSC to be relevant (par. 81).
186. A very positive effect of the project has been facilitation of *social conflict resolution*. This is partly a result of FSC's structure and way of working, bringing the business sector into dialogue with the social sector such as indigenous peoples and environmental NGOs, but it is also due to excellent NEAs that have understood the need for dialogue and inclusion of all major stakeholders to achieve lasting results (par 92-94).
187. The project had initially many implementation challenges and therefore a slow start. The NEAs also needed a deeper understanding of the project goals to be able to do a good job on how to reach them. Much high quality supervision and follow-up from GPMT towards the pilot countries gradually improved the situation. GPMT defined and carried out an efficient coordination strategy with the NEAs (par 118).

188. With the inclusion of ecosystems services in forest certification, the general public's (and Government's) interest in this certification is increasing. On the subject of water there are often public drinking water companies or hydroelectric power plants that benefit, and on the subject of carbon/REDD+, the compensation money enters through the governments. The ForCES project has therefore experienced an increased interest and stronger dialogue with the governments (par. 148-149).
189. There is great interest among large international stakeholders, such as the UN and World Bank, which present opportunities for future co-financing and broadening of FSC's way of working. There are also many synergies with other international initiatives, such as REDD+, that could need certification to increase confidence among funding agencies and the general public.
190. The ForCES project was addressing issues at the core of environmental sustainability. The project has demonstrated the important lesson that it is possible to achieve social and economic progress *through environmental sustainability*. **That is a new vision: Environmental sustainability is not a limitation, but an opportunity for development.** (par. 154-155).
191. The evaluation has addressed the strategic questions mentioned in the TOR, with the following results:
- a) The advantage of the project's approach of extending forest certification to ecosystem services compared with other mechanisms for sustainable forest management (e.g. REDD+) is that since FSC is already the most important forest certification organization, including ecosystems services would have an important positive environmental impact, combined with social and economic benefits for local stakeholders. It is however not an alternative to other forestry development approaches, but rather a complement that could be included as a component in most forestry projects. An advantage of the certification approach is that it could be combined with traditional forest certification or carried out separately in a holistic approach where one or several ES are being certified at the same time. Another advantage is that it is aligned with public interests and most governments' policy for poverty alleviation, as well as the objectives of many international institutions such as the UN organizations and the development banks. A disadvantage of the approach is that it cannot be applied everywhere, because it has to be a market and willingness to pay for the ecosystem service, which is not always the case. Even though ForCES had only ten pilot sites, generalizations in regards to applicability could be drawn based on review because also experience from other PES initiatives were considered. However, it would still have been an advantage to count on a major number of pilot sites.
 - b) The pilot testing sites chosen represents an adequate set for developing and testing a global Forest ES certification system in the four pilot countries, however considering the limited number. It would have strengthened the overall project results if other geographic regions had been included, such as the Amazon and the Congo basin. The ES of Disaster Risk management was only indirectly represented in some pilot areas focused on other ecosystem services.
 - c) It was a sensible approach to start developing the system despite the expected weak, non-existing and still developing market potential for payment for certain ecosystem services. The reason is that with the ForCES project certification of ecosystem services has done a large jump forward, and the topic has been given high priority within the FSC framework.
 - d) It was a good choice to integrate CIFOR as a global project partner, to assure a scientific approach, especially for site monitoring and review of business models. RECOFTC

participated mostly in the design and PPG phase, but its role as a regional coordinator for South East Asia was eliminated due to project cost restrictions. The other international organizations WWF and SNV had a role as National Executing agencies (NEA), the same way as ANSAB and FSC Chile.

- e) The new normative framework that FSC is putting in place to demonstrate the impact of forest stewardship on ecosystem services is adequate for this purpose, and will be effective once approved and replicated globally through the FSC network.
- f) The management, policy and organisational structure and resources made available through FSC and partners gave an adequate support for development of the ForCES system. However it was too optimistic to be able to carry out all project activities in only five years and also be able to approve the new certification system. Even though the selected NEAs were good choices, a limitation from the start was the lack of deeper understanding regarding what the project was about. A bottom-up approach therefore had to be turned around to improve project effectiveness and efficiency. The aspects that most support the sustainability and replication of the FoCES system are (i) the integration of certification of ES within the FSC system; (ii) the development of global and national standards for certification of ES; (iii) interest for certification of ES among global private market players; and (iv) major interest for certification of ES than for traditional forest certification among governments and international organizations, that could provide financing.
- g) The project engaged well with local corporate partners for development and adoption of the ForCES system. FSC's engagement with major global corporate partners regarding certification of ES is however still in an initial phase, in a dialogue that is based on the results of ForCES.
- h) FSC was actively and adequately seeking partnerships during the design and PPG phase, and obtained technical benefits regarding experience on ecosystems services, PES, market studies, etc. from collaboration with the global and national organisations mentioned in d). However, the project did not achieve much inputs from organizations with experience on *certification* of ecosystems services, because this is a completely new subject that was developed during the implementation of ForCES.
- i) The project has been able to communicate the evolving but rather complicated ForCES system to potential users in the pilot countries, and on global level through the FSC member network. In the pilot countries a large number of stakeholders have participated in discussions on new national certification standards and giving feedback on draft documents for the evolving system. On international level the same is the case for the global standards, through discussions within the FSC global network. The general outreach towards adoption at global scale is gradually strengthened based on the results of ForCES.
- j) The balance in project approach, involvement and system development for the varied interests and concerns was a result of the situation for each pilot area and pilot country, where the initiatives often built on previous experiences before ForCES. With the exception of Chile, there was a much stronger emphasis on smallholder/community forest stewards than on corporate forest concessions holders, partly due to the established NEA contacts and work approach. It is however expected that the private sector would be more strongly integrated in the work with certification of ES in all areas where there is a market potential. The national governments and public forest/environmental agencies have shown much interest in the ForCES process, since it coincides with many aspects of public interest.

- k) The ForCES project should be seen as a chain process where the field results and market studies from the pilot countries were a necessary pre-requisite for developing the broader and more sustained objectives of establishing FSC's new ecosystem services tools, and thereby improving forest managers' future access to ES markets. On national level the focus was on the pilot projects and developing national standards, while on international level the focus was on developing the new global system for certification of ecosystems services.
- l) The ForCES project team has through the mentioned process deepened its understanding of the value that the FSC certification of ES can represent for both buyers and sellers of these services. This understanding is reflected in the design of the new system, but it should not be considered only as a project outcome but as a result of the democratic process through the FSC member organization.

Table 21. Ratings Table

| Criterion | Summary Assessment | Rating |
|--|--|-----------|
| A. Strategic Relevance | | HS |
| 1. Alignment to MTS and POW | High degree of alignment | HS |
| 2. Alignment to UNEP/GEF/Donor strategic priorities | High alignment to overall goals | HS |
| 3. Relevance to regional, sub-regional and national environmental priorities | Relevant for priorities in SE Asia, S America and the pilot countries | S |
| 4. Complementarity with existing interventions | Built on on-going partner projects | HS |
| B. Quality of Project Design | See table 12: Good ratings except intended results and causality | S |
| C. Nature of External Context | Favourable consumer climate. Impact of earthquake in Nepal | F |
| D. Effectiveness | Very high compliance | HS |
| 1. Achievement of outputs | 91.9% compliance with targets | HS |
| 2. Achievement of direct outcomes | 95.6% compliance with targets | HS |
| 3. Likelihood of impact | Very high, but after implementation | HL |
| E. Financial Management | | S |
| 1. Completeness of project financial information | Information complete | S |
| 2. Communication between finance and project management staff | Excellent support communication | HS |
| 3. Compliance with UNEP standards and procedures | Satisfactory review, also TM opinion | S |
| F. Efficiency | Slow start, later efficient | S |
| G. Monitoring and Reporting | Satisfactory during implementation | MS |
| 1. Project reporting | Simple & efficient, using GEF form | S |
| 2. Monitoring design and budgeting | Not good logframe as basis for M&E | MU |
| 3. Monitoring implementation | Good implemented & supervised | S |
| H. Sustainability | Overall very high sustainability | HL |
| 1. Socio-political sustainability | High stakeholder ownership | HL |
| 2. Environmental Sustainability | High sustainability, basis for future | HL |
| 3. Economic-Financial sustainability | High sustainability through new business models and certification | HL |
| 4. Institutional sustainability | Integrated in FSC's core strategy | HL |
| I. Factors Affecting Performance | See par. 167-174 | HS |
| 1. Preparation and readiness | National partners needed more training and preparation | MS |
| 2. Quality of project management and supervision | Very good and efficient | HS |
| 3. Stakeholders participation and cooperation | High stakeholder participation on local and national levels | HS |
| 4. Responsiveness to human rights and gender equity | Highly satisfactory, especially social conflict resolution | HS |
| 5. Country ownership and driven-ness | Project integration of and support to National Standard processes | HS |
| 6. Communication and public awareness | Broad awareness processes on international and national levels | S |
| 7. Catalytic role, replication and scaling up | Very catalytic role: Replication of pilot projects and international scaling up of new certification model | HS |
| Overall project rating | | S |

B. Lessons learned

Generic lessons:

192. During design and negotiation phase FSC was afraid of taking on a large project, because of lack of experience with international agencies and because UN Environment informed that FSC would be responsible for the co-financing if the partners didn't come up with enough. However GEF has a cap on 10% for project administration, but for small and medium size projects the administration costs normally represent much more. A lesson is that it often is *more costly (in %) to manage a small than a large project*.
193. The project design was overly optimistic regarding what it was possible to achieve in five years. It is not only important to have a good technical design of a project, but also *to have a realistic time frame* for when to achieve the results. High management efficiency cannot make up for these errors in the design.
194. There was a selection criteria for NEA partners that they had to know FSC and Ecosystems Services, but the Global Project Management Team later found out that they didn't understand it deeply enough. The national executing agencies (NEA) need to *understand the project completely and its deeper purpose to be able to work efficiently*.
195. Since the best knowledge of the project topic was found at central level, which also maintained fluent contact with each individual national partner, they had to restructure the project from bottom-up to top-down. The lesson learned is that *a bottom-up approach (even though theoretically good) is not always the most efficient*.
196. Local community stakeholders could not understand the same technical information material used in the NEA's headquarters. Such material must be *simplified and specifically adapted to local conditions*, preferably in local languages, and complemented by direct participatory approaches to promote learning and capacity building.
197. FSC's way of working, which is reflected in its democratic member structure and three chambers, is very relevant not only for certification, which was well-known, but for social conflict resolution integrating human rights objectives. It is important to *bring all relevant stakeholders to the table to achieve dialogue and progress in conflict resolution*.

Lessons on forest certification:

198. FSC received confirmation of the hypothesis presented during the project design phase that it is *possible to develop sustainable business models based on certification of ecosystems services*, additional to carbon sequestration that was already well known.
199. Before the ForCES project there was much doubt inside and outside FSC regarding the market for certification of ecosystems services. Through the project FSC has learned that there is *great interest in the market for certification of ecosystems services*, including from large international companies.
200. The dialogue between FSC and the public sector has through the ForCES project been strengthened on local, national and international level. This is partly because *the public sector shows greater interest in certification of ecosystems services than on traditional forest certification*, due to the public interest, e.g. in conservation of water resources and protection against natural disasters.
201. FSC has often been regarded as an organization focused only on forest management and forest products. FSC has through the ForCES project broadened its scope, and would probably

be even more relevant in the future. *The ecosystems services are changing FSC, and there is no turning back.*

202. Through the project, FSC and UN Environment have got the confirmation that *certification of ecosystems services could be a vehicle to increased sustainability*, combining environmental, social and economic development objectives.

C. Recommendations

203. *According to the TOR for the Evaluation, recommendations should be proposals for specific actions. Since the project has terminated, only UN Environment could be held accountable for implementing recommendations. For the executing agency FSC the recommendations are therefore just ideas that FSC Management and partners could consider in light of the Terminal Evaluation findings, FSC's institutional strategy, available resources and inter-institutional dialogue:*

Recommendations for UN Environment:

204. Recommendation 1. Based on the great interest for ES certification among large international stakeholders and opportunities for future co-financing, UN Environment should immediately enter into dialogue with FSC on how to follow up the results of the ForCES project. This discussion could be broadened to include other UN organizations and development banks.

205. Recommendation 2. UN Environment should explore how to support FSC further in the area of ecosystems services, e.g. through collaboration on an international awareness and information campaign about certification of ecosystems services, in collaboration with UN, WB and other international agencies, and large NGOs such as IUCN, WRI, TNC, CI and WWF, as well as research institutions such as CIFOR.

206. Recommendation 3. Due to the finding that there is strong potential for synergies between certification of forest ecosystems services and REDD+, UN Environment should also start a dialogue with FSC, UN-REDD (that includes UN Environment, UNDP and FAO), UNFCCC, GEF, GCF and the Norwegian International Climate and Forest Initiative (NICFI), about the possibility of funding a certification mechanism for REDD+ (par. 41). Even though this is most related with the ecosystem service of carbon sequestration, REDD+ has developed further, and it would be necessary to develop a specific procedure including the problem with leakage, as well as compliance with environmental and social safeguards.

Recommendations for FSC and partners:

207. Certification of ecosystems services has not been tested by ForCES in important geographic areas such as the Amazon and the Congo Basin, as well as on ecosystems services such as mitigation of natural disasters (watershed protection, coastal zone protection, etc). FSC and main partners could therefore design a follow-up project on certification of ES with more resources, but not necessarily financed from GEF. If there is sufficient interest, an agreement about a new project could be reached already in 2018 (par. 161).

208. Based on the finding that the pilot initiatives that are assuring financial sustainability would continue, each National Executing Agency should review the possibility of following up the pilot projects even though ForCES has finalized, to avoid leaving local partners and communities on their own before sustainability is reached.

209. FSC's global procedure for demonstrating impact of forest stewardship on ecosystems services is scheduled for approval early in 2018. FSC could in the continuation consider preparation of more specific procedures for each of the most important ecosystems services, since they are very different and cannot be treated the same way.

210. On this basis, from 2018 FSC could consider starting training activities directed towards certifying bodies such as Rainforest Alliance, GFA and Bureau Veritas. As soon as these agencies have gone through training and show the required capacity they would be able to expand the scope of their certification, but certification of BD/ES would be very different from the FSC accreditation they already have that is focused on forestry and forest products. FSC would if necessary be able to integrate Accreditation Services International (ASI) in the accreditation activities that could be an on-going process.

ANNEXES

Annex 1. Response to stakeholder comments received but not (fully) accepted by the evaluator

| Stakeholder | Where in document | Comment | Response from evaluator |
|---------------|--|---|---|
| FSC HQ | Executive summary | I don't believe tourism was included in either of the Vietnamese pilot sites | Tourism is mentioned in the project Tracking Tool for Vietnam (Annex to project document) as a sector that is secondary (S) affected by the project. In the tracking tool for Vietnam 2017 tourism was mentioned as a sector that was focused by the project |
| FSC (Vietnam) | Rating of relevance (after par. 41) | I like how the score is quantified in B Quality of project design... Why not using same method here? | It is following UN Environment standard |
| FSC (Vietnam) | Table 12 Summary of project design review | When it is not a 6, I'd expect some recommendation on what should have been done to achieve excellent score. | The explanations are found in the text and summarized in the table. For criteria A the comment in the table refers to relation between external context given importance in design and what is most important for the outcomes. Comment from UN Environment Evaluation Office: A 6 (HS) means exemplary – no shortcomings – recommendations need to be prioritized and only major issues/problems highlighted, so it's not appropriate to have recommendations for very many minor issues |
| FSC HQ | Table 12 - D | FSC feels that this score should be higher given that UNEP was not using a TOC approach at the time of project design. If the project is assessed using the framework in place at the time, FSC believes the score is higher. | Even though the expression "TOC" was not commonly used at the moment of project design, the same logic should have been reflected in the Logical Framework and Project Document. Comment from UN Environment Evaluation Office: Ratings are benchmarked against current accepted standards of good practice |
| FSC (Vietnam) | Par. 54 | Maybe the evaluator could indicate the outputs in which we achieve more than expected? Calculate it still as 100 for the average, but add a +? | It would require too much work at this moment to go back to all sources to make complete calculations. Local seminars, persons trained and publications are probably on at least double the target. |
| FSC (Vietnam) | Table 13 | It would be nice for the evaluator to indicate what was missing (in some cases not fully clear) | As mentioned in par. 54, % compliance refers to output indicator as an average of the sub outputs (1.1.1.1, 1.1.1.2, etc.). FSC has this information available to analyze. Please note that the calculation of % compliance presented in the table already goes further in giving numeric results than what is common in other evaluation reports. |
| FSC HQ | Table 13: 5.1.1 | This score seems low, even based on the text description. How was it derived? | It is based on two expected sub outputs, where one of them was achieved. |
| FSC HQ | Completeness of financial information (After par. 101) | Why would FSC not achieve a stronger score here, especially in light of co-finance contributions? | Satisfactory is a very good score. The score is based mainly on <i>completeness of financial information</i> presented during the whole implementation period. |

Annex 2. Evaluation TOR

TERMS OF REFERENCE

**Terminal Evaluation of the UN ENVIRONMENT/GEF project
“Expanding Forest Stewardship Council (FSC) certification at landscape level through
incorporating additional ecosystem services”**

I. PROJECT BACKGROUND AND OVERVIEW

1. Project General Information

Table 1. Project summary

| | | | |
|--|----------------------------------|---|--|
| Executing Agency | FSC International | | |
| Participating countries | Chile, Indonesia, Nepal, Vietnam | | |
| UNEP PIMS ID: | | | |
| Sub-programme: | Ecosystem Management | Expected Accomplishment(s): | 2012-2013 1d 2012-2013 3b |
| UNEP approval date: | 30 Sep 2011 | PoW Output(s): | |
| GEF project ID: | 3951 | IMIS number | 2328-2740-4C27 |
| Focal Area(s): | Biodiversity | GEF OP #: | |
| GEF Strategic Priority/Objective: | SO-2 SP4 & SP5; SO7bis-SP6 | GEF approval date: | 09 August 2011 |
| Project Type: | FSP | GEF Allocation | \$ 2,880,000 |
| Planned duration | 48 months | Date of first disbursement | 06 Feb 2012 |
| Expected Start Date: | 1 October 2011 | Actual start date: | 1 October 2011 |
| Planned completion date: | 30 Sept 2015 | Actual completion date: | 31 December 2016 (with some selective activities by 28 February 2017) |
| Planned project budget at approval: | \$ 2,880,000 | Total expenditures reported as of June 2016 (QES Apr-Jun 2016): | \$ 2,458,110.37 |
| Disbursement as of 30 June 2016 (CAS Jan-Jun 2016) | \$ 2,338,552.47 | GEF grant expenditures reported as of [June 2016]: | \$ 2,245,309.14 |

| | | | |
|--|------------------|--|--------------|
| PPG GEF cost: | \$ 125,000 | PDF co-financing: | \$ 127,000 |
| Expected FSP co-financing: | \$ 3,893,900 | Secured FSP co-financing (as of 30 June 2015): | \$ 4,286,625 |
| Total cost | \$ 6,773,900 | Date of financial closure: | n/a |
| No. of revisions: | 2 | Date of last revision: | October 2015 |
| Mid-term review/evaluation (planned date): | Jan-Apr 2014 | Mid-term review/evaluation (actual date): | May-Sep 2014 |
| Date of last Steering Committee meeting: | 23 November 2016 | Terminal Evaluation (actual date): | May-Sep 2017 |

(Main source: PIR July 2015-June 2016)

2. Project rationale

1. Forests have a critical role in climate change regulation, watershed protection and maintaining biodiversity. Forest degradation thus has wide-ranging impacts on human welfare through contributing to the global climate change, deterioration of water supply services for e.g. agriculture and loss of fauna and flora. There is thus need to incorporate these considerations in forest management practices in order to ensure protection of these vital ecosystem services.

2. Different certification schemes have been developed in order to promote sustainable use of forests. However, the schemes generally only apply to timber production, thus falling short of including the wide range of ecosystem services the forests provide. Partly this is due to the low level of development of ecosystem markets, such as those for carbon sequestration. REDD+ (Reduced Emissions from Deforestation and forest Degradation, conservation of existing forest carbon stocks, sustainable forest management and enhancement of forest carbon stocks is an example of a market-based method of promoting forest biodiversity conservation and maintaining ecosystem services forests provide through the payment for ecosystem services (PES). However, PES has not been incorporated in forest certification schemes. There is thus need for certification schemes that could address the wider requirements for sustainable forest management. The certification scheme by the Forest Stewardship Council (FSC) is partly able to address this, such as through the principle of addressing biodiversity conservation through its High Conservation Value Forest (HCVF) concept and the principles of access to benefits by local populations and respect for indigenous peoples' rights. Regardless of these aspects, FSC is generally perceived as being focused on timber production, rather than addressing the wider ecosystem services.

3. The GEF-funded project "Expanding Forest Stewardship Council (FSC) certification at landscape level through Incorporating additional ecosystem services" (hereafter called the ForCES project), was developed to advance the sustainable use of forests through testing the application of FSC certification system beyond timber production to a range of ecosystem services. The project's intervention logic is thus founded upon adapting the existing successful FSC certification model to the new challenges raised by providing rewards for the supply of ecosystem services, known as payment for ecosystem services (PES). The purpose of the project was to improve and promote sustainable forest management for a range of ecosystem services through the medium of FSC certification. The project sought to test the application of FSC certification on the ground for additional ecosystem services including biodiversity, as well as recreational value of forests. In more practical terms, the project sought to develop measurable compliance indicators to be incorporated into FSC national standards in the pilot countries and into international standards. The project also set to determine the market demand, both in relation to specific services and also for the concept of bundling a set of such services under one certification process. The project was implemented in four countries, Chile, Indonesia, Nepal and Vietnam, with the rationale of collecting experiences from different kinds of settings

and demonstrating the applicability of the FSC system in practice. The project worked in collaboration with local and international NGOs as well as government agencies in the respective countries.

4. Chile (unlike the other three project countries) already had FSC National Standard endorsed when the project was developed, and therefore was expected to serve as an ideal pilot for testing the national adoption of an ecosystem services-based FSC system. Three field pilot sites were selected in Chile; the first site "Predio Carahue" comprised of 414 hectares of commercial plantations and 114 hectares of native forest and protection areas, all FSC certified. The intensive management of the plantation and the proximity to human settlements were factors perceived to negatively affect biodiversity conservation of the remnant natural forest at the onset of the project. The second site "Cuenca Rio Mechaico" is an important river basin providing drinking water to the nearby city. On this site, payment for ecosystem services of water quality was to be tested. The third pilot site, "Parque Pumalin, was a 300,000 hectares of free access temperate rainforests but subject to strict regulations for biodiversity and environmental conservation. The site provides an example of a 'high conservation value forest' and the site was selected to pilot test the certification of recreational services as well as biodiversity conservation.

5. In Indonesia, FSC has had a key role in forest certification and as a result, 1.1 million hectares of forest land was FSC certified at the time of the project development. However, timber and non-timber forest products remained the sole products that were being certified. This situation has limited the retention of other potential economic and ecological benefits of the forest resources. Three pilot sites were selected in Indonesia. The first pilot site is Lombok Island, on which (Rinjani Protected Forest), WWF Indonesia had initiated a scheme on payment for ecosystem services (water) in 2007. Rinjani Mountain covers 125,000 hectares of semi-evergreen and tropical rainforest, zoned into protection forest and national park. The PES scheme was adopted into the local government's policy, but it lacks proper certification and independent verification. The second pilot site in Indonesia in West Kalimantan was originally including an area of 73,000 hectares of rainforest with a high density of orang-utan, but later moved to a new location along the borders of the Danau Sentarum National Park. The project focus on this site was to be biodiversity conservation, water catchment and eco-tourism. The third site in Indonesia was East Kalimantan, where a private logging company was managing 276,600 hectares of lowland Dipterocarp forest and producing FSC-certified timber. The company has set aside 72,152 hectares of their concession for protection and reduced impact logging, of which 32,932 is identified and managed as high conservation value forest. Other potential ecosystem services identified at the area were soil and ground water conservation, landscape beauty, disaster risk prevention and watershed protection. The company in possession of the concession was interested in seeking ways to enhance the variety of monetary benefits from being FSC certified, but the challenges to meet these opportunities are modifications required to their forest management model and economic valuation of the environmental services available. On the pilot sites in both West and East Kalimantan, also capacity of stakeholders in meeting the certification standards was recognized as a major challenge.

6. The project had two pilot sites in Nepal. The first pilot site, "Charnawati" landscape covers an area of approximately 45,500 hectares of forest and was selected due to its recreational values, disaster risk reduction and carbon sequestration, but water supply was recognized as another potential ecosystem service. There are seven FSC certified community forests in the area, one pilot REDD+ project and many hydropower projects. The second site in Nepal is "Gaurisankar" landscape which covers approximately 76,290 hectares. The ecosystem services provided by the area include supporting international tourism, carbon sequestration and disaster risk reduction, with water supply is another potential ecosystem service in the site. The area includes part of a conservation area, three FSC certified community forests and has several hydropower projects. In addition, the area is rich in non-timber forest products.

7. In Vietnam, the project worked at two pilot sites. The first pilot site "Quang Tri" which consists approximately of 7,000 hectares of fragmented forests and where significant threats of deforestation were present at the time of the project development, such as agricultural encroachment, illegal logging, over-exploitation of non-timber forest products and infrastructure development. There were some on-going certification projects by SNV and WWF in the area prior to the project, with general stakeholder interest in certification for a range of ecosystem services, including watershed protection. The second site in Vietnam

was “Huong Son” in Ha Tinh⁵ consisting of approximately 38,000 hectares of hilly and lowland forest classified as Production Forest managed by Huong Son State Forest Company. It was a proposed new site for UN REDD programme as well as exhibits relative high levels of biodiversity, but it faces considerable threats from deforestation and degradation as well as wildlife poaching.

8. The project’s stakeholders were identified to include local government bodies involved in forest management, the state forest services or equivalents, private sector forest operations, national science institutions, national and international NGOs active in respect of social or environmental aspects of forest management, representatives of local communities, indigenous peoples and forest-dwelling or –using communities, and labour organizations or unions of forestry sector workers.

3. Project objectives and components

9. According to the project document, the project was to contribute to the overall GEF goal that forest biodiversity is conserved through a process where voluntary FSC certification incorporates expanded and enhanced global and national forest management standards, which are applied to emerging markets for biodiversity conservation and other ecosystem services. The project objective was formulated as “to pilot test expanded and enhanced global and national environmental standards applied to emerging markets for biodiversity conservation and ecosystems services as an initial step for upgrading successful models for FSC certification”. This was to be achieved through establishing FSC certification as a market tool for a wide range of ecosystem services, which are currently not adequately covered for sustainable forest management.

Table 2. Planned project components, outcomes and outputs (Source: Project document)

| Outcomes | Outputs |
|---|---|
| Component 1. Development of science-based certification models following FSC-principles and criteria, and targeting protection and marketing of ecosystem services | |
| 1.1 Improved global forest certification specifically incorporating biodiversity conservation and key ecosystem services | 1.1.1 Literature and market study of feasible ecosystem services; |
| 1.2 Enhanced business case for sustainable forest management through expanded FSC certification schemes | 1.1.2 Assessment of social and environmental costs & benefits of proposed certification models; |
| | 1.1.3 FSC ecosystem services strategy developed for selected SMEs |
| | 1.1.4 Development of new certification business models based on FSC principles and criteria; |
| | 1.1.5 Policy paper and approval expanded FSC certification business model(s) by FSC Board of Directors; |
| | 1.1.6 International standards developed and approved FSC IC Board |
| Component 2. International market assessment – perspectives and needs for standards to support well managed forests for biodiversity conservation and eco-system services | |
| 2.1 Enhanced insights and knowledge base for potentially accessing international markets for certified (i) biodiversity conservation and ecosystems services including (ii) carbon sequestration, (iii) watershed protection, (iv) disaster risk reduction, (v) recreation. | 2.1.1 Market demand surveys undertaken on ES-based FSC certification and published; |
| | 2.1.2 Priority areas and key ES identified in terms of competitive opportunity costs (cost/benefit); |
| | 2.1.3 Income generation/marketing strategies developed; |
| | 2.1.4 Design and analysis of financial viability of |

⁵ In the initial project document, the second pilot site in Vietnam was “Lam Dong” (approximately 30,000 hectares of hill and lowland forest, divided into plantation forest, protection forest and national park and where existing PES and REDD projects were on-going in the area at the time of project development).

| | |
|---|---|
| | new business models for ES-based FSC certification. |
| Component 3. National pilots prepared by country | |
| 3.1 Increased number and/or hectares of certified forest management schemes in pilot countries incorporating biodiversity conservation and ES | <p>3.1.1 Stakeholder assessment and empowerment including capacity building of forest-based communities;</p> <p>3.1.2 Measures for access and benefit sharing through PIC incorporated in pilot trial plans;</p> <p>3.1.3 Consultation with stakeholders on adoption of national standards covering biodiversity and ES;</p> <p>3.1.4 Establishment pilot site selection criteria;</p> <p>3.1.5 Spatial mapping of ecosystem services – pilots;</p> <p>3.1.6 Up to two FSC/PES trials (except in Indonesia > 4), each field tested, analyzed and approved in pilot countries;</p> <p>3.1.7 Effective national standards, indicators developed, field tested, and endorsed by FSC IC.</p> |
| Component 4. Awareness and promotion of FSC certification for ES | |
| 4.1 Greater sensitization of the potential of ES-based forest certification in four pilot countries, with subsequent outreach through the global FSC network. | <p>4.1.1 National dissemination workshops held, information and guidance materials produced;</p> <p>4.1.2 Strengthening capacity of staff of local partner agencies on expanded forest certification and PES services;</p> <p>4.1.3 The experiences are disseminated globally through the FSC network, in line with the development of international standards (component 1);</p> <p>4.1.4 Identified markets (Component 2) will be targeted and appropriate publicity materials produced;</p> <p>4.1.5 Follow-up visits undertaken to interested stakeholders (forest managers, certification bodies, private sectors interests)</p> |
| Component 5. Project monitoring and evaluation | |
| <p>5.1 Enhanced capacity of government to monitor impact of certified forests and plantations;</p> <p>5.2 Effective project M&E system showing attainment of outcomes and objective</p> | <p>5.1.1 Development and implementation of project M&E plan;</p> <p>5.1.2 National impact studies on awareness and change of behavior towards increased level of certified forests and plantations, at baseline, midterm and project completion;</p> <p>5.1.3 Government institutions identified, strengthened and enabled to conduct long term M&E.</p> |

10. In regards to linkages to UN Environment Medium-term Strategy, the project was stated to contribute to the 2012-2013 Programme of Work. It was stated to contribute to primarily the Ecosystem Management Sub-programme Expected Accomplishment b; *Countries and regions have the capacity to utilize and apply ecosystem management tools, as well as secondary the Climate Change Sub-programme Expected Accomplishment d; Reduction in deforestation and land degradation with countries moving towards sustainable forest management, conservation and full terrestrial carbon accounting based on tackling all drivers of deforestation and taking fully into account co-benefits and safeguards.*

4.Executing and Implementing Arrangements

11. The Implementing Agency of this GEF funded project was the UN Environment. UN Environment was responsible for the overall project supervision, ensuring consistency with GEF and UN Environment policies and procedures and providing guidance on linkages with related UN Environment and GEF-funded activities. The UN Environment - Ecosystems Division (DEPI) was to monitor implementation of the activities and to be responsible for clearance and transmission of financial and progress reports to GEF.

12. The Executing Agency of the project was the Forest Stewardship Council (FSC). It had the responsibility for the execution of the project in accordance with the objectives and activities of the project document. The FSC was to work closely with UN Environment and its main responsibilities included selecting the staff for the Global Project Management Team, planning for and monitoring the technical aspects of the project and monitoring progress in countries, managing and maintaining budgets, preparing, authorizing and adjusting commitments and expenditures and actively participating in all relevant project activities. Additionally, FSC was responsible for global project component activities such as development of normative standards, ES-indicators, policies and 'expanded' FSC certification impact monitoring systems. The Executing Agency was originally to establish a Global Project Management Team (GPMT) at RECOFTC office in Thailand to be responsible for the day-to-day management of the project, but this was later modified through housing this at the international centre of FSC in Bonn, and regular country supervision visits by FSC staff.

13. On need basis, the Executing Agency was to form separate committees or working groups to give advice on specific scientific and technical issues.

14. Each participating country was to have National Executing Agencies, as well as other key partners (including e.g. CIFOR and the Regional Community Forestry Training Center (RECOFTC) with responsibilities in regards the project technical activities and deliverables, as well as financial management through sub-contracts.

15. An International Steering Committee (ISC) was to be formed to provide political and strategic guidance for the project. The ISC was to meet at least once a year and to be responsible for the overseeing and approving annual work plans, budgets, as well as solving issues and other strategic decisions. ISC members were to include UN Environment, FSC and other key institutions that have a strategic and practical interest in the project.

16. Furthermore, National Executing Agencies were to establish National Steering Committees (NSC) of the principal actors and with similar functions to the ISC but following local practices.

5. Project Cost and Financing

17. The total budget of the project was US\$ 6,773,900, from which US\$ 2,880,000 was GEF financing and US\$ 3,893,900 was co-financing.

Table 3. Project funding sources and planned budget at approval (source: Project Document)

| Funding source | Planned funding | % of total funding |
|---|------------------|--------------------|
| Cost to the GEF Trust Fund | 2,880,000 | 42.5% |
| <i>Co-financing</i> | | |
| <i>Cash</i> | | |
| Asia Network for Sustainable Agriculture and Bioresources (ANSAB) | 150,000 | 2.2% |
| Astoraga Consultants | 9,000 | 0.1% |
| Bosques Cautin S.A. | 33,000 | 0.5% |
| Center for International Forestry Research (CIFOR) | 350,000 | 5.2% |
| Federation of Community Forestry Users (FECOFUN) | 10,000 | 0.1% |
| FSC Chile | 16,500 | 0.2% |
| FSC International Center | 158,000 | 2.3% |
| GFA | 75,000 | 1.1% |
| Instituto Forestal, Government of Chile (INFOR) | 170,000 | 2.5 |
| National Trust for Nature Conservation | 212,500 | 3.1% |
| RECOFTC | 312,000 | 4.6% |
| The Indonesian Ecolabelling Institute (LEI) | 50,000 | 0.7% |
| WWF Indonesia | 600,000 | 8.9% |
| <i>Sub-total</i> | <i>2,146,000</i> | |
| <i>In-kind</i> | | |
| Asia Network for Sustainable Agriculture and Bioresources (ANSAB) | 200,000 | 3.0% |
| Center for Forestry Development Control, Ministry of Forestry | 115,000 | 1.7% |
| Center for International Forestry Research (CIFOR) | 350,000 | 5.2% |
| Federation of Community Forestry Users (FECOFUN) | 90,000 | 1.3% |
| FSC Chile | 13,500 | 0.2% |
| FSC International Center | 285,000 | 4.2% |
| Fundación Pumalin | 100,400 | 1.5% |
| GFA | 16,000 | 0.2% |
| Instituto Forestal, Government of Chile (INFOR) | 90,000 | 1.3% |
| Ministry of Agriculture and Rural Development | 30,000 | 0.4% |
| National Trust for Nature Conservation | 37,500 | 0.5% |
| RECOFTC | 155,000 | 2.3% |
| Relief International | 50,000 | 0.7% |
| SNV-Netherlands Development Organization | 60,000 | 0.9% |
| UNEP Division of Environmental Policy | 35,000 | 0.5% |
| UNEP Regional Office –Asia Pacific | 20,000 | 0.3% |
| WWF Indonesia | 100,000 | 1.5% |
| <i>Sub-total</i> | <i>1,747,900</i> | |
| <i>Co-financing total</i> | <i>3,893,900</i> | <i>57.5%</i> |
| Total | 6,773,900 | 100% |

6. Implementation Issues

18. The Project Implementation Review (PIR) for July 2015-June 2016 rated the project's implementation progress as 'satisfactory', reporting that the project had fastened its speed of implementation and good additional progress had been made in the countries, particularly in Nepal. The PIR rated the project's overall progress towards meeting project objective as 'highly satisfactory', having increased from the 2015 rating of 'satisfactory'. The project reported that despite some delays experienced throughout the project, the project took concerted effort leading to improved performance. However, it was noted that the delays particularly in Indonesia and Vietnam might result in them not meeting certain performance indicators. The PIR rated the project overall risk as 'medium' stating that regardless of the project extension, the risk is moderate that some key deliverables will not be completed during the lifetime of the project in all countries but that the additional features being developed by FSC would support the successful completion of the key elements of the project.

19. A mid-term review was planned, budgeted for and initiated during the period March- July. 2014, with the final UNEP cleared report coming available in 14 December 2014.

II. TERMS OF REFERENCE FOR THE EVALUATION

1. Objective and Scope of the Evaluation

20. In line with the UN Environment Evaluation Policy⁶ and the UN Environment Programme Manual⁷, the Terminal Evaluation (TE) is undertaken at completion of the project to assess project performance (in terms of relevance, effectiveness and efficiency), and determine outcomes and impacts (actual and potential) stemming from the project, including their sustainability. The evaluation has two primary purposes: (i) to provide evidence of results to meet accountability requirements, and (ii) to promote operational improvement, learning and knowledge sharing through results and lessons learned among UN Environment and the main project partners. Therefore, the evaluation will identify lessons of operational relevance for future project formulation and implementation.

21. In addition to the evaluation criteria outlined in section 5, below, the evaluation will address the **strategic questions** listed below.

- (a) In the light of other mechanisms developed to support sustainable forest management (e.g. REDD and traditional certification systems) what are the advantages of the project's approach of extending the certification schemes to ecosystem services? What are the advantages and disadvantages of the approach and can generalizations in regards applicability be drawn from the pilot countries?
- (b) Did the pilot testing sites chosen in the four countries represent an adequate set for developing and testing a global Forest ES certification system?;
- (c) Was it a sensible approach to start developing the system against the expected weak, non-existing or still developing market potential for payment for certain ecosystem services?
- (d) Was the choice of global partners in the project such as CIFOR, SNV or RECOFT meeting the demand for specialised services on the system design, market demand studies, business model development etc.?
- (e) Is the new normative framework FSC is putting in place to demonstrate the impact of forest stewardship on ecosystem services adequate and will it be effective once replicated globally through the FSC network (e.g. the new elements FSC-PRO-30-002, the "ES Procedure")?
- (f) Did the management, policy and organisational structure and resources made available through FSC adequately support the development of the ForCES system; what strategic decisions aided or hampered its design; what aspects support the sustainability and replication of the FoCES system?
- (g) Did the project engage enough with corporate partners for development and adoption of the ForCES system?
- (h) Did the project adequately seek partnership and obtain benefit from similar system elements or organisations in the field of ES certification, payment for ecosystem services, market studies etc.?
- (i) Has the project been able to properly communicate the evolving but rather complicated ForCES system for marketing with potential users on its benefits/claims for attaining responsible forest management through market mechanisms, feedback on drafts of the evolving system, and general outreach towards adoption at global scale through the FSC partnership?

⁶ <http://web.unep.org/evaluation/policy-standards/evaluation-policy>

⁷ http://www.unep.org/QAS/Documents/UNEP_Programme_Manual_May_2013.pdf

- (j) Was there a proper balance in project approach, involvement and system development for the varied interests and concerns of both large scale corporate forest concessions holders, governments and small-holder/community forest stewards?
- (k) Did the project pay adequate attention to the needed balance between e.g. achieving field results in the pilots in the countries (e.g. through actual forest certification targeting ES benefits) with the broader and more sustained objectives of establishing FSC's new ecosystem services tools for improving access of forest managers to ES markets?
- (l) Has the project team deepened its understanding of the value that certified ecosystem services can present to both buyers and sellers and is this understanding reflected in the design of the ForCES system?

2. Overall Approach and Methods

22. The TE of the Project will be conducted by an independent consultant under the overall responsibility and management of the Evaluation Office of UN Environment (EOU) in consultation with the UN Environment Task Manager, the UN Environment GEF Coordination Office and the Coordinator of the Ecosystems Management Sub-programme.

23. It will be an in-depth evaluation using a participatory approach whereby key stakeholders are kept informed and consulted throughout the evaluation process. Both quantitative and qualitative evaluation methods will be used to determine project achievements against the expected outputs, outcomes and impacts. It is highly recommended that the consultant maintains close communication with the project team and promotes information exchange throughout the evaluation implementation phase in order to increase their (and other stakeholder) ownership of the evaluation findings.

24. The findings of the evaluation will be based on the following:

- (a) A **desk review** of (but not limited to):
 - Relevant background documentation, inter alia UNEP Medium-Term Strategy for 2010-2013 and the respective Programmes of Work; relevant FSC documents including strategy, market reports, field testing reports etc.;
 - Project design documents (including minutes of the project design reviews towards approval); Annual Work Plans and Budgets or equivalent, revisions to the project (Project Document Supplement), the logical framework and its budget;
 - Project reports such as six-monthly progress and quarterly financial reports, progress reports from collaborating partners, project PIRs, meeting minutes, final report, relevant correspondence etc.;
 - Technical reports, manuals, policies/strategies, normative documents, research reports, published papers and documentation related to project outputs and deliverables (FSC documents: ES strategy, ES PRO., market assessment reports, field testing reports, etc.)
 - M&E reports such as from the ForCES ES benefit impact monitoring system; Tracking Tools, logical frameworks etc.;
 - Communications and outreach materials;
 - Evaluations/reviews of similar projects.
- (b) **Interviews** (individual or in group) with (but not limited to):
 - UN Environment Task Manager;
 - UN Environment Fund Management Officer;
 - FSC Project Manager and other key individuals at the Executing Agency;
 - Members of the Global Project Management Team, specifically: Global Director (Chris Henschel), Global Manager (Alison von Ketteler);
 - FSC senior management (Kim Carstensen – FSC Director General)
 - CIFOR
 - Individuals at the National Executing Agencies;

- Members of the Project International and National Steering Committees;
 - Members of the Sub-committees and working groups (if any);
 - Key project consultants, e.g. technical advisors (if any);
 - Project partners, including the relevant Ministries and other Government entities in the project countries, WWF-Indonesia, CIFOR, SNV, ANSAB, FSC-Chile and many others to be provided at the start of the TE;
 - Project stakeholders, including a good representation of community members of the project pilot sites (including co-management groups, women, disadvantaged members of the society including members of vulnerable groups, representatives of community-based association), representatives of indigenous peoples' organisations, central and local governments involved, private sector, including logging firms, public water companies, forestry corporations, etc.
 - Other relevant resource persons and agencies to be detailed and provided by FSC and Un Environment at start of the TE.
 - Individuals involved in the development of FSC's ES strategies, policies and procedures (to be provided by FSC and UN Environment at the start of the TE).
- (c) **Evaluation visits**
- The terminal evaluation will include a visit to selected project countries (Chile, Indonesia, Nepal, Vietnam) to visit the pilot sites and to meet with the project partners and a wide range of different stakeholders, including local implementing partners and stakeholder groups involved, including communities. Interviews conducted during the evaluation visit will be conducted independently by the evaluation consultant. The country and site selection criteria will be developed by the consultant during the inception phase of the evaluation.
- (d) **Surveys and other data collection tools**
- The terminal evaluation will deploy other data collection tools, such as stakeholder surveys, as appropriate. The evaluation consultant will provide a detailed plan of the methods to be used in the evaluation inception report.

3.Key Evaluation principles

25. Evaluation findings and judgements should be based on **sound evidence and analysis**, clearly documented in the evaluation report. Information will be triangulated (i.e. verified from different sources) as far as possible, and when verification is not possible, the single source will be mentioned (whilst anonymity is still protected). Analysis leading to evaluative judgements should always be clearly spelled out.

26. The evaluation will assess the project with respect to **a minimum set of evaluation criteria** grouped in nine categories: (A) Strategic Relevance; (B) Quality of Project Design; (C) Nature of External Context; (D) Effectiveness, which comprises assessments of the achievement of outputs, achievement of outcomes and likelihood of impact; (E) Financial Management; (F) Efficiency; (G) Monitoring and Reporting; (H) Sustainability; and (I) Factors Affecting Project Performance. The evaluation consultants can propose other evaluation criteria as deemed appropriate.

27. **Ratings.** All evaluation criteria will be rated on a six-point scale. Section 5, below, outlines the scope of the criteria and the ratings table in Annex 1 provides guidance on how the different criteria should be rated. A weightings table will be provided in excel format to support the determination of an overall project rating.

28. **Baselines and counterfactuals.** In attempting to attribute any outcomes and impacts to the project intervention, the evaluators should consider the difference between *what has happened with, and what would have happened without, the project*. This implies that there should be consideration of the baseline conditions, trends and counterfactuals in relation to the intended project outcomes and impacts. It also means that there should be plausible evidence to attribute such outcomes and impacts to the actions of the project. Sometimes, adequate information on baseline conditions, trends or counterfactuals is lacking. In such cases this should be clearly highlighted by the evaluators, along with any simplifying assumptions that were taken to enable the evaluator to make informed judgements about project performance.

29. **The “Why?” Question.** As this is a terminal evaluation, particular attention should be given to learning from the experience. Therefore, the “Why?” question should be at the front of the consultants’ minds all through the evaluation exercise. This means that the consultants need to go beyond the assessment of “what” the project performance was, and make a serious effort to provide a deeper understanding of “why” the performance was as it was. This should provide the basis for the lessons that can be drawn from the project. In fact, the usefulness of the evaluation will be determined to a large extent by the capacity of the consultants to explain “why things happened” as they happened and are likely to evolve in this or that direction, which goes well beyond the mere review of “where things stand” at the time of evaluation.

30. A key aim of the evaluation is to encourage reflection and learning by UN Environment staff and key project stakeholders. The consultant should consider how reflection and learning can be promoted, both through the evaluation process and in the communication of evaluation findings and key lessons.

31. **Communicating evaluation results.** Once the consultant has obtained evaluation findings, lessons and results, the EOU will share the findings and lessons with key stakeholders. Evaluation results should be communicated to key stakeholders in a brief and concise manner that encapsulates the evaluation exercise in its entirety. There may, however, be several intended audiences, each with different interests and needs regarding the report. The Evaluation Manager will plan with the consultant which audiences to target and the easiest and clearest way to communicate the key evaluation findings and lessons to them. This may include some or all of the following; a webinar, conference calls with relevant stakeholders, the preparation of an evaluation brief or interactive presentation.

4.Evaluation Criteria

(Supplementary information on approaches is available in the Approaches Guidance document)

A. Strategic Relevance

The evaluation will assess, in line with the OECD/DAC definition of relevance, ‘*the extent to which the activity is suited to the priorities and policies of the target group, recipient and donor*’. The evaluation will include an assessment of the project’s relevance in relation to UN Environment’s mandate and its alignment with UN Environment’s policies and strategies at the time of project approval. Under strategic relevance an assessment of the complementarity of the project with other interventions addressing the needs of the same target groups will be made. This criterion comprises four elements:

1. *Alignment to the UN Environment Medium Term Strategy⁸ (MTS) and Programme of Work (POW)*

The evaluation should assess the project’s alignment with the MTS and POW under which the project was approved and include reflections on the scale and scope of any contributions made to the planned results reflected in the relevant MTS and POW.

2. *Alignment to UN Environment/GEF/Donor Strategic Priorities*

Donor, including GEF, strategic priorities will vary across interventions. UN Environment strategic priorities include the Bali Strategic Plan for Technology Support and Capacity Building⁹ (BSP) and South-South Cooperation (S-SC). The BSP relates to the capacity of governments to: comply with international agreements and obligations at the national level; promote, facilitate and finance environmentally sound technologies and to strengthen frameworks for developing coherent international environmental policies. S-SC is regarded as the exchange of resources, technology, and knowledge between developing countries. GEF priorities are specified in published programming priorities and focal area strategies.

⁸ UN Environment’s Medium Term Strategy (MTS) is a document that guides UNEP’s programme planning over a four-year period. It identifies thematic priorities, known as Sub-programmes (SP), and sets out the desired outcomes, known as Expected Accomplishments (EAs), of the Sub-programmes.

⁹ <http://www.unep.org/GC/GC23/documents/GC23-6-add-1.pdf>

3. *Relevance to Regional, Sub-regional and National Environmental Priorities*

The evaluation will assess the extent to which the intervention is suited or responding to the stated environmental concerns and needs of the countries, sub-regions or regions where it is being implemented. Examples may include: national or sub-national development plans, poverty reduction strategies or Nationally Appropriate Mitigation Action (NAMA) plans or regional agreements etc.

4. *Complementarity with Existing Interventions*

An assessment will be made of how well the project, either at design stage or during the project mobilization, took account of ongoing and planned initiatives (under the same sub-programme, other UN Environment sub-programmes, or being implemented by other agencies) that address similar needs of the same target groups. The evaluation will consider if the project team, in collaboration with Regional Offices and Sub-Programme Coordinators, made efforts to ensure their own intervention was complementary to other interventions, optimized any synergies and avoided duplication of effort. Examples may include UNDAFs or One UN programming. Linkages with other interventions should be described and instances where UN Environment's comparative advantage has been particularly well applied should be highlighted.

Factors affecting this criterion may include:

- Stakeholders' participation and cooperation
- Responsiveness to human rights and gender equity
- Country ownership and driven-ness

B. Quality of Project Design

The quality of project design is assessed using an agreed template during the evaluation inception phase, ratings are attributed to identified criteria and an overall Project Design Quality rating is established. This overall Project Design Quality rating is entered in the final evaluation ratings table as item B.

Factors affecting this criterion may include (at the design stage):

- Stakeholders participation and cooperation
- Responsiveness to human rights and gender equity

C. Nature of External Context

At evaluation inception stage a rating is established for the project's external operating context (considering the prevalence of conflict, natural disasters and political upheaval). This rating is entered in the final evaluation ratings table as item C. Where a project has been rated as facing either an Unfavourable or Highly Unfavourable external operating context, the overall rating for Effectiveness may be increased at the discretion of the Evaluation Consultant and Evaluation Manager together. A justification for such an increase must be given.

D. Effectiveness

1. Achievement of Outputs

The evaluation will assess the project's success in producing the programmed outputs (products and services delivered by the project itself) and achieving milestones as per the project design document (ProDoc). Any *formal* modifications/revisions made during project implementation will be considered part of the project design. The achievement of outputs will be assessed in terms of both quantity and quality, and the assessment will consider their usefulness and the timeliness of their delivery.

The evaluation will briefly explain the reasons behind the success or shortcomings of the project in delivering its programmed outputs and meeting expected quality standards.

Factors affecting this criterion may include:

- Preparation and readiness
- Quality of project management and supervision¹⁰

2. Achievement of Direct Outcomes

The achievement of direct outcomes is assessed as performance against the direct outcomes as defined in the reconstructed¹¹ Theory of Change. These are the first-level outcomes expected to be achieved as an immediate result of project outputs. The evaluation should report evidence of attribution between UN Environment's intervention and the direct outcomes. In cases of normative work or where several actors are collaborating to achieve common outcomes, evidence of the nature and magnitude of UN Environment's contribution should be included.

Factors affecting this criterion may include:

- Quality of project management and supervision
- Stakeholders participation and cooperation
- Responsiveness to human rights and gender equity
- Communication and public awareness
- Catalytic role and replication

3. Likelihood of Impact

Based on the articulation of longer term effects in the reconstructed TOC (i.e. from direct outcomes, via intermediate states, to impact – see Annex 2), the evaluation will assess the likelihood of the intended, positive impacts becoming a reality. The Evaluation Office's approach is outlined in detail in the Approaches Guidance available on the EOU website, www.unep.org/evaluation. Essentially the approach follows a 'likelihood tree' from direct outcomes to impacts, taking account of whether the assumptions and drivers identified in the reconstructed TOC held. Any unintended positive effects should also be identified and their causal linkages to the intended impact described.

The evaluation will also consider the likelihood that the intervention may lead, or contribute to, unintended negative effects. Some of these potential negative effects may have been identified in the project design as risks or as part of the analysis of Environmental, Social and Economic Safeguards.¹²

Ultimately UN Environment and all its partners aim to bring about benefits to the environment and human well-being. Few projects are likely to have impact statements that reflect such long-term or broad-based changes. However, the evaluation will assess the likelihood of the project to make a substantive contribution to the high level changes represented by UN Environment's Expected Accomplishments, the Sustainable Development Goals¹³ and/or the high level results prioritised by the funding partner (e.g. GEF focal areas).

Factors affecting this criterion may include:

¹⁰ In some cases 'project management and supervision' will refer to the supervision and guidance provided by UN Environment to implementing partners and national governments while in others, specifically for GEF funded projects, it will refer to the project management performance of the executing agency and the technical backstopping provided by UN Environment.

¹¹ UN Environment staff are currently required to submit a Theory of Change with all submitted project designs. The level of 'reconstruction' needed during an evaluation will depend on the quality of this initial TOC, the time that has lapsed between project design and implementation (which may be related to securing and disbursing funds) and the level of any changes made to the project design. In the case of projects pre-dating 2013 the intervention logic is often represented in a logical framework and a TOC will need to be constructed in the inception stage of the evaluation.

¹² Further information on Environmental, Social and Economic Safeguards (ESES) can be found at <http://www.unep.org/about/eses/>

¹³ A list of relevant SDGs is available on the EOU website www.unep.org/evaluation

- Stakeholders participation and cooperation
- Responsiveness to human rights and gender equity
- Country ownership and driven-ness
- Communication and public awareness
- Catalytic role and replication

E. Financial Management

Financial management will be assessed under three broad themes: completeness of financial information, communication between financial and project management staff and compliance with financial management standards and procedures. The evaluation will establish the actual spend across the life of the project of funds secured from all donors. This expenditure will be reported, where possible, at output level and will be compared with the approved budget. The evaluation will assess the level of communication between the project manager and the fund management officer as it relates to the effective delivery of the planned project and the needs of a responsive, adaptive management approach. The evaluation will verify the application of proper financial management standards and adherence to UN Environment's financial management policies. Any financial management issues that have affected the timely delivery of the project or the quality of its performance will be highlighted.

Factors affecting this criterion may include:

- Preparation and readiness
- Quality of project management and supervision

F. Efficiency

Under efficiency the evaluation will assess the cost-effectiveness and timeliness of project execution. Cost-effectiveness is the extent to which an intervention has achieved, or is expected to achieve, its results at a lower costs compared with alternatives. Timeliness refers to whether planned activities were delivered according to expected timeframes as well as whether events were sequenced efficiently. The evaluation will also assess to what extent any project extension could have been avoided through stronger project management and identify any negative impacts caused by project delays or extensions. The evaluation will describe any cost or time-saving measures put in place to maximise results within the secured budget and agreed project timeframe.

The evaluation will give special attention to efforts by the project teams to make use of/build upon pre-existing institutions, agreements and partnerships, data sources, synergies and complementarities with other initiatives, programmes and projects etc. to increase project efficiency. The evaluation will also consider the extent to which the management of the project minimised UN Environment's environmental footprint.

Factors affecting this criterion may include:

- Preparation and readiness
- Quality of project management and supervision
- Stakeholder participation and cooperation

G. Monitoring and Reporting

The evaluation will assess monitoring and reporting across three sub-categories: 'project reporting'; 'monitoring design and budgeting' and 'monitoring implementation'.

1. Project Reporting

UN Environment has a centralised Project Information Management System (PIMS) in which project managers upload six-monthly status reports against agreed project milestones. This information will be provided to the Evaluation Consultant(s) by the Evaluation Manager. Some projects have additional requirements to report regularly to funding partners, which will be supplied by the project team. The evaluation will assess the extent to which both UN Environment and donor reporting commitments have been fulfilled.

2. Monitoring Design and Budgeting

Each project should be supported by a sound monitoring plan that is designed to track progress against SMART indicators towards the achievement of the projects outputs and direct outcomes. The evaluation will assess the quality of the design of the monitoring plan as well as the funds allocated for its implementation.

3. Monitoring Implementation

The evaluation will assess whether the monitoring system was operational and facilitated the timely tracking of results and progress towards projects objectives throughout the project implementation period. It will also consider how information generated by the monitoring system during project implementation was used to adapt and improve project execution, achievement of outcomes and ensuring sustainability. The evaluation should confirm that funds allocated for monitoring were used to support this activity.

Factors affecting this criterion may include:

- Quality of project management and supervision
- Responsiveness to human rights and gender equity

H. Sustainability

Sustainability is understood as the probability of direct outcomes being maintained and developed after the close of the intervention. The evaluation will identify and assess the key conditions or factors that are likely to undermine or contribute to the persistence of achieved outcomes. Some factors of sustainability may be embedded in the project design and implementation approaches while others may be contextual circumstances or conditions that evolve over the life of the intervention.

1. Socio-political Sustainability

The evaluation will assess the extent to which social or political factors support the continuation and further development of project direct outcomes. It will consider the level of ownership, interest and commitment among government and other stakeholders to take the project achievements forwards. In particular the evaluation will consider whether individual capacity development efforts are likely to be sustained.

2. Financial Sustainability

Some direct outcomes, once achieved, do not require further financial inputs, e.g. a decision to formally revise a policy. However, in order to derive a benefit from this outcome further management action may still be needed e.g. to undertake actions to enforce the policy. Other direct outcomes may be dependent on a continuous flow of action that needs to be resourced for them to be maintained, e.g. continuation of a new resource management approach. The evaluation will assess the extent to which project outcomes are dependent on future funding for the benefits they bring to be sustained. Secured future funding is only relevant to financial sustainability where the direct outcomes of a project have been extended into a future

project phase. The question still remains as to whether the future project outcomes will be financially sustainable.

3. Institutional Sustainability

The evaluation will assess the extent to which the sustainability of project outcomes is dependent on issues relating to institutional frameworks and governance. It will consider whether institutional achievements such as governance structures and processes, policies, sub-regional agreements, legal and accountability frameworks etc. are robust enough to continue delivering the benefits associated with the project outcomes after project closure.

Factors affecting this criterion may include:

- Stakeholders participation and cooperation
- Responsiveness to human rights and gender equity
- Communication and public awareness
- Country ownership and driven-ness
- Catalytic role and replication

I. Factors and Processes Affecting Project Performance

These factors are rated in the ratings table, but are discussed as cross-cutting themes as appropriate under the other evaluation criteria, above.

1. Preparation and Readiness

This criterion focuses on the inception or mobilisation stage of the project. The evaluation will assess whether appropriate measures were taken to either address weaknesses in the project design or respond to changes that took place between project approval, the securing of funds and project mobilisation. In particular the evaluation will consider the nature and quality of engagement with stakeholder groups by the project team, the confirmation of partner capacity and development of partnership agreements as well as initial staffing and financing arrangements.

2. Quality of Project Management and Supervision

In some cases 'project management and supervision' will refer to the supervision and guidance provided by UN Environment to implementing partners and national governments while in others, specifically for GEF funded projects, it will refer to the project management performance of the executing agency and the technical backstopping and supervision provided by UN Environment.

The evaluation will assess the effectiveness of project management with regard to: providing leadership towards achieving the planned outcomes; managing team structures; maintaining productive partner relationships (including Steering Groups etc.); communication and collaboration with UN Environment colleagues; risk management; use of problem-solving; project adaptation and overall project execution.

3. Stakeholder Participation and Cooperation

Here the term 'stakeholder' should be considered in a broad sense, encompassing all project partners, duty bearers with a role in delivering project outputs and target users of project outputs and any other collaborating agents external to UN Environment. The assessment will consider the quality and effectiveness of all forms of communication and consultation with stakeholders throughout the project life and the support given to maximise collaboration and coherence between various stakeholders, including sharing plans, pooling resources and exchanging learning and expertise.

4. Responsiveness to Human Rights and Gender Equity

The evaluation will ascertain to what extent the project has applied the UN Common Understanding on the human rights based approach (HRBA) and the UN Declaration on the Rights of Indigenous People. Within this human rights context the evaluation will assess to what extent the intervention adheres to UNEP's Policy and Strategy for Gender Equality and the Environment.

In particular the evaluation will consider to what extent project design, implementation and monitoring have taken into consideration: (i) possible gender inequalities in access to and the control over natural resources; (ii) specific vulnerabilities of women and children to environmental degradation or disasters; and (iii) the role of women in mitigating or adapting to environmental changes and engaging in environmental protection and rehabilitation.

5. Country Ownership and Driven-ness

The evaluation will assess the quality and degree of engagement of government / public sector agencies in the project. The evaluation will consider the involvement not only of those directly involved in project execution and those participating in technical or leadership groups, but also those official representatives whose cooperation is needed for change to be embedded in their respective institutions and offices. This factor is concerned with the level of ownership generated by the project over outputs and outcomes and that is necessary for long term impact to be realised.

6. Communication and Public Awareness

The evaluation will assess the effectiveness of: a) communication of learning and experience sharing between project partners and interested groups arising from the project during its life and b) public awareness activities that were undertaken during the implementation of the project to influence attitudes or shape behaviour among wider communities and civil society at large. The evaluation should consider whether existing communication channels and networks were used effectively and whether any feedback channels were established. Where knowledge sharing platforms have been established under a project the evaluation will comment on the sustainability of the communication channel under either socio-political, institutional or financial sustainability, as appropriate.

7. Catalytic Role, Replication and Scaling Up (note: this factor is under revision)

The evaluation will assess the extent to which the project has played a catalytic role or promoted replication and/or scaling up. Playing a catalytic role and supporting replication and scaling up are all examples of multiplier effects i.e. ways in which the benefits stemming from the project's funded activities are extended beyond the targeted results or the targeted implementation area.

More specifically, the *catalytic role* of UN Environment interventions is embodied in their approach of supporting the creation of an enabling environment and encouraging partners/others to work towards common environmental goals. A catalytic role can be demonstrated through replication or scaling up. *Replication* refers to approaches being repeated or lessons being applied in different geographic areas or among different target groups. *Scaling up* refers to approaches being adopted on a much larger scale. Both replication and scaling up are often funded by other sources. Piloting innovative approaches and demonstrating how new knowledge can be applied is a common method used to stimulate replication and justify the scaling up of efforts. Fundamentally, all these roles imply cost-savings in the sense that effective approaches or evidence have been established that can be applied by others or elsewhere, without the duplication of investment or effort.

5. Evaluation Deliverables and Review Procedures

32. The evaluation team will prepare:

- **Inception Report:** (see Annex 3 for Inception Report outline) containing an assessment of project design quality (Annex 4), a draft reconstructed Theory of Change of the project, project stakeholder analysis, evaluation framework and a tentative evaluation schedule.
- **Preliminary Findings Note:** typically in the form of a Powerpoint presentation, the sharing of preliminary findings is intended to support the participation of the project team, act as a means to ensure all information sources have been accessed and provide an opportunity to verify emerging findings. In the case of highly strategic project/portfolio evaluations or evaluations with an Evaluation Reference Group, the preliminary findings may be presented as a word document for review and comment.
- **Draft and Final Evaluation Report:** (see Annex 5 for Evaluation Report outline) containing an executive summary that can act as a stand alone document; detailed analysis of the evaluation findings organised by evaluation criteria and supported with evidence; lessons learned and recommendations and an annotated ratings table.

Evaluation Bulletin: a 2-page summary of key evaluation findings for wider dissemination through the EOU website.

33. **Review of the draft evaluation report.** The evaluation team will submit a zero draft report to the Evaluation Manager and revise the draft in response to their comments and suggestions. Once a draft of adequate quality has been accepted, the Evaluation Manager will share the first draft report with the Task Manager, who will alert the EOU in case the report contains any blatant factual errors. The Evaluation Manager will then forward the first draft report (corrected by the evaluation team where necessary) to other project stakeholders, for their review and comments. Stakeholders may provide feedback on any errors of fact and may highlight the significance of such errors in any conclusions as well as providing feedback on the proposed recommendations and lessons. Any comments or responses to the draft report will be sent to the Evaluation Manager for consolidation. The Evaluation Manager will provide all comments to the evaluation team for consideration in preparing the final report, along with guidance on areas of contradiction or issues requiring an institutional response.

34. The UN Environment Evaluation Office will assess the ratings in the final evaluation report based on a careful review of the evidence collated by the evaluation consultants and the internal consistency of the report. Where there are differences of opinion between the evaluator and UNEP Evaluation Office on project ratings, both viewpoints will be clearly presented in the final report. The UN Environment Evaluation Office ratings will be considered the final ratings for the project.

35. The Evaluation Manager will prepare a **quality assessment** of the zero draft and final draft report, which is a tool for providing structured feedback to the evaluation consultants. The quality of the report will be assessed and rated against the criteria specified in Annex 6.

36. At the end of the evaluation process, the Evaluation Office will prepare a Recommendations Implementation Plan in the format of a table to be completed and updated at regular intervals by the Task Manager. The EOU will track compliance against this plan on a six monthly basis.

6. Logistical arrangements

37. This TE will be undertaken by an independent evaluation consultant contracted by the UN Environment Evaluation Office. The consultant will work under the overall responsibility of the UN Environment Evaluation Office and will consult with the EOU on any procedural and methodological matters related to the evaluation. It is, however, the consultants' individual responsibility to arrange for their travel, visa, obtain documentary evidence, plan meetings with stakeholders, organize online surveys, and any other logistical matters related to the assignment. The UN Environment Task Manager and project team will, where possible, provide logistical support (introductions, meetings etc.) allowing the consultants to conduct the evaluation as efficiently and independently as possible.

7.The Evaluation Consultants

38. For this evaluation, an independent evaluation consultant will be contracted. Details about the specific responsibilities of the consultant are presented in Annex 7 of these TORs. The consultant should have a minimum of 10 years of technical / evaluation experience, including of evaluating large, regional or global programmes and using a Theory of Change approach; and a broad understanding of large-scale, consultative assessment processes and factors influencing use of assessments and/or scientific research for decision-making.

39. By undersigning the service contract with UN Environment/UNON, the consultants certify that they have not been associated with the design and implementation of the project in any way which may jeopardize their independence and impartiality towards project achievements and project partner performance. In addition, they will not have any future interests (within six months after completion of the contract) with the project's executing or implementing units.

8. Schedule of the evaluation

40. Table 4 below presents the tentative schedule for the evaluation.

Table 4. Tentative schedule of the terminal evaluation

| Milestone | Deadline |
|--|-----------------------------|
| Evaluation consultant contracted | 10 April 2017 |
| Inception Report | 28 April 2017 |
| Evaluation Mission | Late April – Early May 2017 |
| Zero draft report | Late May 2017 |
| Draft Report shared with UN Environment Task Manager | Early June 2017 |
| Draft Report shared with stakeholders | Mid-June 2017 |
| Final Report | Early July 2017 |

Annex 3. Evaluation itinerary

| Activity | Dates | |
|-----------------------------------|--|----------------|
| Preparation phase | Signature of contract | 16.05.17 |
| | Review of documents and information; Skype meetings | 16-25.05.17 |
| | Preparation of draft Inception Report; Consultations with EM | 17-28.05.17 |
| | Submission of draft Inception Report | 28.05.17 |
| | Review of draft Inception Report by UNEP EM | 29-30.05.17 |
| | Skype meeting with UNEP EM (comments to Report) | 31.05.17 |
| | Adjustments and submission of final version Inception Report | 01-05.06.17 |
| | Skype meetings with FSC/GPMT, UNEP TM and 3 NEAs | 05-08.06.17 |
| | Mission planning | 06-09.06.17 |
| Mission phase, part 1 | Travel from Oslo to Kathmandu, Nepal | 10-11.06.17 |
| | Meeting with ANSAB (NEA) and staff, Kathmandu | 12.06.17 |
| | Meeting with government officials and other, Kathmandu | 13.06.17 |
| | Field visit to Charnawati pilot site (including travel) | 14-16.06.17 |
| | Wrap-up meeting, Kathmandu | 17.06.17 |
| | Flight Kathmandu-Bangkok | 17.06.17 |
| | Flight Bangkok-Hanoi | 18.06.17 |
| | Meetings with SNV (NEA) and staff, Hanoi | 19.06.17 |
| | Meeting with ministry officials and other stakeholders, Hanoi | 20.06.17 |
| | Visit to Ha Tinh/Huong Son field site (including travel) | 20-22.06.17 |
| | Meeting with other main stakeholders, Hanoi | 23.06.17 |
| | Wrap-up and report work | 24.06.17 |
| | Flight Hanoi-Bangkok | 25.06.17 |
| | Meeting with UN Environment TM, Bangkok | 27.06.17 |
| Intermediate period | Computerize data based and country reports | 28.06-05.07.17 |
| | Final comments from UNEP on Inception Report | 04.07.17 |
| | Updated Final version of Inception Report* (except TOC) | 05.07.17 |
| | Summarize results and conclusions from mission 1 | 06.07-09.07.17 |
| | Follow-up with contacts in Asia | 10.07.17 |
| | Skype meeting with GPMT and interviews with staff | 11.07.17 |
| | Prepare first draft of Asia report | 12-17.07.17 |
| | Pre-mission Skype meeting with Chile | 13.07.17 |
| | Mission planning for Chile | 18-21.07.17 |
| | Updated TOC diagram according to UNEP observations* | 24.07.17 |
| Mission phase, part 2 | Travel from Oslo to Santiago, Chile | 29.07-30.07.17 |
| | Meetings with FSC Chile (NEA) and staff | 31.07.17 |
| | Meetings with government officials and other stakeholders | 01.08.17 |
| | Flight Santiago-Temuco and meeting with local partners | 02.08.17 |
| | Field trips to pilot areas (Carahue and Cuenca Mechaico) | 02.08-05.08.17 |
| | Return to Santiago | 06.08.17 |
| | Flight from Chile | 07.08.17 |
| Draft report elaboration | Skype interviews/e-mails to follow-up issues from missions | 08-11.08.17 |
| | Computerize data and summarize conclusions from Chile | 09-10.08.17 |
| | Data analysis and Report work | 12.08-15.09.17 |
| | Skype conference with FSC Project Adm. Manager | 18.08.17 |
| | Skype meeting with Indonesia (replacement for mission) | 22.08.17 |
| | Submission of Zero draft report* | 15.09.17 |
| Analysis and comments from client | Draft Report reviewed by Evaluation Manager (EM) | 16.09-18.10.17 |
| | Comments presented from EM to Consultant | 18.10.17 |
| | Review of comments and adjustment of report by Consultant | 19.10-05.11.17 |

| | | |
|--------------------------|--|----------------|
| | Skype meeting with EM to agree on changes | 07.11.17 |
| | Agreed changes done and report forwarded to EM | 07-08.11.17 |
| | EM share Draft Report with stakeholders | 03.12.17 |
| | EM receive comments and synthesize into joint comments | 17.12.17 |
| | EM present comments to Consultant | 08.01.18 |
| Final report elaboration | Elaboration of Final Evaluation report, considering comments | 08.01-18.01.18 |
| | Submission of Final Evaluation report* | 23.01.18 |

Annex 4. Summary of financing and co-finance information

(As mentioned in the report, FSC has not tracked project expenditure by activity)

Table A4-1. GEF financed project costs

| Budget line | Total project budget | Cumulative expenditures through 2016 | 2017 total + audit adjustment | Cumulative expenditures through June 17 | Unspent balance | Organization |
|--|----------------------|--------------------------------------|-------------------------------|---|-----------------|---------------|
| Communications Manager (partly co-financed) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | FSC |
| Business Development Manager | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | FSC |
| International Project Manager | 397,360.95 | 400,420.37 | 22,570.93 | 422,991.30 | -25,630.35 | FSC |
| Administrative Assistant | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | FSC |
| International travels | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | FSC |
| Visits to field sites and NEAs | 35,012.63 | 30,390.78 | 923.67 | 31,314.45 | 3,698.18 | FSC |
| National travels (private sector - Chile) | 7,349.68 | 7,791.24 | 0.00 | 7,791.24 | -441.56 | FSC Chile |
| National travels (private sector - Indonesia) | 10,000.00 | 14,684.64 | 0.00 | 14,684.64 | -4,684.64 | WWF Indonesia |
| National travels (private sector - Nepal) | 7,932.00 | 3,585.67 | 3,507.45 | 7,093.12 | 838.88 | ANSAB |
| National travels (private sector - Vietnam) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | SNV |
| CIFOR: ES certification & market research | 322,503.79 | 311,193.84 | 11,369.96 | 322,563.80 | -60.01 | CIFOR |
| CHILE | 316,785.16 | 310,156.55 | 6,000.00 | 316,156.55 | 628.61 | CIFOR |
| INDONESIA | 477,894.70 | 467,765.07 | 345.25 | 468,110.32 | 9,784.38 | WWF Indonesia |
| NEPAL | 289,840.65 | 281,945.73 | 10,373.13 | 292,318.86 | -2,478.21 | ANSAB |
| VIETNAM | 321,674.98 | 320,495.05 | 5,907.50 | 326,402.55 | -4,727.57 | SNV |
| Certificate database adapt. | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | FSC |
| Website design | 2,454.00 | 2,454.00 | 0.00 | 2,454.00 | 0.00 | FSC |
| Certification bodies (field testing - Chile) | 7,925.45 | 14,858.07 | 0.00 | 14,858.07 | -6,932.62 | FSC Chile |
| Certification bodies (field testing - Indonesia) | 30,000.00 | 6,933.18 | 8,803.60 | 15,736.78 | 14,263.22 | WWF Indonesia |
| Certification bodies (field testing - Nepal) | 19,152.00 | 11,083.45 | 13,145.01 | 24,228.46 | -5,076.46 | ANSAB |
| Certification bodies (field testing - Vietnam) | 40,000.00 | 36,602.87 | 0.00 | 36,602.87 | 3,397.13 | SNV |
| Group training (summary) | 204,140.70 | 204,403.64 | 2,807.33 | 207,210.97 | -3,070.27 | |
| Meeting/conferences | 181,052.17 | 164,872.14 | 7,530.15 | 172,402.29 | 8,649.88 | |
| Reporting costs | 153,921.14 | 109,963.39 | 32,116.34 | 142,079.73 | 11,841.41 | |
| MTR and TE* | 55,000,000 | 30,000 | 30,000 | 30,000 | 25,000 | UNEP |
| Audit (co-financed) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | FSC |
| TOTAL | 2,880,000.00 | 2,754,599.68 | 155,400.32 | 2,855,000.00 | | |

*Not managed by FSC

Table A4-2. Approved co-financing at the moment of GEF CEO endorsement and until Dec. 31-2016.

| Budget line | Total project budget | Cumulative expenditures through 2016 | 2017 total + audit adjustment | Cumulative expenditures through June 17 | Unspent balance | Organization |
|--|----------------------|--------------------------------------|-------------------------------|---|-----------------|---------------|
| Communications Manager (partly co-financed) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | FSC |
| Business Development Manager | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | FSC |
| International Project Manager | 397,360.95 | 400,420.37 | 22,570.93 | 422,991.30 | -25,630.35 | FSC |
| Administrative Assistant | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | FSC |
| International travels | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | FSC |
| Visits to field sites and NEAs | 35,012.63 | 30,390.78 | 923.67 | 31,314.45 | 3,698.18 | FSC |
| National travels (private sector - Chile) | 7,349.68 | 7,791.24 | 0.00 | 7,791.24 | -441.56 | FSC Chile |
| National travels (private sector - Indonesia) | 10,000.00 | 14,684.64 | 0.00 | 14,684.64 | -4,684.64 | WWF Indonesia |
| National travels (private sector - Nepal) | 7,932.00 | 3,585.67 | 3,507.45 | 7,093.12 | 838.88 | ANSAB |
| National travels (private sector - Vietnam) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | SNV |
| CIFOR: ES certification & market research | 322,503.79 | 311,193.84 | 11,369.96 | 322,563.80 | -60.01 | CIFOR |
| CHILE | 316,785.16 | 310,156.55 | 6,000.00 | 316,156.55 | 628.61 | CIFOR |
| INDONESIA | 477,894.70 | 467,765.07 | 345.25 | 468,110.32 | 9,784.38 | WWF Indonesia |
| NEPAL | 289,840.65 | 281,945.73 | 10,373.13 | 292,318.86 | -2,478.21 | ANSAB |
| VIETNAM | 321,674.98 | 320,495.05 | 5,907.50 | 326,402.55 | -4,727.57 | SNV |
| Certificate database adapt. | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | FSC |
| Website design | 2,454.00 | 2,454.00 | 0.00 | 2,454.00 | 0.00 | FSC |
| Certification bodies (field testing - Chile) | 7,925.45 | 14,858.07 | 0.00 | 14,858.07 | -6,932.62 | FSC Chile |
| Certification bodies (field testing - Indonesia) | 30,000.00 | 6,933.18 | 8,803.60 | 15,736.78 | 14,263.22 | WWF Indonesia |
| Certification bodies (field testing - Nepal) | 19,152.00 | 11,083.45 | 13,145.01 | 24,228.46 | -5,076.46 | ANSAB |
| Certification bodies (field testing - Vietnam) | 40,000.00 | 36,602.87 | 0.00 | 36,602.87 | 3,397.13 | SNV |
| Group training (summary) | 204,140.70 | 204,403.64 | 2,807.33 | 207,210.97 | -3,070.27 | |
| Meeting/conferences | 181,052.17 | 164,872.14 | 7,530.15 | 172,402.29 | 8,649.88 | |
| Reporting costs | 153,921.14 | 109,963.39 | 32,116.34 | 142,079.73 | 11,841.41 | |
| MTR and TE* | 55,000,000 | 30,000 | 30,000 | 30,000 | 25,000 | UNEP |
| Audit (co-financed) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | FSC |
| TOTAL | 2,880,000.00 | 2,754,599.68 | 155,400.32 | 2,855,000.00 | | |

*Not managed by FSC

Annex 5. Evaluation Bulletin

| | | |
|---|---|---|
|  | <p>The United Nations Environment Programme and the Global Environmental Facility (GEF) Project “Expanding Forest Stewardship Council (FSC) certification at landscape level through incorporating additional ecosystem services” (ForCES)</p> |  |
| <p>SUMMARY</p> <ul style="list-style-type: none"> • The world’s ecosystems provide valuable services like climate change mitigation and adaptation, biodiversity conservation, watershed protection and disaster risk management, but more than 60% of the ecosystems are either degraded or used unsustainably, with severe consequences for human welfare. • On this background, the ForCES project was implemented in the four pilot countries Chile, Indonesia, Nepal and Vietnam, with the objective that FSC certification should incorporate expanded and enhanced environmental standards, applied to emerging markets for biodiversity conservation and ecosystems services. • The project was implemented 2011-17 with UN Environment as Implementing Agency and Forest Stewardship Council (FSC) as Executing Agency, with financial support from Global Environment Facility (GEF). The national executing agencies were FSC-Chile, WWF-Indonesia, ANSAB-Nepal and SNV-Vietnam, while CIFOR was an important international partner. The Terminal Evaluation in 2017 found very positive results. • The project was implemented through components focused on certification models, markets, pilots, and awareness. The ten pilot projects covered the ecosystems services watershed protection, drinking water supply, biodiversity conservation, eco-tourism, carbon conservation/sequestration, and non-timber forest products. • The ForCES project had a strong strategic relevance as a contribution to the overall GEF Goal “Conservation of Forest Biodiversity” and UN Environment’s “Ecosystem Management Sub Programme”. The project was also strategically relevant for the FSC member base in the environmental, social and economic chambers, and ecosystems services is one of the global priorities FSC will be focusing on in the coming years. • FSC certification has often been considered as mostly timber focused, but the project has strengthened the areas of biodiversity and other ecosystems services, in that way improving sustainable forest management. Since this is a relatively new area on global scale, it was necessary to gain more experience and create a stronger ‘evidence-base’, as well as to determine the willingness to pay as an element in designing market-based new business models. • The results of national pilots combined with market studies and FSC analysis was incorporated in an expanded FSC certification system, and included in international and national standards for certification of ecosystems services. Through ForCES the process of certifying these services has made a large jump forward and strengthened FSC in the eyes of the environmental and social organizations. | | |

CONTEXT AND GLOBAL RELEVANCE

FSC is the dominating forest certification system worldwide, certifying both sustainable forest management and the chain of custody of forest products. Certification of ecosystems services is something new, not only for FSC, but on the global scale. The ForCES project tested the theory that certification of ecosystems services would work to benefit conservation of forests, and social and economic development for the population.

FSC committed in its Global Strategic Plan 2015-20 to offer new tools for certificate holders to access ecosystem services markets. This is part of a broader strategy to increase the market value of FSC, as ecosystem services can result in increased benefits for forest owners, smallholders, Indigenous Peoples and community-managed forests. The results of the project’s pilot trials were used to develop the first draft procedure of certification on ecosystems services, that was submitted to public consultation. The FSC Director General Kim Carstensen highlighted that *“without the project FSC would not have incorporated ecosystem services, so it is changing the overall strategic direction of the organization”*.



KEY EVALUATION FINDINGS

- **Achievement of results:** The project had an excellent performance in terms of effectiveness of its expected outputs and outcomes. Draft National FSC standards for certification and new business models for ecosystems services have been developed in all four pilot countries. FSC through its extended network has shown to be an excellent executing agency.



Community forestry user group in Nepal

- **Stakeholder engagement:** The Project's strategies and goals have been transparent from the early design throughout the implementation, with broad stakeholder engagement and information on the project's progress and outputs, through its website (www.forces.fsc.org), newsletters, publications, training events and seminars. High quality products have been delivered, often in the form of study reports, methodologies, procedures, etc., partly a result of the professional competencies of FSC, CIFOR and the national partners.
- **Products:** There is a high degree of satisfaction among the main stakeholders with the products and services they obtained through the project, mainly technical assistance, training events and information material. The technical level of most information and training material was compensated by the participatory approaches at the local level promoted by local partners and their collaborating organizations.
- **Catalytic role:** The ForCES project has played a catalytic role, and the process is already evolving quickly in many new countries. There are no signs of duplication of efforts with other projects, but on the other hand many synergies, e.g. with on-going REDD+ projects. The lack of duplication is logical since FSC is in a unique position internationally, and any similar project would have needed collaboration from FSC to be relevant.
- **Conflict resolution:** A very positive effect of the project has been facilitation of *social conflict resolution*. This is partly a result of FSC's structure and way of working, bringing the business sector into dialogue with the social sector like indigenous peoples and environmental NGOs, but it is also due to the national executing agencies that have understood the need for dialogue and inclusion of all major stakeholders to achieve lasting results.
- **Public interest:** With the inclusion of ecosystems services in forest certification, the general public's (and Government's) interest in this certification is increasing. On the subject of water there are often public drinking water companies or hydroelectric power plants that benefit, and on the subject of carbon, where the compensation money enters through the governments. The project has therefore experienced an increased interest and stronger dialogue with the governments. There is also great interest among large international stakeholders such as the UN and World Bank, which present opportunities for future co-financing and broadening of FSC's way of working.

LESSONS LEARNED

Social relevance: FSC's way of working is very relevant not only for certification, that was well-known, but for social conflict resolution integrating human rights objectives, based on FSC's tradition to bring all relevant stakeholders to the table and achieve dialogue.

Time frame: It is not only important to have a good technical design of a project, but also to have a realistic time frame for when to achieve the results. High management efficiency cannot make up for errors in the design.

Deep understanding: The national executing agencies (NEA) need to understand the project completely and its deeper purpose to be able to work efficiently. There was a selection criteria for NEA partners that they had to know FSC and Ecosystems Services, but the Global Project Management Team later found out that they didn't understand it deeply enough.

Project structure: Based on the previous lesson, FSC also learned that a bottom-up approach (even though theoretically good) is not always the most efficient. Since the best knowledge of the project topic was found at central level, which also maintained fluent contact with each individual national partner, they had to restructure the project from bottom-up to top-down.

Information material: Technical information material must be specifically adapted to local stakeholders, preferably in local languages, and complemented by direct participatory approaches to promote learning and capacity building.

Business models: FSC received confirmation of the hypothesis presented during the project design phase that it is possible to develop sustainable business models based on certification of ecosystems services, additional to carbon sequestration that was already well known.

FSC through the ForCES project has also learned that there is great interest in the market for certification of ecosystems services, including from large international companies.

Public dialogue: The public sector shows greater interest in certification of ecosystems services than on traditional forest certification, due to the public interest, e.g. in conservation of water resources and protection against natural disasters. This is strengthening the dialogue between FSC and the public sector on local, national and international level.

FSC is changing: The ecosystems services are changing FSC, and there is no turning back. The organization is broadening its scope and would probably be even more relevant in the future.

Certification a vehicle: Through the ForCES project, FSC and UN Environment have got the confirmation that certification of ecosystems services could be a vehicle to increased sustainability, combining environmental, social and economic development objectives.

Development opportunity: The ForCES project was addressing issues at the core of environmental sustainability. The project has demonstrated the important lesson that it is possible to achieve social and economic progress *through environmental sustainability*.

That is a new vision: Environmental sustainability is not a limitation, but an opportunity for development.



Annex 6. List of documents and other information consulted

Documentation consulted includes, but is not limited to, the following:

Project Identification Form (PIF)

Project Document (2 versions)

Results Framework: (i) Initial version in Document for GEF CEO Endorsement; (ii) version in updated ProDoc; (iii) Version in progress reports showing modified version after Inception Workshop.

M&E system and tracking tools: Progress toward the Result Framework in each HYPR and PIR.

Procurement system (planning and tracking)

Risk matrix (only one version; mitigation decisions reported in each PIR)

UN Environment Policies, MTS and POW (www.unep.org)

GEF policies and strategies (www.thegef.org)

GEF CEO Endorsement document and annexes

GEF STAP Review

Environmental and Social checklist (in PPG submission package)

UNEP & FSC response to GEF review

Work plans and budgets

Financial statements with audits (including auditor observations): 2010-16 for the project and each National Executive Agency

Meeting Memos for ISC: Annual Global Meetings 2012, 2013, 2015 and 2016.

Meeting Memos for NSCs

Memos from workshops and seminars: (only samples reviewed)

PIRs for the whole implementation period (last PIR Jan-June 2017)

Mid-term Review Report

Individual consulting reports and publications

Project publications: (only samples reviewed)

Training materials and tools (samples reviewed, including during field missions)

Brochures, posters, Powerpoint presentations, videos and other material from partners

Signed agreements with partners

Co-financing letters

Project website: <http://forces.fsc.org>

Websites for main partners:

FSC Chile: www.cl.fsc.org/es-cl

WWF Indonesia: www.wwf.or.id/en

ANSAB Nepal: www.ansab.org

SNV: www.snvworld.org/REDD

Annex 7. Brief CVs of the consultant

The Consultant Dr. Trond Norheim (PhD Forest Ecology) is a Norwegian Forestry, Environment and Climate Change Specialist with 34 years international experience in 45 countries on all continents. His main competence is Team Leadership for design, implementation, monitoring and evaluation of development programmes.

His work experience comprises 12 years as Senior Specialist in the Inter-American Development Bank (IDB), 9 years as Swedforest International Regional Director for Latin America & Caribbean, and many assignments for UN organizations and other multilateral and bilateral agencies. He has been Team Leader for design and implementation of full-size GEF projects and several independent evaluations of GEF operations.



May 2017- CEO, DIMES and Partner, SCANTEAM as

UN Environment: Terminal Evaluation of the GEF global project "Expanding Forest Stewardship Council certification at landscape level through incorporating additional ecosystem services"

UNDP: (i) Terminal Evaluation of the GEF project "Enhancing Capacity to Develop Global and Regional Environmental Projects in the Pacific"; (ii) Mid-Term Review, GEF project "Economy-wide Integration of Climate Change Adaptation & Disaster Risk Management to Climate Vulnerability of Communities in Samoa; (iii) International Landscape Restoration & Carbon Benefits Expert, design of GEF project "Restoring degraded forest landscapes and promoting community based, sustainable and integrated natural resource management in the Rora Habab Plateau", Eritrea.

Aug 2014-Apr 2017 Senior Advisor, Forestry & Climate Change, Danish Ministry of Foreign Affairs, Bolivia

Implementation of the Bolivia Forestry & CC Programme; Institutional development, Policy advice, Project design, M&E.

Jan 2012-Jul 2014 CEO COBODES Ltd.

UNDP: (i) Midterm Review, GEF project "Integration of CC Risks and Resilience into Forestry Management in Samoa"; (ii) Project Design Specialist, UNDP/CABEI GEF project "Central American Markets for Biodiversity".

IDB/MIF: Midterm Evaluation of the Rainforest Alliance regional program "Forest Conservation through Certification, Marketing and Strengthening of Forestry SMEs", Mexico, Central America and Peru

EU: Technical Supervisor, "Lake Poopó Watershed Master Plan", Bolivia

NORAD: Team Leader, Final Evaluation of CATIE Regional Mesoamerican Agro-Environmental Programme

Norwegian Ministry of Foreign Affairs (through Scanteam): Mid-term Review of RFN regional programme "Rights-Based Sustainable Management of Large Contiguous Territories in the Amazon"

Norwegian Forestry Group: (i) Design of REDD+ project in the RAAS indigenous autonomous region, Nicaragua; (ii) Team Leader, design of REDD+ research project in the Amazon (Bolivia, Brazil, Peru)

SIDA: Team Leader, Midterm Evaluation of Baba Carapa Forest Industry Programme, Bolivia

TYPSA-AGRER-CIAT: Prepared proposal to EIB "Climate Action Support to the Caribbean Development Bank"

Nov 2010-Jan 2012 Senior Sector Specialist, Inter-American Development Bank, Suriname

Member of IDB country strategy team; Focal Point for Climate Change; Team Leader for projects on Environment, Disaster Risk Management, CC, Forestry, Coastal Zone Management; and Agriculture. Team member, GEF renewable energy project.

Jun 2008-Oct 2010 Senior Sector Specialist, Inter-American Development Bank, Bolivia

Member of IDB country strategy team; Focal Point for Climate Change and Coordinator of Inter-agency Group on CC; Team Leader for projects on Environment, Disaster Risk Management, CC (incl. PPCR), Forestry, Hydrology, Watershed management; DRM; Cadaster/land tenure; Agriculture/food security; and Biodiversity; including GEF and FCPF projects.

Jul 1999-May 2008 Natural Resources Specialist, Inter-American Development Bank, Washington DC, USA

Team Leader for design, implementation, M&E of investment programs in Central America & Caribbean, on Forestry; Agriculture; Tourism; Protected Areas; Watershed management; Land use; and Indigenous peoples (GEF). Team member, new Bank policies on Environment, Indigenous peoples, Gender, Forestry and Rural development. Gender Focal Point.

Jun 1998-Jul 1999 Director General, Nordic-Latin American Resource Group (NORLAT)

Consultancy and network company registered in Norway with Representations in 4 Nordic and 9 Latin American

countries.

Dec. 1989-June 1998 Regional Director for Latin America & Caribbean, Scandiaconsult / Swedforest International

Managed Regional Office and support to 13 national representatives. Managed contracts for World Bank, IDB, EU, UNDP, NDF, ITTO, IUCN and bilateral agencies: two large SIDA forestry programmes in Bolivia (5 years) for public and private sectors. Consultancies in Argentina, Bolivia, Chile, Colombia, Ecuador, Paraguay and Central America.

May 1982-Nov 1989 Senior Specialist / Resident Representative, Royal Norwegian Society for Development

NORAD financed projects: (i) Agriculture & cooperative development, UNAG Nicaragua; (ii) Relief aid during drought and after the hurricane "Joan"; and (iii) Regional co-operative programmes in Central America & Caribbean (incl. gender programme). Resident Representative in Nicaragua 1988. 1982-85 mostly work with African and Asian countries.

Dec 1985-Dec. 1987 Associate Professional Officer, Bolivia - FAO

In charge of Community Forestry, Project for reforestation & soil rehabilitation, Upper Guadalquivir Watershed, Tarija.

Annex 8. Quality Assessment of the Evaluation Report

Quality Assessment of the Evaluation Report

Evaluation Title:

Terminal Evaluation of the UN Environment – GEF project “Expanding Forest Stewardship Council (FSC) certification at landscape level through incorporating additional ecosystem services”

All UN Environment evaluations are subject to a quality assessment by the Evaluation Office. This is an assessment of the quality of the evaluation product (i.e. evaluation report) and is dependent on more than just the consultant’s efforts and skills. Nevertheless, the quality assessment is used as a tool for providing structured feedback to the evaluation consultants, especially at draft report stage. This guidance is provided to support consistency in assessment across different Evaluation Managers and to make the assessment process as transparent as possible.

| | UN Environment Evaluation Office Comments | Draft Report Rating | Final Report Rating |
|---|---|---------------------|---------------------|
| Substantive Report Quality Criteria | | | |
| <p>Quality of the Executive Summary:</p> <p>The Summary should be able to stand alone as an accurate summary of the main evaluation product. It should include a concise overview of the evaluation object; clear summary of the evaluation objectives and scope; overall evaluation rating of the project and key features of performance (strengths and weaknesses) against exceptional criteria (plus reference to where the evaluation ratings table can be found within the report); summary of the main findings of the exercise, including a synthesis of main conclusions (which include a summary response to key strategic evaluation questions), lessons learned and recommendations.</p> | <p>Draft report: Executive summary has been well presented. It presents the key findings and main conclusions of the evaluation. Its structure could follow the structure of the evaluation report more closely.</p> <p>Final report: Executive summary has been well presented. It presents the key findings and main conclusions of the evaluation.</p> | S | S |
| <p>I. Introduction</p> <p>A brief introduction should be given identifying, where possible and relevant, the following: institutional context of the project (sub-programme, Division, regions/countries where implemented) and coverage of the evaluation; date of PRC approval and project document signature); results frameworks to which it contributes (e.g. Expected Accomplishment in POW); project duration and start/end dates; number of project phases (where appropriate); implementing partners; total secured budget and whether the project has been evaluated in the past (e.g. mid-term, part of a</p> | <p>Draft report: The introduction includes all of the requested information.</p> <p>Final report: Unchanged:</p> | HS | HS |

| | | | |
|---|--|----|----|
| <p>synthesis evaluation, evaluated by another agency etc.)</p> <p>Consider the extent to which the introduction includes a concise statement of the purpose of the evaluation and the key intended audience for the findings?</p> | | | |
| <p>II. Evaluation Methods</p> <p>This section should include a description of how the <i>TOC at Evaluation</i>¹⁴ was designed (who was involved etc.) and applied to the context of the project?</p> <p>A data collection section should include: a description of evaluation methods and information sources used, including the number and type of respondents; justification for methods used (e.g. qualitative/quantitative; electronic/face-to-face); any selection criteria used to identify respondents, case studies or sites/countries visited; strategies used to increase stakeholder engagement and consultation; details of how data were verified (e.g. triangulation, review by stakeholders etc.).</p> <p>The methods used to analyse data (e.g. scoring; coding; thematic analysis etc.) should be described.</p> <p>It should also address evaluation limitations such as: low or imbalanced response rates across different groups; extent to which findings can be either generalised to wider evaluation questions or constraints on aggregation/disaggregation; any potential or apparent biases; language barriers and ways they were overcome.</p> <p>Ethics and human rights issues should be highlighted including: how anonymity and confidentiality were protected and strategies used to include the views of marginalised or potentially disadvantaged groups and/or divergent views.</p> | <p>Draft report: Evaluation methods have been well described.</p> <p>Final report: Unchanged</p> | S | S |
| <p>III. The Project</p> <p>This section should include:</p> <ul style="list-style-type: none"> • <i>Context</i>: Overview of the main issue that the project is trying to address, its root causes and consequences on the environment and human well-being (i.e. synopsis of the problem and situational analyses). • <i>Objectives and components</i>: Summary of the project's results hierarchy as stated in the ProDoc (or as officially revised) • <i>Stakeholders</i>: Description of groups of targeted stakeholders organised according to relevant common characteristics • <i>Project implementation structure and partners</i>: A | <p>Draft report: The project has been very well described.</p> <p>Final report: Unchanged</p> | HS | HS |

¹⁴ During the Inception Phase of the evaluation process a *TOC at Design* is created based on the information contained in the approved project documents (these may include either logical framework or a TOC or narrative descriptions). During the evaluation process this TOC is revised based on changes made during project intervention and becomes the *TOC at Evaluation*.

| | | | |
|---|---|----|----|
| <p>description of the implementation structure with diagram and a list of key project partners</p> <ul style="list-style-type: none"> • <i>Changes in design during implementation:</i> Any key events that affected the project's scope or parameters should be described in brief in chronological order • <i>Project financing:</i> Completed tables of: (a) budget at design and expenditure by components (b) planned and actual sources of funding/co-financing | | | |
| <p>IV. Theory of Change</p> <p>A summary of the project's results hierarchy should be presented for: a) the results as stated in the approved/ revised Prodoc logframe/TOC and b) as formulated in the TOC at Evaluation. <i>The two results hierarchies should be presented as a two column table to show clearly that, although wording and placement may have changed, the results 'goal posts' have not been 'moved'.</i> The TOC at Evaluation should be presented clearly in both diagrammatic and narrative forms. Clear articulation of each major causal pathway is expected, (starting from outputs to long term impact), including explanations of all drivers and assumptions as well as the expected roles of key actors.</p> | <p>Draft report: The ToC has been well presented.</p> <p>Final report: Unchanged</p> | S | S |
| <p>V. Key Findings</p> <p>A. Strategic relevance:</p> <p>This section should include an assessment of the project's relevance in relation to UN Environment's mandate and its alignment with UN Environment's policies and strategies at the time of project approval. An assessment of the complementarity of the project with other interventions addressing the needs of the same target groups should be included. Consider the extent to which all four elements have been addressed:</p> <ol style="list-style-type: none"> 5. Alignment to the UN Environment Medium Term Strategy (MTS) and Programme of Work (POW) 6. Alignment to UN Environment/GEF/Donor Strategic Priorities 7. Relevance to Regional, Sub-regional and National Environmental Priorities 8. Complementarity with Existing Interventions | <p>Draft report: Relevance has been adequately discussed. However, assessment of the alignment to GEF priorities should be also included.</p> <p>Final report: Relevance has been adequately discussed. Assessment of the alignment to GEF priorities is now also included.</p> | MS | S |
| <p>B. Quality of Project Design</p> <p>To what extent are the strength and weaknesses of the project design effectively <u>summarized</u>?</p> | <p>Draft report: The assessment of the quality of project design has been well discussed.</p> <p>Final report: Unchanged</p> | HS | HS |

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| <p>C. Nature of the External Context For projects where this is appropriate, key external features of the project's implementing context that may have been reasonably expected to limit the project's performance (e.g. conflict, natural disaster, political upheaval) should be described.</p> | <p>Draft report: Nature of the external context has been well described.</p> <p>Final report: Unchanged</p> | HS | HS |
| <p>D. Effectiveness (i) Outputs and Direct Outcomes: How well does the report present a well-reasoned, complete and evidence-based assessment of the achievement of a) outputs, and b) direct outcomes? How convincing is the discussion of attribution and contribution, as well as the limitations to attributing effects to the intervention.</p> | <p>Draft report: Delivery of outputs has been discussed in detail. Some clarifications have been requested. The assessment of the achievement of outcomes should be strengthened to present triangulated evidence that goes beyond project PIRs.</p> <p>Final report: Delivery of outputs has been discussed in detail. The evidence presented for the achievement of outcomes has been strengthened</p> | MU | S |
| <p>(ii) Likelihood of Impact: How well does the report present an integrated analysis, guided by the causal pathways represented by the TOC, of all evidence relating to likelihood of impact? How well are change processes explained and the roles of key actors, as well as drivers and assumptions, explicitly discussed?</p> | <p>Draft report: The assessment of the likelihood of impact should provide a more detailed analysis guided by the ToC.</p> <p>Final report: The assessment of likelihood of impact has been improved.</p> | MU | MS |
| <p>E. Financial Management This section should contain an integrated analysis of all dimensions evaluated under financial management. And include a completed 'financial management' table. Consider how well the report addresses the following:</p> <ul style="list-style-type: none"> • <i>completeness</i> of financial information, including the actual project costs (total and per activity) and actual co-financing used • <i>communication</i> between financial and project management staff and • <i>compliance</i> with relevant UN financial management standards and procedures. | <p>Draft report: Financial management has been adequately discussed. Some clarifications have been requested.</p> <p>Final report: The financial management has been discussed adequately despite the limitations relating to available information.</p> <p><i>(if this section is rated poorly as a result of limited financial information from the project, this is not a reflection</i></p> | MS | S |

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| | <i>on the consultant per se, but will affect the quality of the evaluation report)</i> | | |
| <p>F. Efficiency</p> <p>To what extent, and how well, does the report present a well-reasoned, complete and evidence-based assessment of efficiency under the primary categories of cost-effectiveness and timeliness including:</p> <ul style="list-style-type: none"> • Implications of delays and no cost extensions • Time-saving measures put in place to maximise results within the secured budget and agreed project timeframe • Discussion of making use of/building on pre-existing institutions, agreements and partnerships, data sources, synergies and complementarities with other initiatives, programmes and projects etc. • The extent to which the management of the project minimised UN Environment's environmental footprint. | <p>Draft report: Efficiency has been well assessed. Some small revisions have been requested.</p> <p>Final report: Unchanged</p> | S | S |
| <p>G. Monitoring and Reporting</p> <p>How well does the report assess:</p> <ul style="list-style-type: none"> • Monitoring design and budgeting (<i>including SMART indicators, resources for MTE/R etc.</i>) • Monitoring of project implementation (<i>including use of monitoring data for adaptive management</i>) • Project reporting (e.g. <i>PIMS and donor report</i>) | <p>Draft report: Monitoring and reporting have been adequately discussed. Some clarifications have been requested, e.g. regards quality of reports.</p> <p>Final report:</p> | MS | |
| <p>H. Sustainability</p> <p>How well does the evaluation identify and assess the key conditions or factors that are likely to undermine or contribute to the persistence of achieved direct outcomes including:</p> <ul style="list-style-type: none"> • Socio-political Sustainability • Financial Sustainability • Institutional Sustainability (<i>including issues of partnerships</i>) | <p>Draft report: Assessment of sustainability is adequate, but some clarifications are needed.</p> <p>Final report:</p> | MS | |
| <p>I. Factors Affecting Performance</p> <p>These factors are <u>not</u> discussed in stand-alone sections but are integrated in criteria A-H as appropriate. To what extent, and how well, does the evaluation report cover the following cross-cutting themes:</p> | <p>Draft report: Factors affecting performance have been discussed within the criteria A-H with a brief overview at the end of the report. All required factors</p> | S | S |

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| <ul style="list-style-type: none"> • Preparation and readiness • Quality of project management and supervision¹⁵ • Stakeholder participation and co-operation • Responsiveness to human rights and gender equity • Country ownership and driven-ness • Communication and public awareness | <p>have been discussed.</p> <p>Final report: Unchanged</p> | | |
| <p>VI. Conclusions and Recommendations</p> <p>i. Quality of the conclusions: The key strategic questions should be clearly and succinctly addressed within the conclusions section? It is expected that the conclusions will highlight the main strengths and weaknesses of the project, and connect them in a compelling story line. Conclusions, as well as lessons and recommendations, should be consistent with the evidence presented in the main body of the report.</p> | <p>Draft report: Conclusions are presented as an interesting narrative. The section could more clearly present answers to the key questions identified in the evaluation ToR.</p> <p>Final report: Conclusions are now more clearly presented</p> | MS | S |
| <p>ii) Quality and utility of the lessons: Both positive and negative lessons are expected and duplication with recommendations should be avoided. Based on explicit evaluation findings, lessons should be rooted in real project experiences or derived from problems encountered and mistakes made that should be avoided in the future. Lessons must have the potential for wider application and use and should briefly describe the context from which they are derived and those contexts in which they may be useful.</p> | <p>Draft report: Identified lessons highlight some of the key findings of the evaluation, but would benefit from reformulation to increase their utility.</p> <p>Final report: Lessons have undergone some reformulations</p> | MS | S |
| <p>iii) Quality and utility of the recommendations: To what extent are the recommendations proposals for specific actions to be taken by identified people/position-holders to resolve concrete problems affecting the project or the sustainability of its results. They should be feasible to implement within the timeframe and resources available (including local capacities) and specific in terms of who would do what and when. Recommendations should represent a measurable performance target in order that the Evaluation Office can monitor and assess compliance with the recommendations.</p> | <p>Draft report: Identified recommendations should consider the organization they are addressed to, and the recommendations would benefit from reformulation.</p> <p>Final report: Recommendations are directed to UN Environment and made as 'suggestions' to the FSC</p> | MS | S |
| <p>VII. Report Structure and Presentation Quality</p> | | | |
| <p>i) Structure and completeness of the report: To what extent does the report follow the Evaluation Office guidelines? Are all requested Annexes included and</p> | <p>Draft report: The draft follows Evaluation Office guidelines</p> | S | |

¹⁵ In some cases 'project management and supervision' will refer to the supervision and guidance provided by UN Environment to implementing partners and national governments while in others, specifically for GEF funded projects, it will refer to the project management performance of the executing agency and the technical backstopping provided by UN Environment.

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| complete? | and nearly all requested annexes are included. Final report: | | |
| ii) Quality of writing and formatting: Consider whether the report is well written (clear English language and grammar) with language that is adequate in quality and tone for an official document? Do visual aids, such as maps and graphs convey key information? Does the report follow Evaluation Office formatting guidelines? | Draft report: The quality of writing and formatting are good. Final report: Minor corrections to English required but well-written | S | S |
| OVERALL REPORT QUALITY RATING | | S | S |

A number rating 1-6 is used for each criterion: Highly Satisfactory = 6, Satisfactory = 5, Moderately Satisfactory = 4, Moderately Unsatisfactory = 3, Unsatisfactory = 2, Highly Unsatisfactory = 1. The overall quality of the evaluation report is calculated by taking the mean score of all rated quality criteria.

At the end of the evaluation compliance of the evaluation process against the agreed standard procedures is assessed, based on the table below. *All questions with negative compliance must be explained further in the table below.*

| Evaluation Process Quality Criteria | Compliance | |
|---|------------|----|
| | Yes | No |
| Independence: | | |
| 1. Were the Terms of Reference drafted and finalised by the Evaluation Office? | Y | |
| 2. Were possible conflicts of interest of proposed Evaluation Consultant(s) appraised and addressed in the final selection? | Y | |
| 3. Was the final selection of the Evaluation Consultant(s) made by the Evaluation Office? | Y | |
| 4. Was the evaluator contracted directly by the Evaluation Office? | Y | |
| 5. Was the Evaluation Consultant given direct access to identified external stakeholders in order to adequately present and discuss the findings, as appropriate? | Y | |
| 6. Did the Evaluation Consultant raise any concerns about being unable to work freely and without interference or undue pressure from project staff or the Evaluation Office? | | N |
| 7. If Yes to Q6: Were these concerns resolved to the mutual satisfaction of both the Evaluation Consultant and the Evaluation Manager? | | |
| Financial Management: | | |
| 8. Was the evaluation budget approved at project design available for the evaluation? | Y | |
| 9. Was the final evaluation budget agreed and approved by the Evaluation Office? | Y | |
| 10. Were the agreed evaluation funds readily available to support the payment of the evaluation contract throughout the payment process? | | N |
| Timeliness: | | |
| 11. If a Terminal Evaluation: Was the evaluation initiated within the period of six months before or after project operational completion? Or, if a Mid Term Evaluation: Was the evaluation initiated within a six-month period prior to the project's mid-point? | Y | |
| 12. Were all deadlines set in the Terms of Reference respected, as far as unforeseen circumstances allowed? | Y | |
| 13. Was the inception report delivered and reviewed/approved prior to commencing any travel? | Y | |
| Project's engagement and support: | | |
| 14. Did the project team, Sub-Programme Coordinator and identified project stakeholders provide comments on the evaluation Terms of Reference? | Y | |
| 15. Did the project make available all required/requested documents? | Y | |
| 16. Did the project make all financial information (and audit reports if applicable) available in a timely manner and to an acceptable level of completeness? | Y | |
| 17. Was adequate support provided by the project to the evaluator(s) in planning and conducting evaluation missions? | Y | |
| 18. Was close communication between the Evaluation Consultant, Evaluation Office and project team maintained throughout the evaluation? | Y | |
| 19. Were evaluation findings, lessons and recommendations adequately discussed with the project team for ownership to be established? | Y | |
| 20. Did the project team, Sub-Programme Coordinator and any identified project stakeholders provide comments on the draft evaluation report? | Y | |
| Quality assurance: | | |
| 21. Were the evaluation Terms of Reference, including the key evaluation questions, | Y | |

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| peer-reviewed? | | |
| 22. Was the TOC in the inception report peer-reviewed? | Y | |
| 23. Was the quality of the draft/cleared report checked by the Evaluation Manager and Peer Reviewer prior to dissemination to stakeholders for comments? | Y | |
| 24. Did the Evaluation Office complete an assessment of the quality of both the draft and final reports? | Y | |
| Transparency: | | |
| 25. Was the draft evaluation report sent directly by the Evaluation Consultant to the Evaluation Office? | Y | |
| 26. Did the Evaluation Manager disseminate (or authorize dissemination) of the cleared draft report to the project team, Sub-Programme Coordinator and other key internal personnel (including the Reference Group where appropriate) to solicit formal comments? | Y | |
| 27. Did the Evaluation Manager disseminate (or authorize dissemination) appropriate drafts of the report to identified external stakeholders, including key partners and funders, to solicit formal comments? | Y | |
| 28. Were all stakeholder comments to the draft evaluation report sent directly to the Evaluation Office | Y | |
| 29. Did the Evaluation Consultant(s) prepare a response to all comments? | Y | |
| 30. Did the Evaluation Office share all comments and Evaluation Consultant responses with all those who were invited to comment? | Y | |

Provide comments / explanations / mitigating circumstances below for any non-compliant process issues.

| <u>Process Criterion Number</u> | <u>Evaluation Office Comments</u> |
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| 10 | There were some problems with the coding blocks and GEF Fee had to be utilized |
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