

TERMS OF REFERENCE

Terminal Evaluation of the

UNEP Land Use Finance Project:

Leveraging private finance to systematically transition to sustainable land use decoupled from deforestation, climate and ecosystem impacts

(PIMS no 2009, 113.4, SMA no 37605)

Section 1: PROJECT BACKGROUND AND OVERVIEW

1. Project General Information

Table 1. Project summary

UNEP PIMS ID/SMA ¹ ID:	2009	Grant ID ² (if applicable):	
UNEP Management (Division/Branch/Unit):	Ecosystems Division (moved to Climate Change Division as of 1 February 2024)		
Implementing Partners:	Frankfurt School of Finance and Management (UNEP collaborating centre) &Green Fund/Sustainable Trade Initiative (IDH) BNP Paribas Rabobank Dutch Development Bank (FMO) Mirova Natural Capital (Althelia Ecosphere) Sustainable Investment Management (SIM): Responsible Commodities Facility AGRI3 Fund UNEP-WCMC GIZ and WEF Farmstrong Earthworm CIFOR WBCSD		
Sources of Funding:	Country ³ (ies): Germany Italy Luxembourg Netherlands Norway Sweden Belgium	Institution ⁴ Name/Type: Norway Trust Fund SIDA Trust Fund Luxembourg Germany (IKI) GEF IUCN JI AGRI3 Fund (Dutch Government) Italy TNC (Moore Foundation) GEF (GEF ID 9719)	
Relevant SDG(s):	SDG 12.6; SDG 13.2; SDG 15.2, 15.3, 15.5, 15.a and SDG 17.3 and 17.17		
MTS (all that apply):	2018-2021; 2022-2025	UNEP approval date:	26 April 2018

¹ SMA refers to the ID provided by the Integrated Planning, Management and Reporting Solution (IPMR) system, which was introduced by UNEP in July 2023.

² For example, ID references from EC, IKI, UNDA, Adaptation Fund, GCF.

³ Where applicable, list countries who have provided project funds and/or co-finance.

⁴ Indicate where funding institutions are any/all of the following: Foundation/NGO; Private Sector; UN Body; Multilateral Fund; Environment Fund; Other.

POW Direct Outcome(s) number/reference (applicable for projects approved from 2022): OR POW Output(s) number/reference (applicable for projects approved pre-2022)	POW Direct Outcome: 1.2 Carbon neutrality and resilience are integrated into climate planning and policy/regulatory frameworks at all levels. 1.5 Private and public finance flows are aligned with the goals of the Paris Agreement. 2.2 Public and private sector financial flows contribute to improved ecosystem management. 2.9 Institutional capacity enhances and accountability frameworks strengthened to adopt and act on national and international commitments.	MTS 2025 Outcome(s) number/reference (applicable for projects approved from 2022): OR POW Expected Accomplishment(s) number/reference (applicable for projects approved pre-2022):	MTS 2025 Outcome: Climate Action SP 1A: Decision makers at all levels adopt decarbonization, dematerialization and resilience pathways; 1B: Countries and stakeholders have increased capacity, finance and access to technologies. Nature Action SP: 2A: Economically and socially sustainable pathway to halt and reverse the loss of biodiversity and ecosystem integrity established
	POW Output:		POW Expected Accomplishment:
Sub-programme:	Climate Action; Nature Action; Finance and Economic Transformation	Programme Coordination Project:	
Expected start date:	April 2018	Actual start date:	
Planned completion date:	December 2024 (81 months)	Actual operational completion date:	December 2024 as per Rev. #4 of ProDoc
Planned total project budget ⁵ at approval:	USD11,355,039	Actual total expenditures reported as of May 2024:	USD8,501,072.58
Planned Extra-budgetary Funds ⁶ :	Cash: USD51,469,415 In-kind: USD444,080	Secured Extra-budgetary Funds:	Cash: USD50,976,460 Rev. 4: USD10,862,084 In-kind: USD444,080

⁵ Total budget may include; Regular Budget, Environment Fund, Extra-Budgetary, including 'softly-earmarked' etc. Source: ProDoc Revision #4 approved on 28 June 2024 adjusted total budget from USD50million to USD11,355,039. The six months' extension allows time for preparation of new ProDoc for Phase 2 of the project.

⁶ Extra-budgetary funds may include co-finance (cash/in-kind). ProDoc Rev. #3 had indicated total project USD51,913,495.

		Actual Extra-budgetary Funds expenditures reported as of May 2024:	Cash: USD8,501,052.58
First disbursement:		Planned date of financial closure:	Estimated 1 year after operational completion.
No. of formal project revisions:	4	Date of last approved project revision:	28 June 2024
No. of Steering Committee meetings:		Date of Last Steering Committee meeting:	
Mid-term Review/ Evaluation (planned date):	2022	Mid-term Review/ Evaluation (actual date):	August 2022
Terminal Evaluation (planned date):	June 2024	Terminal Evaluation (actual date):	August 2024
Coverage – Implementing Country(ies):	Argentina, Brazil, Costa Rica, Cote d'Ivoire, Indonesia, Paraguay, Viet Nam	Coverage – Implementing Region(s):	Africa, Asia and the Pacific and Latin America and the Caribbean
Dates of previous project phases:	-	Status of future project phases:	-

2. Project Rationale

Forests and agriculture hold more than 30% of the climate change solution in terms of providing the most cost-effective forms of mitigation potential. However, they currently receive around 3% of public climate finance. Neither the Paris Climate Agreement targets nor post 2020 Biodiversity Framework or the Sustainable Development Goals will be reached unless there is a systematic and fundamental transition to different land use models that better balances the need to scale up food production for an estimated 9 billion people by 2050, whilst also reducing deforestation and biodiversity loss and restore the more than 2 billion ha of degraded land.⁷

There would be need for business “unusual” to better balance the need to stimulate economic growth and scale up food production while focusing on achieving the climate, biodiversity and ecosystem restoration targets. However, public funding and government regulation alone would not be enough to change the ‘deforestation trajectory’ in developing countries, where most of the deforestation associated with the production of commodities including palm oil, soy, beef, timber, cocoa and rubber takes place. The solution therefore would have to include more efficient use of existing agricultural land, prioritise the use of degraded land (instead of converting primary forests) as well as technological improvement. By partnering directly with private sector entities in the agricultural, finance and other sectors, UNEP would be able to support member countries to proactively transition to sustainable land use management at scale by providing (bottom-up) economic and financial incentives to smallholder farmers, supply chain companies, traders and finance institutions to systematically include climate, nature, social and restoration targets.

The “zero net deforestation” commitments made by a growing number of agribusinesses (e.g. Unilever, Mars, Nestle, Carrefour) and a few finance institutions (e.g. BNP Paribas, Rabobank) would open the door for a different way of agricultural production. However, to move from commitments to implementation, it would be imperative to use public funding to “de-risk” private finance towards “zero net deforestation” agricultural production. De-risking in this context would mean taking away some of the perceived and real credit risk, as well as costs for smallholder farmers, supply chain companies and finance institutions related to switching to sustainable agricultural commodity production decoupled from deforestation, climate and biodiversity loss impacts.

To pioneer the transformation to sustainable land use, this project’s strategy revolved around three phases: 1) demonstrate ‘proof-of-concept’ that banks and investors can finance clients in land use sectors (forestry, agriculture) that achieve ‘net zero, nature positive’ land use impact. This was to be done by identifying different

⁷ Section based on ProDoc, Revision #2, signed 15/12/2021 unless otherwise indicated.

(blended) finance approaches to unlock private finance at scale (e.g. through TLFF, AGRI3, RSCF, &Green and others; 2) Stimulate 'scaling' public and especially private finance for sustainable land use through standardising KPIs, metrics and methodologies, creating a coalition or leaders group of finance institutions, corporates and governments to make bold, time-bound commitments to finance land in a more sustainable manner, as well as country application by working with other units and programmes within UNEP (e.g. UNREDD, CCAU, etc); 3) Advocate for sustainable land use to become the 'new norm' rather than the exception by producing flagship reports such as the 'State of Finance for Nature', repurposing of agricultural fiscal policies, etc. In doing so, the project would be aligned with UNEP's Medium-Term Strategy on living in harmony with nature, climate stability and the cross-cutting theme of finance and economic transformation.

To pioneer the transformation to sustainable land use, UNEP - in collaboration with key partners – aimed to set up several complementary facilities addressing different needs by removing the regulatory, economic and financial barriers. These facilities aimed to use public funding to leverage and unlock private capital at scale for sustainable agricultural commodity production as well as forest and landscape restoration. This UNEP project was designed to have several initiatives that each would address a major barrier to scaling up public and private finance for sustainable commodity production.⁸

In doing so, UNEP aimed to play a constructive and proactive role in better aligning the demands and actions of public and private stakeholders. Best practice examples ("blueprints" of novel land use finance models) would be communicated to the finance and agricultural value chain with the aim of greater uptake and ultimately mainstreaming across relevant sectors.

3. Project Results Framework

The project document had three formal revisions during implementation.

For Revision #1 (2019) additional donor funding had been secured and was captured in the Theory of Change and Logframe of the project document.

The revisions between the #2 revision and the #1 revision related to:

- Some expected funding did not materialise: Anticipated funding from the UK Government (BEIS for a 'forest and finance' programme) at GBP 100 million did not materialise. Instead, the UK Government chose the Dutch development bank, FMO, as partner for the project. In addition, anticipated funding from the GCF under the 'Pitch for the Planet' window did not materialise.
- Not all initiatives could be 'housed' under one Project Document: A decision was made in 2020 for the Restoration Seed Capital Facility (RSCF) to be managed through a different Project Document, given that a) the timeline (until 2026) and b) the nature of the work (managing grant funding) is different from the activities and outputs described in the Land Use Finance Project.
- Funding by the Dutch Government (USD 40m) for the AGRI3 Fund was approved but transferred directly to the legal entity set up for this purpose. UNEP would however receive funding to cover its operational costs (USD 660,000). This formally added the AGRI3 Fund to be project's fund facilities.
- Additional funding secured from the Italian Government (USD 1,498,000), till Dec 2023; the Moore Foundation (via TNC) (USD 694,994), till March 2023; and the Dutch Government (via the AGRI3 Fund) for USD 660,000, till December 2023.

For Revision #2 (2021) added newly secured funds.

For Revision #3 (2024) additional funding was received for projects with an overall amount of USD 2.8 million between revision #2 and revision #3, thereby reducing the funding gap of unsecured funding from USD 3.3 million (revision #2) to USD 500k (revision 3). Total budget between revision #2 and revision #3, however, remained unchanged at USD 51.9 million. The process of starting the second phase of the Land Use Finance Project had started, and new concept was submitted to the Concept Approval Group for review. Therefore, the requested extension was for 6 months (until June 2024), so that the new project could receive full approval for implementation. With the additional funding added in the project, some targets were increased and reflected in the revised logframe. The revision was submitted after the project expired because additional funding for e.g. IFACC phase 2 or UNDP FOLUR (GEF funded) was confirmed late in Q4 2023, in some cases

⁸ Paragraph and subsequent four paragraphs in this section from IPMR, SMA ID: 37605, 113.4 Land Use Finance Project, Project Overview, accessed on 24/04/24.

a few days before Christmas '23. To ensure that all targets would be achieved, revision #3 for an extension of 6 months was deemed necessary to ensure pending targets be achieved.

These changes in the ProDoc were reflected in the Theory of Change and the logframe was updated, latest in 2024. Table 2 shows the project's results framework with two outcomes, three project direct outcomes and associated outputs.

For Revision #4 (June 2024) as preparation and review processes for both the concept note and project document of phase II were delayed, the project had a 6-months extension (until 31 Dec 2024) to ensure project continuity. There was no additional funding added in this revision, and any unspent funds in this project until the end of the project would be moved to the second phase of the project. The concept note of the second phase of the Land Use Finance project was approved by CAG on 19 June 2024 and the drafting of the full project document has started. The overall budget of the project was also corrected in revision #4 since some donor funded projects were mistakenly included as co-finance in previous versions. The corrected overall project budget is USD 11,799,119.

Table 2. The project's results framework

Outcomes	Indicators	Outputs
Outcome 1: Finance facilities are set up by UNEP and operational aimed at leveraging public finance to unlock private capital by banks/ investors/ agribusinesses and other institutions towards gender inclusive sustainable land use.	• Number of government/foundation donors (in #) supporting UNEP's Land Use Finance work, aimed at unlocking private capital for sustainable land use; BL = 0; Target = 6 (SP1 EAbii) • Number of sustainable land use finance facilities (with gender inclusion outcomes) set up by UNEP and operational. BL=0; Target = 4 (SPEA3bii) • Number of governments/private foundations (in #) that have provided concessional finance to de-risk private investment for sustainable land use due to involvement of UNEP; BL = 0; Target = 4 • Number of deals concluded by private sector partner focused on nature/climate positive land use BL=0; Target: 21 deals. (SP1 (ii – a)) • Amount of capital unlocked by private sector partner focused on nature/climate positive land use BL=0; Target: USD350 million. (SP1 (ii – a))	1a. Bilateral funding sources (from governments/private foundations) consider to provide concessional finance in the form of public capital to 'de-risk' and unlock private capital at scale (for one or several facilities) as a result of UNEP involvement. 1a. Bilateral funding sources (from governments/private foundations) consider to provide concessional finance in the form of public capital to 'de-risk' and unlock private capital at scale (for one or several facilities) as a result of UNEP involvement. 1b. Ambitious partnerships/commitments established with finance institutions/agribusinesses or relevant (private sector) initiatives to scale up investment into sustainable land use. 1b. Ambitious partnerships/commitments established with finance institutions/agribusinesses or relevant (private sector) initiatives to scale up investment into sustainable land use. 1c. Environmental and social impact framework, with gender outcomes and indicators, developed and finalized that can be used to measure the positive impact from private finance facilities. 1c. Environmental and social impact framework, with gender outcomes and indicators, developed and finalized that can be used to measure the positive impact from private finance facilities. 1d. Technical assistance on business cases provided to private sector partners that increases the likelihood of success private capital flows to sustainable land use to member states. 1d. Technical assistance on business cases provided to private sector partners that increases the likelihood of success private capital flows to sustainable land use to member states. 1e. Additionality of blended/finance facilities reviewed via non-binding opinions that assess degree to which novel land use finance deals deviate from business-as-usual. 1e. Additionality of blended/finance facilities reviewed via non-binding opinions that assess degree to which novel land use finance deals deviate from business-as-usual.
Outcome 2: Governments adopt fiscal reform that can demonstrably		2a. Successful blueprints and examples of novel sustainable land use deals are communicated to financial industry, food/agri/forestry industry and governments.

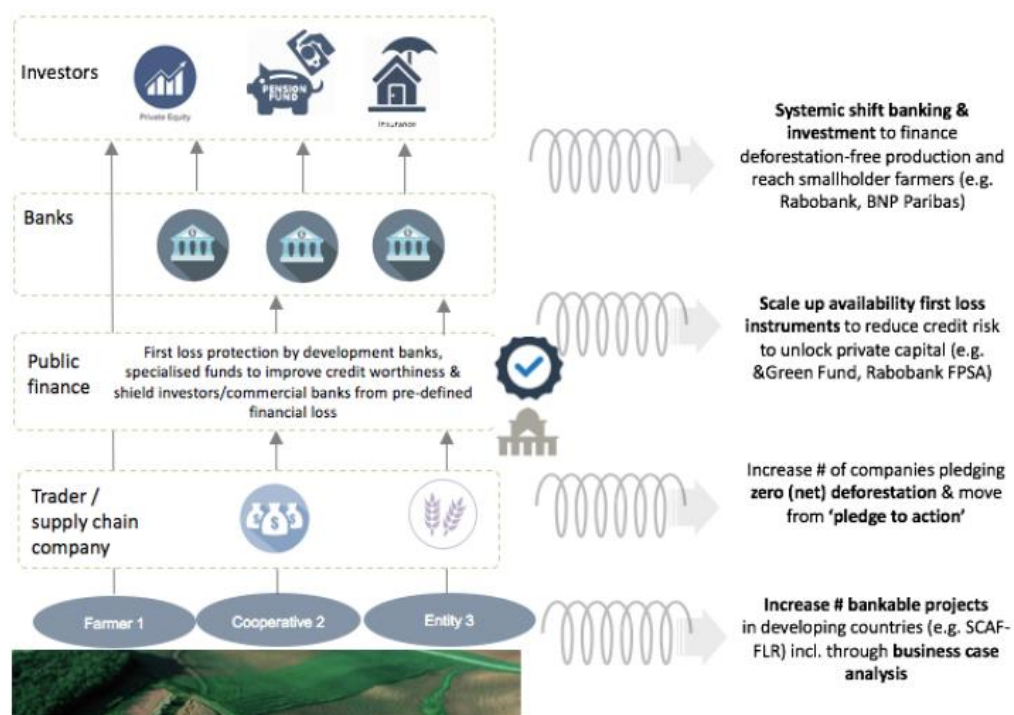
help create an enabling environment for sustainable land use. Outcome 2: Finance institutions, food/agri, consumer goods companies accelerate the transformation to sustainable land use with support of UNEP (# finance institutions, agri/food companies).	• # of finance institutions that commit at senior level to accelerate the drive towards deforestation-free lending & investment e.g. by strengthening risk management or setting up a dedicated credit facility to finance deforestation-free commodity production (SP3 EAb ii). BL = 0; Target = 23 • # of agribusinesses and consumer goods companies that commit at senior level to accelerate the drive towards deforestation-free production, trade and sourcing by refraining from sourcing/buying/producing commodities linked to deforestation.	2a. Successful blueprints and examples of novel sustainable land use deals are communicated to financial industry, food/agri/forestry industry and governments
		2b. Finance and business coalitions established bringing finance, agri/food, public sector to commit to ambitious targets & stimulate action around increased investment into sustainable land use, including at regional level.
		2b. Finance and business coalitions established bringing finance, agri/food, public sector to commit to ambitious targets & stimulate action around increased investment into sustainable land use, including at regional level.
		2c. Project websites & knowledge platforms created demonstrating the (anticipated) impact, lessons learned and partners of finance facilities that UNEP is supporting.
		2c. Project websites & knowledge platforms created demonstrating the (anticipated) impact, lessons learned and partners of finance facilities that UNEP is supporting.
		3a. Options provided to governments on fiscal, trade and other relevant policies aimed at aligning, conservation, agricultural production and economic growth.
Outcome 3: Governments demonstrate efforts to align public policies to enable private investment for sustainable land use (incl. commodity production) in targeted countries.	• Number of government that receive assistance and support from UNEP in fiscal and other relevant economic and/or regulatory reforms that could create an enabling environment for sustainable land use & thereby increase the likelihood of achieving international commitments related to the SDGs, Bonn Challenge on restoration and Paris Climate Accord. BL=0; Target = 5 (SP6EAai) • Number of governments acknowledging need to scale up finance / investment in Nature-based solutions based on 'State of Finance for Nature' reports issues; BL = 0; target = 5	3b. Technical assistance provided to governments in countries where finance facilities invest in sustainable land use.
		3c. State of Investment in Nature-based Solutions (NBS Investment report) published aimed at building further momentum for government action to create an enabling environment for public/private capital to (re)direct at scale for sustainable land use.
		3a. Options provided to governments on fiscal, trade and other relevant policies aimed at aligning, conservation, agricultural production and economic growth
		3b. Technical assistance provided to governments in countries where finance facilities invest in sustainable land use.
		3c. State of Investment in Nature-based Solutions (NBS Investment report) published aimed at building further momentum for government action to create an enabling environment for public/private capital to (re)direct at scale for sustainable land use.

Source: Results framework, Prodoc, #4 rev. 28 June 2024.

The Theory of Change

The project aimed to remove economic, financial and regulatory barriers to unlock and (re)direct private capital – effectively creating practical “business cases” - that would lead to real and tangible social and environmental benefits (“additionality”) in the form of reduced emissions, deforestation and biodiversity loss as well as long-term rural employment and enhanced agricultural output and related economic growth. Figure 1 presents a schematic overview of mechanisms at play in scaling up finance for sustainable land use.

Figure 1. Schematic overview of three key mechanics to scale up public and private finance for sustainable land use.

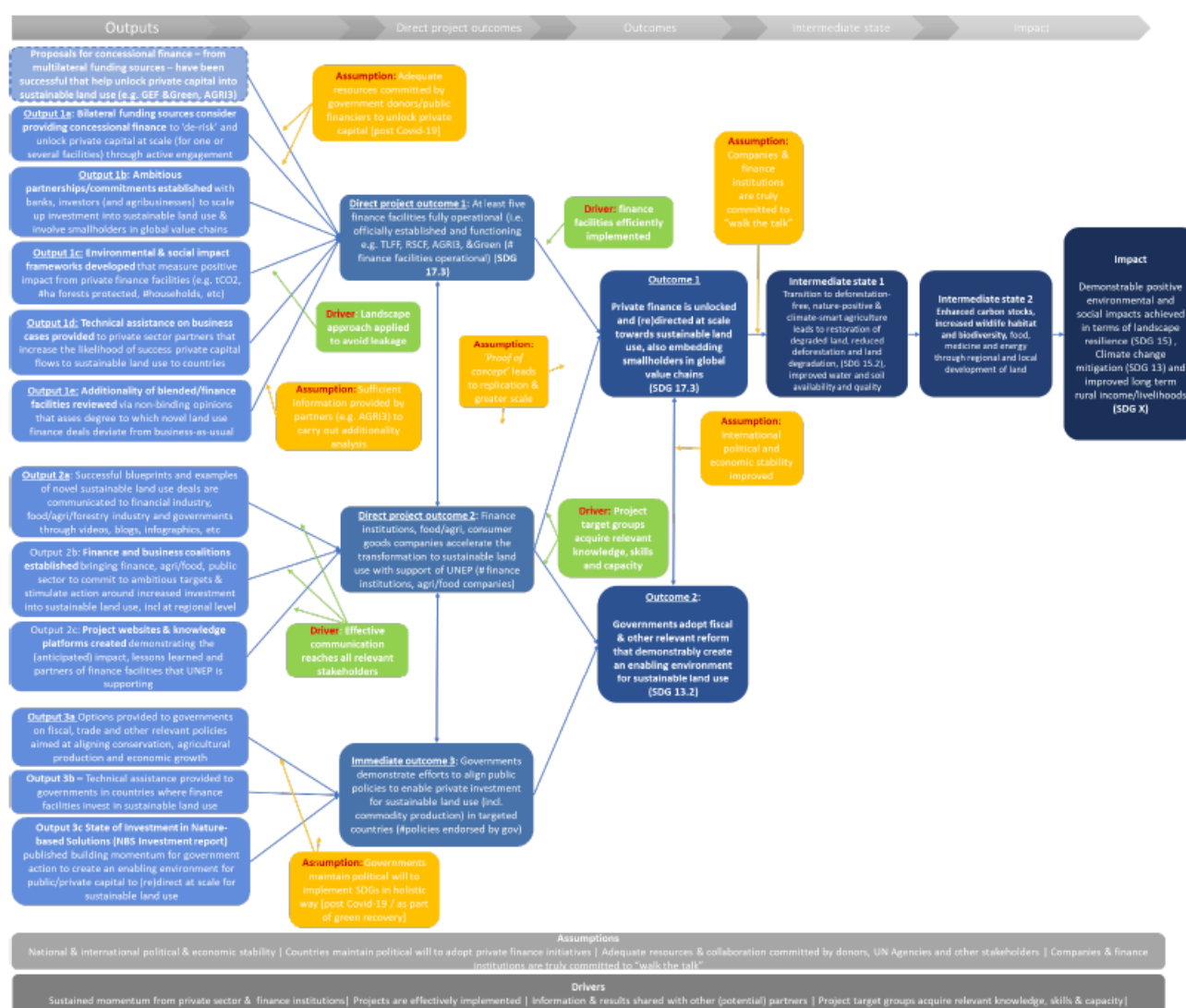


Source: ProDoc, Revision 2, Figure 5.

The project's theory of change is shown in Figure 2. The TOC diagram is **provisional** as it shows outcomes at two levels of Direct Project Outcome and Project Outcome rather than one level of outcomes as in the results framework of the latest revision of the ProDoc (Revision #4, 28 June 2024). The TOC's Direct Project Outcome 1, Direct Project Outcome 2, Intermediate Project Outcome 3 corresponds with the results framework's Outcome 1, Outcome 2 and Outcome 3.⁹

⁹ Project outcome: Project Outcome(s) are those outcomes that are intended to be achieved by the end of project timeframe/funding envelope. Project direct outcome: A project direct outcome is an outcome that is intended to be achieved from the uptake of outputs and occurring prior to the achievement of Project outcome(s). Source: UNEP Glossary of results definitions, December 2023.

Figure 2. Theory of change



Source: ProDoc, Rev. 2, Figure 6: Theory of Change diagram (updated 2020).

Outcome 1 was to focus on operationalizing several complementary facilities aimed at unlocking and (re)directing private capital at various stages of the financing lifecycle for deforestation-free, sustainable commodity production that includes forest protection, restoration of degraded land and/or reforestation. UNEP was involved in 4 different facilities that would touch upon all three key mechanisms highlighted in Figure 1 above:

- The **Tropical Landscapes Finance Facility (TLFF)** managed by UNEP, BNP Paribas, ADM Capital and ICRAF aimed to scaling up private finance and investment in rural renewable energy production and sustainable land management in Indonesia. In 2021, a new Tropical Landscapes Grant Fund was planned to be set up, with funding provided by the Canadian Government and managed by UNOPS.¹⁰ The Grant Fund's specific purpose being to support a number of promising projects and bring them to a stage where banks and (impact) investors are willing to invest in them.
- A partnership initiated with Rabobank to set up a USD 1 billion credit facility called "**AGRI3 Fund**" aimed at scaling up deforestation-free commodity production where climate and forest protection/restoration are an integral part of every deal. The AGRI3 Fund is the operational vehicle to implement this commitment (with an anticipated funding need of USD 146m, this de-risking facility aims to issue a variety of guarantees with a total

¹⁰ ProDoc, Revision #1, p. 34.

outstanding capital of USD 300m, which enables USD 1bn in senior debt to be 'unlocked'). Committed capital in the AGRI3 Fund as of March 2021 was USD 90 million

- The **&Green Fund** - is spin-off from the Sustainable Trade Initiative (IDH). Norway has already committed to providing USD 100 million to this novel "de-risking" credit facility that aims to blend public and private capital to scale up sustainable commodity production that is "decoupled" from deforestation. UNEP being involved in this facility through a USD 2 million concessional loan (termed 'non-grant' in GEF terminology) from the Global Environment Facility (GEF6 window), which was approved in February 2018. Ultimately, the &Green Fund aims to deliver 5 million hectares of conserved forest based on a USD 400 million Fund with a leverage ratio of 5:1 financed by partner financial institutions and borrowers.

- UNEP set up a **Restoration Seed Capital Facility (RSCF)** to unlock private finance in forest and landscape restoration projects in developing countries by co-funding early-stage development costs on a 50/50 basis. By working directly with investors focused on financing projects in the forest and landscape restoration domain, this seed capital facility aims to make degraded lands productive again and stimulate economic development, climate change mitigation and adaptation. The RSCF was to be built upon the experience of the Seed Capital Assistance Facility (SCAF), an initiative set up by UNEP with a proven track record of catalysing private finance in renewable energy and energy efficiency in Africa and Asia, together with the UNEP Collaborating Centre – the Frankfurt School of Finance and Management. That facility has directly supported 25 projects and indirectly co-financed more than 80 projects in the renewable energy and energy efficiency domain, unlocking more than USD 500 million in private finance from private equity, venture capital and development corporations active in renewable energy and energy efficiency (by the end of 2018). In 2020 [between #2 and #1 revision], ProDoc revision #2 states that RSCF was removed from the Land Use Finance project to be managed through a separate Project Document.

Through these facilities UNEP intended to play a proactive convening and facilitating role in helping private and public-sector entities to scale up investments that benefits forest protection, climate mitigation and adaptation as well as restoration of degraded land at a scale that would not be possible through public funding mechanisms alone resulting in outcome 1 of unlocking and/or (re)directing private finance towards sustainable land use that would lead to demonstrable environmental and social benefits ("additionality").

Outcome 2 was largely intended to create momentum to scale up finance and investment in 'net zero/nature positive' land use that would go beyond a few finance institutions and beyond a few investments. Ensuring that novel sustainable land use finance deals were communicated to a wider audience (governments, agribusinesses, finance institutions and civil society) thought to be critical to mainstream best practices. UNEP asserts it was well placed to pioneer new initiatives, but upscaling was expected to be done by other relevant parties (including other UN entities, the World Bank and other international finance institutions). Effective communication and knowledge management through (animated) videos, blogs, conferences and workshops would be needed to "spread the word" of the finance deals that could be replicated and scaled up in other countries.

The partnerships with Rabobank and BNP Paribas were thought to be critical to provide "proof of concept" that sustainable commodity production can be decoupled from deforestation. To make it possible to scale, to have a more transformational impact on the financial industry, UNEP intended to set up a Forest, Food & Finance Alliance (or similar) to share experiences, expertise and lessons learned, and further scale up the levels of private finance in sustainable land use projects. The expectation was that it would bring together many leading banks, investors and partner organizations that would make tangible and specific commitments regarding sustainable commodity production that would be decoupled from deforestation (for example in the form of a dedicated credit facility of a certain size), with input from UNEP FI. Getting the commitment from several leading commercial and development banks – as well as a few interested private investors – was expected to lead to a more significant and ambitious acceleration towards sustainable land use.

Outcome 3 aimed at moving towards making sustainable land use the 'new norm' instead of the exception by creating an enabling environment by advocating for the repurposing of agricultural subsidies, but also by issuing flagship reports such as the forthcoming 'State of Finance for Nature'. This would be done by identifying options for governments to reform conventional agricultural subsidies that would have adverse impacts on forests and climate change, and reform these in way that would stimulate enhanced production on existing arable land as well as prioritizing the use of degraded land for crop/cattle production (as opposed to clearing primary tropical forests for crop/cattle production).

The expected outcome of output 2 and 3 was to increase the level of public and especially private capital through the facilities described above that would lead to demonstrable and verifiable environmental and social benefits at a scale that would not have been possible through public finance alone.

The ultimate impact of this project would be to achieve demonstrable positive environmental and social impacts (e.g. in terms of avoiding deforestation/forest degradation, restoring degraded land, improved rural income/livelihoods, biodiversity protected) and contributing to the 2030 Agenda on Sustainable Development, the Paris Climate Agreement and other relevant international agreements/commitments on biodiversity and degraded land.

In terms of drivers, Table 3 shows how the project would address the drivers as shown in the Theory of Change.

Table 3. How the project's drivers would be accounted for

Name of driver	Explanation how the driver is built in the project
Finance facilities effectively implemented	The effectiveness of a finance facility depends on a stable and clear governance structure, ability to operate in a financially self-sustaining way (i.e. by charging fees that are at least equal to the annual costs) and by ensuring professional fund managers are leading the facilities. All these factors are taken into account for the facilities in which UNEP is involved and/or has set up.
Landscape approach applied to avoid 'leakage'	In the E&S frameworks of the finance facilities there is a growing focus to ensure environmental and social impact is achieved beyond the actual project investment (i.e. positive impact in the wider landscape by amending E&S frameworks on an annual basis to account for this)
Effective communication reaches all relevant stakeholders	It is difficult to measure 'effectiveness', but the project aims to track who is being reached through the animated videos, infographics and other communication products, in order to adapt the outreach strategy in case the data shows sub-performance.
Project target group acquire relevant knowledge, skills and capacity	This driver will be revealed if the direct project outcomes are on track to be met (at this effectively means that the target audiences have acquired the necessary skills to make the switch in business and government models needed to shift towards sustainable land use production.

Source: ProDoc, Rev. #2

4. Implementation / Execution Arrangements

The project manager of the Land Use Finance project would report to the Chief of the Nature for Climate Branch in the Ecosystems Division, as first reporting officer. In February 2024, the establishment of the Climate Change Division resulted in the Climate Finance Unit moving to the Adaptation and Resilience Branch of the new Climate Change Division.

Regional offices were expected to be included for any regionally and/or country-specific work. For example, for the IKI proposal to the German government to set up the RSCF saw several discussions taking place with regional offices. For other relevant facilities, agreements were to be made as how the regional offices would be involved and ensure regional representation of the project. With the introduction of UNEP's New Delivery Model in 2022, the role of Regional Office's in project implementation were reconfigured.¹¹

Project staff consisted of staff and consultants with some turnover and variation in duration of assignments over the period covered from April 2018 to present: Project Manager (staff), Business and Market Development Lead (staff), Funds and Facility Lead (consultant), Communications Specialist (consultant), Business Analytics Specialist (consultant), Environment and Social lead (staff), Environment and Social Specialist (consultant), Financial Structuring Specialist (consultant), Comms and Knowledge Management Specialist for Funds and Facilities (consultant), Fiscal Policy Specialist (consultant), Sustainable Finance Consultant / Partnership Expert (consultant), including Finance Assistant (staff), Administrative Assistant (staff), Programme management (staff and JPO).

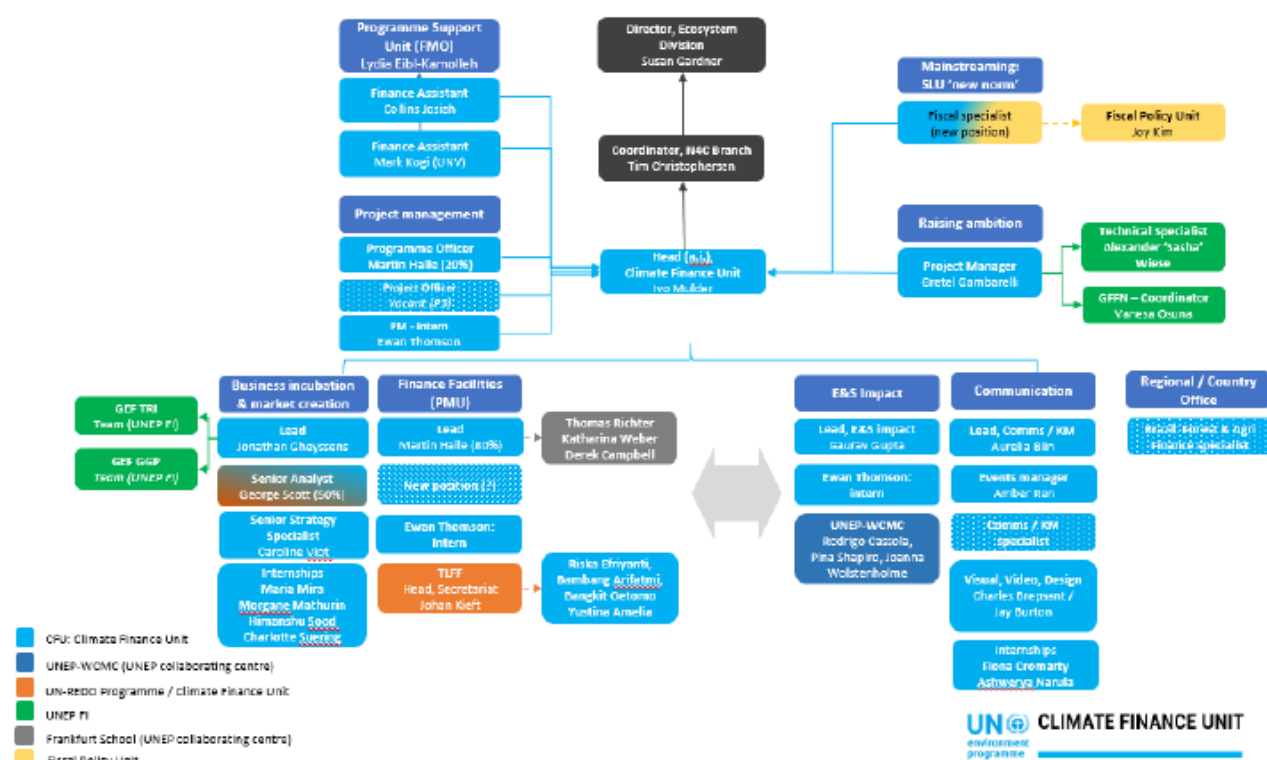
¹¹ F&Q on Programmatic Approach, August 2022. "Regional Directors will be engaged in the programme design stage and as members of CAG involved in the approval process. All programmes and projects that come into the CAG should already have been coordinated/consulted with regional directors and informed by regional subprogramme coordinators. Moreover, projects that reside within the programmes will have direct engagement with relevant Regional Offices and Directors."

In addition, there were consultants supporting specific facilities/ activities: Project coordinator - El Salvador fiscal policy project (consultant), Lead - Scaling & Raising Ambition (project manager for IFACC) (consultant), Agriculture & Forest Finance Specialist IFACC project lead (Brazil Office), Agriculture and Forest Finance Analyst Brazil IFACC (consultant), Coordinator - State of Finance for Nature report (consultant), Lead - FOLUR project on capacity building (consultant).¹²

Specifically for the TLFF there were Executive Secretary (staff), TLFF lead (staff), TLFF Programme Specialist (consultant), TLFF Gender Specialist (consultant), TLFF Investment Associate (consultant), TLFF Coordination Officer (consultant), TLFF Special Assistant to the Executive Secretary (consultant), TLFF Office Messenger (consultant), TLFF Receptionist (consultant), TLFF ESG Specialist (consultant), TLFF Investment Officer (consultant), TLFF Operating Officer (consultant), TLFF Advocacy and Outreach (consultant).¹³

The Project Manager and Project Team were located in the Climate Finance Unit. The structure of the Climate Finance Unit is presented in Figure 3 below.

Figure 3. Structure of the Climate Finance Unit as of December 2021



Source: Prodoc, Rev. #2, Figure 7: Structure of the Climate Finance Unit and its collaboration with different centres and units across UNEP.

UNEP's role in the funds and facilities of the project ranged from managing as in RSCF and TLGF to a more fundraising and advocacy focused role as in &Green as shown in Table 4 (green indicates UNEP role).

¹² The approved ProDoc anticipated the following staff contingent: 1) Environmental and social (E&S) specialist; 2) Credit analyst; 3) Regional land use finance specialist (at least one specialist in each of the three regional offices of Asia-Pacific, Latin America and the Caribbean and Africa); 4) Project assistant; 5) Specific support for the private finance facilities related to the TLFF (BNP Paribas, ADM Capital), Rabobank, etc.

¹³ Most TLFF personnel started in 2016 (TLFF was launched in October 2016), which is before the Land Use Finance project.

Table 4. Summary Overview of UNEP roles in the Funds and Facilities

Facilities	Restoration Seed Capital Facility ¹⁴ (not part of the LUF project)	Tropical Landscape Grant Fund ¹⁵ (not part of the LUF project)	AGRI3 Fund	Responsible Commodities Facility	Tropical Landscape Finance Facility	&Green Fund
Management						
Governance						
Development						
Fundraising						
Deal Review						
Communications						
Environmental & Social Support ¹⁶						
Knowledge Management						

Source: Overview courtesy of the Project Funds and Facility Lead, June 2024.

Partners and Stakeholders in the Project

There were a wide range of stakeholders who were deemed relevant in the context of the project; these are grouped by direct target group and indirect target group.¹⁷

Direct target group:

- Private finance institutions: This includes commercial banks and investors that UNEP would partner with as 'first movers' to try and redirect private capital for sustainable commodity production which is decoupled from deforestation and carbon emissions.
- Development and multilateral finance institutions: Development banks such as for example, FMO (Dutch Development Bank) and KfW in Germany, as well as multilateral institutions, including the World Bank/IFC, the Inter-American Development Bank that would have the potential to scale up the availability of 'de-risking' capital and/or syndicate innovative loan schemes that can operationalize the commitment from private finance institutions towards 'deforestation-free' agricultural production.
- Governments: The project aimed to support governments both directly and indirectly to achieve their climate targets (known as Nationally Determined Contributions), biodiversity objectives (CBD Aichi Biodiversity Targets) and restoration targets (Bonn Challenge, New York Declaration on Forests).
- Partner organizations: The organizations UNEP would partner with to implement the project would include the Frankfurt School of Finance and Management, IDH/Sustainable Trade Initiative and Tropical Forest Alliance 2020 (TFA2020).

Indirect target group:

- Agribusiness and consumer goods companies: with whom UNEP would directly or indirectly (through partners) engage with to step up their commitments to implement 'zero (net) deforestation' agricultural production.

¹⁴ After the 2021, the Restoration Seed Capital Facility was no longer part of the Land Use Finance Project.

¹⁵ The intent was to establish a Tropical Landscape Grant Fund (TLGF) by 2021 as part of the Tropical Landscape Fund Facility. The TLGF does not appear in ProDoc Rev. #3 and #4 from 2024. "As part of the Tropical Landscapes Finance Facility (TLFF), UNEP has set up a Grant Fund together with UNOPS, with the intentions to (co)fund project to develop business cases and training programmes to build capacity of (smallholder) farmers for yield improvement, forest protection, but also to fund rehabilitation of degraded land". ProDoc Rev. #3, p. 37.

¹⁶ E&S support refers to support provided by UNEP in various aspects of managing environmental and social risks as well as improving and reporting on environmental and social impacts.

¹⁷ Description of direct and indirect target groups from IPMR, 113.4, Project Overview, accessed on 24/04/24.

• Smallholders (incl. cooperatives): through the innovative finance schemes and solutions set up with supply chain companies and finance institutions, UNEP would indirectly work with smallholder farmers, including cooperatives, regarding how they manage their land. In doing so, UNEP would be sensitive to gender issues.

The project document lists 14 implementing partners also referred to as external executing partners¹⁸ (see table 1.). Table 5 provides an overview of internal and external executing partnerships by project outputs. Partners marked with *) indicate those with whom UNEP has an MOU or other legal agreement.

Table 5. Internal and external partners by project outputs

OUTPUT	UNEP lead	UNEP internal	External partners
Outcome 1: Private finance facilities developed and operationalized	NCB/Ecosystems Division, <i>now Adaptation and Resilience Branch, Climate Change Division</i>		The Netherlands, Luxembourg*, Germany*, SNV*, Mirova Natural Capital (Althelia Ecosphere), BNP Paribas, ADM Capital, &Green Fund*, Frankfurt school - UNEP Collaborating Centre* AGRI3 fund manager*, ICRAF*, Rabobank,
1.a: Bilateral funding sources consider providing concessional finance		UNEP CFU	The Netherlands, Luxembourg*, Germany*.
1.b: Ambitious partnerships/commitments established with banks, investors (and agribusinesses) to scale up investment		CFU in coordination with UNEP FI, TNC, WEF, WBCSD	SNV*, Mirova Natural Capital (Althelia Ecosphere), BNP Paribas, ADM Capital, &Green Fund*, Frankfurt school - UNEP Collaborating Centre* AGRI3 fund manager*, ICRAF*, Rabobank.
1.c: Environmental & social impact framework developed, finalized & updated (periodically)		CFU and UNEP-WCMC	
1.d: Technical assistance on business cases provided to private sector partners		UNEP CFU	
1.e: Additionality of blended/finance facilities reviewed		UNEP CFU	
Outcome 2: Finance institutions, food/agri, consumer goods companies accelerate the transformation to sustainable land use with support of UNEP	NCB/Ecosystems Division, <i>now Adaptation and Resilience Branch, Climate Change Division</i>	Comms division, UNEP-WCMC, ROLAC	CIFOR*, The Nature Conservancy (TNC)*, Earthworm*, Farmstrong*, World Business Council for Sustainable Development (WBCSD).
2.a: Successful blueprints and examples of novel sustainable land use deals are communicated		CFU in collaboration with, Comms Division,	CIFOR*
2.b: Forest, Food & Finance Alliance (or similar venture) established bringing finance, agri/food, public sector to make ambitious commitments		e.g. WBCSD, TFA2020	The Nature Conservancy (TNC)*, CIFOR*, Earthworm*, Farmstrong*, World Business Council for Sustainable Development (WBCSD).
2.c: Project websites & knowledge platforms created			Frankfurt school - UNEP Collaborating Centre*
Outcome 3: Governments demonstrate efforts to align public policies to enable private investment for sustainable land use	NCB/Ecosystems Division, <i>now Adaptation and Resilience Branch, Climate Change Division</i> Latin America Regional Office	ROLAC, Economic and Trade Unit (Economy Division)	Global Canopy*, The Economics of Land Degradation (ELD), World Economic Forum (WEF), Vivid Economics.
3.a: Options provided to governments on fiscal, trade and other relevant policies aimed at aligning conservation, agricultural production and economic growth		Latin America Regional Office	

¹⁸ ProDoc, Revision #4, 28 June 2024, Annex 2: Updated Workplan

3.b: Technical assistance provided to governments in countries where finance facilities invest in sustainable land use		Latin America Regional Office	
3.c: State of Investment in Nature-based Solutions (NBS Investment report)		CFU in collaboration with the Science Division	Global Canopy*, The Economics of Land Degradation (ELD), World Economic Forum (WEF), Vivid Economics.

Source: ProDoc, Rev. #3, 01/02/2024, Annex 2: Updated Workplan, Rev. #4, 28/06/2024, Annex 2: Updated Workplan, and input from Zhengzheng.

5. Project Cost and Financing

The project continuously secured new funds during the implementation from a range of sources, which were incorporated in revisions to the ProDoc.

For Revision #1 (2019) additional donor funding had been secured and was captured in the Theory of Change and Logframe of the project document.

For Revision #2 (2021) added secured funds from the Netherlands/AGRI3 Fund, Italy, TNC/Moore Foundation (New Venture Fund) and SIDA.

For Revision #3 (2024) added secured funds included Luxembourg ICF, TNC, IFACC, UNDP, UNEP (Env Fund), UNDECADE.

For Revision #4 (2024) no additional funding added, but corrected the overall project budget to USD 11,799,119.

At the time of project approval in 2018, the project had secured USD2,080,00 in cash (XB secured) from the UNEP Environment Fund, Norway Trust Fund and SIDA and unsecured funding of total USD67,36,080. In-kind was secured for a total USD10,050,000 with funding from private sector work for UN Environment (approved USD1,500,000), Global Environment Facility ('non-grant funding, USD2,000,000 GEF ID 9719) with &Green Fund as executing agency, and GCF (Private Sector Facility) – TLFF 'Project Pangolin' (not approved at time of project approval).

By 2024, the project had an overall total budget (planned and in-kind) of USD51,913,495, with a total secured budget of USD50,976,460 and in-kind secured USD444,080. At the time of #3 revision, USD492,955 of the budget remained unsecured. The overall project budget was down adjusted to USD11,799,11 in #4 revision.

Table 6 provides an overview of actual secured income by year, with total of USD10,304,542.85¹⁹.

Table 6. Actual secured income by Year/USD

2018	2019	2020	2021	2022	2023	2024
307,722	1,683,203	1,538,453	2,340,906	1,388,664	1,945,789	1,099,807

Source: ProDoc, Revision #4, 28/06/2024, Section 2.2 Budget Summary.

Disbursement by year with a total disbursement of USD8,501,072.58 as shown in Table 7.

Table 7. Actual disbursement by year/ USD

2018	2019	2020	2021	2022	2023	2024
95,511	1,310,243	1,178,952	1,607,017	2,600,461	1,486,553	222,335

Source: FMO, May 2024

An overview of the Project budget by the three outputs is shown in Table 8.

Table 8. Project budget by project output/ USD

OUTPUT	Planned/USD	Actual/USD	Total/Percentage
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¹⁹ The total budget of USD 50million (USD50,976,460 according to ProDoc, #3) for this project is not correct according to Project Team which informed that Revision #3 mentioned this number, but it had mistakenly included other projects that have separate prodocs and WBSes [budget codes]. This would be corrected in Revision #4 and the correct total budget for this project should be USD 10,304,542.85, which would be aligned with UMOJA. Table 5 is also based on UMOJA.

Output 1: Private finance facilities developed and operationalized	4,928,455	4,928,455	48
Output 2: Finance institutions, food/agri, consumer goods companies accelerate the transformation to sustainable land use with support of UNEP	2,718,551	2,718,551	26
Output 3: Governments demonstrate efforts to align public policies to enable private investment for sustainable land use	2,657,537	2,657,537	26
Total	10,304,543	10,304,543	100%

Source: FMO, May 2024

6. Implementation Issues

Reputational risk, risk management and safeguards

Given the novelty of this project, the project document pointed out the need to acknowledge and address reputational risk.²⁰ The underlying idea of the project was to fundamentally change the way (financing of) commodity production takes place. This could potentially involve working with companies that may in some cases carry reputational risks, whether this would be related to banks or investors that UNEP would be working with, or clients or investee companies in the agricultural value chain including traders, processors and producers.

In the project design, these risks and how UNEP would or should deal with them were presented as follows:

- UNEP being associated with companies with high environmental footprints considered 'disreputable': For core partners of this project – especially banks and investors, but potentially also agribusinesses – the team of this project would develop a Memorandum of Understanding with each partner that would include a due diligence process, as part of this. The MOU and an associated due diligence process would be the main vehicle to identify 'red flags' early on that can lead to a decision not to partner with a company. In addition, the project team of the Land Use Finance Project would aim to hire an Environmental & Social risk specialist that would be able to research whether UNEP should or should not partner with certain companies.
- Environmental and Social risk management of the finance facilities. Any company that was to receive a loan or equity investment through the private finance facilities that UNEP set up/supported had to go through a due diligence process that was to be a core part of the Investment Committee's decision whether to provide a loan or equity to a client. Even when clients would comply with all the E&S criteria stipulated, there could always be the risk of 'non-compliance'. How to deal with this? First, every project [sub-project] would have a number of key performance indicators that would be measured and analysed through remote sensing/satellite imagery in combination with data analytics and possibly ground-truthing. This was expected to ensure that any means of non-compliance could be tracked at an early stage. Second, there would be incentives (e.g. interest rate reduction for smallholders) and dis-incentives (e.g. penalties) in case of non-compliance. This would be enforced by the fund managers of the finance facilities.

The risk assessment of the project, shown in Table 9 identified 11 High Impact risks, 1 High/Medium impact risk and 3 Medium impact risks.

Table 9. Project risk log

Risk	Impact	Mitigation Measures
Internal administrative barriers throughout entire duration of the projects	H	Early planning, internal coordination, contingency planning, excellent communication to mitigate and/or avoid this risk
Inadequate financial resources	H	Proper budgeting, early planning to explore alternative source of funding, regular review of budget over the course of the projects
Inadequate human resources	H	Early planning, internal coordination, contingency-planning, explore alternative sources of human resources (e.g. subcontracting work to partners, internal collaboration)
Lack of understanding by the financial community on the importance of Unlocking public and private finance for sustainable land use	M	Regular view of project plan and approach, close and regular communication with partners. "One voice, one message": ensure all stakeholders have same understanding of the projects
Funds from the various projects are not adequately used	H	Monitoring and reporting system in place. Annual and mid-term reporting in place. Annual audits of overall program and individual

²⁰ Description of reputational risk and due diligence process, from IPMR, Project Overview, 113.4, accessed on 24/04/24.

Risk	Impact	Mitigation Measures
		sub-projects are undertaken, and are in accordance with the audit protocols. Necessity to have a regulated governance structure in place, including a Credit Committee operating on the basis of international best practice for each project.
The funds might make investments in high-risk areas or disreputable private sector companies or producers (reputational risk)	M	Close monitoring of private sector companies considered being high risk (require financial institution partners to carry out an adequate credit risk assessment of the investee as well as their Know-Your-Client (KYC) and similar risk management procedures (compliance and due diligence internal procedures).
Improved income/livelihood of smallholders targeted through the innovative deals might motivate farmers to expand their operation and encroach on forest. This might result in additional deforestation. (<i>Jevons paradox</i>)	M	Sustainability criteria have a strong focus. Sub-projects promote good agricultural practices (pre-requisite for investment) to improve productivity of existing plantation. Clear criteria will be set for eligible production areas. PPI agreements with communities and farmers will embed sustainability at field level (e.g. through village conservation agreement attached to productivity programs).
Political instability (in some countries)	H	Closely monitor political situation in countries that are considered at risk (e.g. Liberia)
Unclear and inconsistent regulatory framework at national and local levels hampers investment in sustainable and deforestation-free agricultural production	H	Identify specific areas within the regulatory framework that lack clarity and consistency, which may hold back investments in production and protection. Work closely with the respective authorities and development partners on policy and regulatory improvements.
The lack of proven examples causes reluctance among small and medium companies to invest in sustainable, deforestation-free agricultural production	H	Implement projects to broaden the knowledge base.
Environmental and Social impact safeguards of the finance facilities are not respected by the borrowers/clients of finance institutions	M/H	A solid monitoring and evaluation system (M&E) needs to be developed in order to operationalize the Environmental and Social impact framework. This can/may be done using remote sensing, radar technology, as well as various other technologies such as blockchain, in order to automate the M&E system as much as possible. Second, 'warning' systems need to be developed as well, where e.g. fire in regions can be spotted as early as possibly prompting swift mitigating measures or where clients do not agreed terms and conditions. In addition, UNEP will require the finance institutions it is working with as part of this project to put in place actions in case of non-compliance (e.g. penalties, withdrawal loans, or otherwise).

Source: ProDoc, #2, Section 8.1 Safeguards, Table 10: Project risk log

The assessment of risk management issues is different from the assessment of environmental and social safeguards. Table 10 shows that the probability of risk at project approval was rated low at 1-2, except for gender equity at 3.

Table 10. Summary of safeguards risks triggered (at project approval)

A. Summary of the Safeguard Risks Triggered

Safeguard Standard Triggered by the Project	Impact of Risk ³⁵ (1-5)	Probability of Risk (1-5)	Significance of Risk (L, M, H)
SS 1: Biodiversity, natural habitat and Sustainable Management of Living Resources	3	2	H
SS 2: Resource Efficiency, Pollution Prevention and Management of Chemicals and Wastes	1	1	L
SS 3: Safety of Dams	1	1	L
SS 4: Involuntary resettlement	3	2	H
SS 5: Indigenous peoples	3	2	H
SS 6: Labor and working conditions	3	2	M
SS 7: Cultural Heritage	3	2	M
SS 8: Gender equity	3	3	M
SS 9: Economic Sustainability	4	2	M
Additional Safeguard questions for projects seeking GCF-funding (Section IV)			

B. ESE Screening Decision³⁶ (Refer to the UNEP ESES Framework (Chapter 2) and the UNEP's ESES Guidelines.)

Source: ProDoc, Rev. 2, Annex D Environmental Social and Economic Screening Determination.

Mid-term review recommendations

A mid-term review was carried out of the Land Use Finance project in 2022. It prescribed four recommendations. The project team reported working on addressing the recommendations during the implementation of the project and aiming to incorporate prescribed actions in the new Land Use Finance project under development, including setting up a steering committee and streamlining the team's key service offering to member states and partners. Table 11 lists the mid-term review recommendations, action taken so far and their status of on-going implementation.²¹

Table 11. Mid-term review recommendations and status of implementation

	Recommendation	Action taken as of May 2024	Status of recommendation implementation
1	Present the key services of UNEP CFU in a more structured way, highlighting the added value of UNEP CFU as an innovation laboratory within UNEP, how it informs UNEP's normative work on nature conservation, it acts as neutral facilitator between public donors and private sector, and contributes to their commitments toward sustainable land use decoupled from deforestation, climate and biodiversity impacts.	The team has had several strategies sessions last year to discuss its added value and support lines. There is a slide deck prepared capturing this. Since the team moved into the Climate Change Division in 2024, the strategy and priority discussion are still on-going to align with the division and the new structure.	On-going
2	Define a roadmap for UNEP CFU activities with priorities for modular activities that can be performed as funding is granted.	This is linked to Rec. 1, the service offering of CFU follows a value chain approach, connecting the different workstreams together. For the Restoration Factory work especially, it has developed a standard offer (including cost and activities) for it to be deployed in any developing countries, this has been used to reach out to potential internal and external partners. The E&S support has also been streamlined as a standard offer for assisting the development of new funds and facilities, and business incubators. The E&S work has also expended to develop knowledge products and trainings (e.g. positive indicators in the Land Use sector, and risk and impact trainings to investors).	On-going

²¹ The Evaluation Office tracks implementation of accepted and partially accepted evaluation recommendations over a 12-month period from issuance of the recommendation. Status of Mid-term Review recommendations is not tracked. Status of implementation based on action on the four recommendations by standards of evaluations would be considered as 'Partially compliant' and 'closed' as more than 12 months has elapsed.

3	Set up a Steering Committee for the Climate Finance Unit.	The discussion on the steering committee is ongoing. This has been carried out in three levels: - Operational level: To strategically choose the projects CFU works on, it has developed a FACT checking process, for an internal CFU group to look at any projects' Fit, Additionality, Credibility and Team components, before the unit commits time and funding in new projects and initiatives. A checklist with a series of questions is developed to guide the team and 6 projects have gone through the process so far, 3 have been endorsed to move forward. - Management level: Regular meetings with the Head of the Branch is organized. In addition to regular management and HR related matters, new project ideas, new opportunities and strategic direction of the team is also a regular topic. - Donor relationships: Luxembourg has been one of the main donors of the Land Use Finance project. A TOR of a steering group has been developed for the donor to understand and be part of the strategic decisions of the project objective and deliveries. Periodical meetings and information exchanges have also been organized to update the donor on project progress.	On-going
4	for UNEP as an organization: Streamline administrative processes, define a strategy on how to better mainstream finance at the core of UNEP to support its environment objective, reflect on the Human Resources Strategy to attract and retain the right profile for the future.	This recommendation is to UNEP, not to CFU. CFU has recruited a G6 project management assistant in 2023 to help the team on administrative matters. CFU has weekly meetings on finance and HR matters and exploring ways to manage operations more efficiently.	On-going

Other evaluations and mid-term reviews of finance facilities

The Seed Capital Assistance Facility (SCAF)²² has had a project mid-term evaluation and terminal evaluation with both reports published in 2018:

- *Mid-Term Evaluation of the UN Environment Project "Seed Capital Assistance Facility, Phase II" (PIMS ID: 1657) (August 2018)* <https://wedocs.unep.org/20.500.11822/27923>
- *Terminal Evaluation: UN Environment/Global Environment Facility Project "Seed Capital Assistance Facility, Phase I (Renewable Energy Enterprise Development)" (GEF project ID 1609) (August 2018)* <https://wedocs.unep.org/20.500.11822/27337>

A GEF project executed by the &Green Fund:

- *Terminal Evaluation of the UNEP/GEF project "Piloting Innovative Investment for Sustainable Landscape (GEF 9719), which is conducted simultaneously with this evaluation.*

Section 2. OBJECTIVE AND SCOPE OF THE EVALUATION

7. Objective of the Evaluation

In line with the UNEP Evaluation Policy²³ and the UNEP Programme and Project Management Manual²⁴, the Terminal Evaluation is undertaken at operational 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 UNEP and entities from private finance institutions, development and multilateral finance institutions, governments and partner organisations

²² SCAF is not connected to the Land Use Finance Project, however, it provides funds for renewable energy projects to Development Companies and Private Equity Funds (Cooperating Partners) that these spend on building up a pipeline of finance-ready projects in "frontier" countries in Africa or Asia.

²³ <https://wedocs.unep.org/handle/20.500.11822/41114>

²⁴ <https://wedocs.unep.org/20.500.11822/42752>

partnering for the project. Therefore, the Evaluation will identify lessons of operational relevance for future project formulation and implementation, especially where a second phase of the project is being considered. Recommendations relevant to the whole house may also be identified during the evaluation process.

8. Key Evaluation Principles

Evaluation findings and judgements will 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.

The “Why?” Question. As this is a Terminal Evaluation and a follow-up project is in the process of being prepared, particular attention will be given to learning from the experience. Therefore, the “why?” question should be at the front of the evaluation consultants’ minds all through the evaluation exercise and is supported by the use of a theory of change approach. 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 (i.e. what contributed to the achievement of the project’s results). This should provide the basis for the lessons that can be drawn from the project.

Attribution, Contribution and Credible Association: In order to *attribute* any outcomes and impacts to a project intervention, one needs to consider the difference between what has happened with, and what would have happened without, the project (i.e. take account of changes over time and between contexts in order to isolate the effects of an intervention). This requires appropriate baseline data and the identification of a relevant counterfactual, both of which are frequently not available for evaluations. Establishing the *contribution* made by a project in a complex change process relies heavily on prior intentionality (e.g. approved project design documentation, logical framework) and the articulation of causality (e.g. narrative and/or illustration of the Theory of Change). Robust evidence that a project was delivered as designed and that the expected causal pathways developed supports claims of contribution and this is strengthened where an alternative theory of change can be excluded. A *credible association* between the implementation of a project and observed positive effects can be made where a strong causal narrative, although not explicitly articulated, can be inferred by the chronological sequence of events, active involvement of key actors and engagement in critical processes.

Communicating evaluation results. A key aim of the Evaluation is to encourage reflection and learning by UNEP staff and key project stakeholders. The consultant(s) should consider how reflection and learning can be promoted, both through the evaluation process and in the communication of evaluation findings and key lessons. Clear and concise writing is required on all evaluation deliverables. Draft and final versions of the Main Evaluation Report will be shared with key stakeholders by the Evaluation Manager. There may, however, be several intended audiences, each with different interests and needs regarding the report. The consultants will plan with the Evaluation Manager 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.

9. Key Strategic Questions

In addition to the evaluation criteria outlined in Section 10 below, the Evaluation will address the **strategic questions** listed below. These are questions of interest to UNEP and to which the project is believed to be able to make a substantive contribution:

Operational:

- (a) Examine the suitability and adequacy of UNEP’s protocol for working with partners and ‘partners of partners’? Partners include blended finance institutions, banks or investors that UNEP would be working with, or clients or investee companies in the agricultural value chain including traders, processors and producers.
- (b) What are the safeguards and risk assessment procedures related to deals for identifying, and accommodating risk in project/deal/transaction design and monitoring during implementation. What works and what does not work?
- (c) To what extent are management operational oversight entities at facility level (investment and credit committees) and at UNEP entity level (for example, project advisory committee, grant fund advisory committee and CFU steering committee) adequate to exert due diligence and address requirements of accountability and transparency?

- (d) What can UNEP learn from the portfolio review and case studies conducted as part of this evaluation of facilities and funds for UNEP and UNEP's strategic engagement in such type of interventions?

High-level Policy:

- (e) How can UNEP overcome the systematic challenge of finding suitable investment opportunities and promote increased financing for better land use?
- (f) How could capacity building of donors be more effectively conceptualized to support the shift in thinking of governments that both public and private capital²⁵ is necessary to change the deforestation trajectory?
- (g) What can be learned from efforts of extending the proof of concept (POC)²⁶ into other areas such as mobilizing resources from multilateral development banks and development finance institutions for sustainable land use, and/or working in other geographical zones or countries, and/or applying innovative finance to blended finance for marine ecosystems?
- (h) What are UNEP's comparative advantages and disadvantages of working with private sector entities on setting up, and supporting the set-up of, blended finance facilities for climate, especially with financial instruments beyond grants? To what extent should this work be further accelerated or scaled down and what roles should UNEP continue to play or to do differently?
- (i) What types of private sector entities (e.g. financial institutions, SMEs, industry associations, etc.) UNEP should engage more and in what capacity to create and foster long-lasting impacts? What are the models of collaboration?

10. Evaluation Criteria

All evaluation criteria will be rated on a six-point scale. Sections A-I below, outline the scope of the criteria. A weightings table in excel format will be provided by the Evaluation Manager to support the determination of an overall project rating. The set of evaluation criteria are grouped in nine categories: (A) Strategic Relevance; (B) Quality of Project Design; (C) Nature of External Context; (D) Effectiveness, which comprises assessments of the availability 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 Consultant(s) can propose other evaluation criteria as deemed appropriate.

A. Strategic Relevance

The Evaluation will assess the extent to which the activity is suited to the priorities and policies of the donors, implementing regions/countries and the target beneficiaries. The Evaluation will include an assessment of the project's relevance in relation to UNEP's mandate and its alignment with UNEP'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:

i. *Alignment to the UNEP Medium Term Strategy²⁷ (MTS), Programme of Work (POW) and Strategic Priorities*

The Evaluation should assess the project's alignment with the MTS and POW under which the project was approved and include, in its narrative, reflections on the scale and scope of any contributions made to the planned results reflected in the relevant MTS and POW. UNEP strategic priorities include the Bali Strategic Plan for Technology Support and Capacity Building²⁸ (BSP) and South-South Cooperation (S-SC). The BSP

²⁵ The Mid-Term Review of the LUF project found that the "financial facilities set up have demonstrated the proof-of-concept goal but highlighted that capacity building of donors on blended finance is needed to support the shift in thinking of governments that both public and private capital is necessary to change the deforestation trajectory. Blended finance needs to enable offering of longer tenor and attractive interest rates compared to commercial rates to be attractive to invest in sustainable land. Attracting international banks for corporate lending in sustainable land use is not easy as they typically do not know how to appraise that risk. The project should work with national banks that finance commodities in those countries where deforestation occurs. As the UNEP Climate Finance Unit has little on-the-ground presence, it should explore projects with UNEP CMU (UN REDD), BIOFIN or linked to the UN Decade of Restoration.", MTR (2022), Executive Summary, Key Findings, para. 16.

²⁶ Proof of Concept refers to the work on supporting/ setting up finance facilities to unlock private sector investment in sustainable land use.

²⁷ UNEP's Medium-Term Strategy (MTS) is a document that guides UNEP's programme planning over a four-year period. It identifies UNEP's thematic priorities, known as Subprogrammes (SP), and sets out the desired outcomes, known as POW Outcomes and POW Direct Outcomes of the Subprogrammes.

²⁸ <http://www.unep.fr/ozonaction/about/bsp.htm>

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. For this project, MTS 2018-2021 and MTS 2022-2025 as well as POW2918-2019, 2020-2021 and 2022-2023 are relevant.

Alignment to Donor/Partner Strategic Priorities

Donor strategic priorities will vary across interventions. The Evaluation will assess the extent to which the project is suited to, or responding to, donor priorities. In some cases, alignment with donor priorities may be a fundamental part of project design and grant approval processes while in others, for example, instances of 'softly-earmarked' funding, such alignment may be more of an assumption that should be assessed.

ii. Relevance to Global, Regional, Sub-regional and National Environmental Priorities

The Evaluation will assess the alignment of the project with global priorities such as the SDGs and Agenda 2030. 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 will be considered. Examples may include: UN Sustainable Development Cooperation Frameworks (UNSDCF) or national or sub-national development plans, poverty reduction strategies or Nationally Appropriate Mitigation Action (NAMA) plans or regional agreements etc. Within this section consideration will be given to whether the needs of all beneficiary groups are being met and reflects the current policy priority to leave no one behind.

iii. Complementarity with Relevant Existing Interventions/Coherence²⁹

An assessment will be made of how well the project, either at design stage or during the project inception or mobilization³⁰, took account of ongoing and planned initiatives (under the same sub-programme, other UNEP subprogrammes, or being implemented by other agencies within the same country, sector or institution) that address similar needs of the same target groups. The Evaluation will consider if the project team, in collaboration with Regional Offices and Subprogramme 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 UNEP'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 equality
- 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. The complete Project Design Quality template should be annexed in the Evaluation Inception Report. Later, the overall Project Design Quality rating³¹ should be entered in the final evaluation ratings table (as item B) in the Main Evaluation Report and a summary of the project's strengths and weaknesses at design stage should be included within the body of the report.

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

- Stakeholders' participation and cooperation
- Responsiveness to human rights and gender equality

C. Nature of External Context

²⁹ This sub-category is consistent with the new criterion of 'Coherence' introduced by the OECD-DAC in 2019.

³⁰ A project's inception or mobilization period is understood as the time between project approval and first disbursement. Complementarity during project implementation is considered under Efficiency, see below.

³¹ In some instances, based on data collected during the evaluation process, the assessment of the project's design quality may change from Inception Report to Main Evaluation Report.

At evaluation inception stage a rating is established for the project's external operating context (considering the prevalence of conflict, natural disasters and political upheaval³²). 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, and/or a negative external event has occurred during project implementation, the ratings for Effectiveness, Efficiency and/or Sustainability 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

i. Availability of Outputs³³

The Evaluation will assess the project's success in producing the programmed outputs and making them available to the intended beneficiaries as well as its success in 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. Where the project outputs are inappropriately or inaccurately stated in the ProDoc, reformulations may be necessary in the reconstruction of the Theory of Change (TOC). In such cases a table should be provided showing the original and the reformulation of the outputs for transparency. The availability of outputs will be assessed in terms of both quantity and quality, and the assessment will consider their ownership by, and usefulness to, intended beneficiaries and the timeliness of their provision. It is noted that emphasis is placed on the performance of those outputs that are most important to achieve outcomes. 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 supervision³⁴

ii. Achievement of Project Outcomes³⁵

The achievement of project outcomes is assessed as performance against the project outcomes as defined in the reconstructed³⁶ Theory of Change. These are outcomes that are intended to be achieved by the end of the project timeframe and within the project's resource envelope. Emphasis is placed on the achievement of project outcomes that are most important for attaining intermediate states. As with outputs, a table can be used where substantive amendments to the formulation of project outcomes is necessary to allow for an assessment of performance. The Evaluation should report evidence of attribution between UNEP's intervention and the project outcomes. In cases of normative work or where several actors are collaborating to achieve common outcomes, evidence of the nature and magnitude of UNEP's 'substantive contribution' should be included and/or 'credible association' established between project efforts and the project outcomes realised.

Factors affecting this criterion may include:

- Quality of project management and supervision
- Stakeholders' participation and cooperation
- Responsiveness to human rights and gender equality
- Communication and public awareness

³² Note that 'political upheaval' does not include regular national election cycles, but unanticipated unrest or prolonged disruption. The potential delays or changes in political support that are often associated with the regular national election cycle should be part of the project's design and addressed through adaptive management by the project team. From March 2020 this should include the effects of COVID-19.

³³ Outputs are the availability (for intended beneficiaries/users) of new products and services and/or gains in knowledge, abilities and awareness of individuals or within institutions (UNEP, 2023)

³⁴ 'Project management and supervision' refers to the supervision and guidance provided by UNEP to implementing partners and national governments.

³⁵ An outcome is a change at institutional level, or changes in behaviors, attitudes or conditions achieved from the use (i.e., uptake, adoption, application) of outputs by intended beneficiaries. (UNEP, 2023)

³⁶ All submitted UNEP project documents are required to present a Theory of Change. 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 formal changes made to the project design. In the case of projects pre-dating 2016 the intervention logic is often represented in a logical framework and a TOC will need to be constructed in the inception stage of the review

iii. *Likelihood of Impact*

Based on the articulation of long-lasting effects in the reconstructed TOC (*i.e. from project outcomes, via intermediate states, to impact*), the Evaluation will assess the likelihood of the intended, positive impacts becoming a reality. Project objectives or goals should be incorporated in the TOC, possibly as intermediate states or long-lasting impacts. The Evaluation Office's approach to the use of TOC in project evaluations is outlined in a guidance note available and is supported by an excel-based flow chart, 'Likelihood of Impact Assessment Decision Tree'. Essentially the approach follows a 'likelihood tree' from project 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 (e.g. will vulnerable groups such as those living with disabilities and/or women and children, be disproportionately affected by the project?). Some of these potential negative effects may have been identified in the project design as risks or as part of the analysis of Environmental and Social Safeguards.

1. The Evaluation will consider the extent to which the project has played a catalytic role³⁷ or has promoted scaling up and/or replication as part of its Theory of Change (either explicitly as in a project with a demonstration component or implicitly as expressed in the drivers required to move to outcome levels) and as factors that are likely to contribute to greater or long-lasting impact.

Ultimately UNEP 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-lasting or broad-based changes. However, the Evaluation will assess the likelihood of the project to make a substantive contribution to the long-lasting changes represented by the Sustainable Development Goals, and/or the intermediate-level results reflected in UNEP's Expected Accomplishments and the strategic priorities of funding partner(s).

Factors affecting this criterion may include:

- Quality of Project Management and Supervision (including adaptive management)
- Stakeholders' participation and cooperation
- Responsiveness to human rights and gender equality
- Country ownership and driven-ness
- Communication and public awareness

E. Financial Management

Financial management will be assessed under three themes: *adherence* to UNEP's financial policies and procedures, *completeness* of financial information and *communication* between financial and project management staff. 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/component level and will be compared with the approved budget. The Evaluation will verify the application of proper financial management standards and adherence to UNEP'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. The Evaluation will record where standard financial documentation is missing, inaccurate, incomplete or unavailable in a timely manner. 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.

Factors affecting this criterion may include:

- Preparation and readiness

³⁷ The terms catalytic effect, scaling up and replication are inter-related and generally refer to extending the coverage or magnitude of the effects of a project. Catalytic effect is associated with triggering additional actions that are not directly funded by the project – these effects can be both concrete or less tangible, can be intentionally caused by the project or implied in the design and reflected in the TOC drivers, or can be unintentional and can rely on funding from another source or have no financial requirements. Scaling up and Replication require more intentionality for projects, or individual components and approaches, to be reproduced in other similar contexts. Scaling up suggests a substantive increase in the number of new beneficiaries reached/involved and may require adapted delivery mechanisms while Replication suggests the repetition of an approach or component at a similar scale but among different beneficiaries. Even with highly technical work, where scaling up or replication involves working with a new community, some consideration of the new context should take place and adjustments made as necessary.

- Quality of project management and supervision

F. Efficiency

Under the efficiency criterion, the Evaluation will assess the extent to which the project delivered maximum results from the given resources. This will include an assessment of the cost-effectiveness and timeliness of project execution.

Focussing on the translation of inputs into outputs, *cost-effectiveness* is the extent to which an intervention has achieved, or is expected to achieve, its results at the lowest possible cost. *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 and consider whether the project was implemented in the most efficient way compared to alternative interventions or approaches.

The Evaluation will give special attention to efforts made by the project teams during project implementation to make use of/build upon pre-existing institutions, agreements and partnerships, data sources, synergies and complementarities³⁸ with other initiatives, programmes and projects etc. to increase project efficiency.

The factors underpinning the need for any project extensions will also be explored and discussed. As management or project support costs cannot be increased in cases of 'no cost extensions', such extensions represent an increase in unstated costs to implementing parties.

Factors affecting this criterion may include:

- Preparation and readiness (e.g. timeliness)
- Quality of project management and supervision
- Stakeholders' participation and cooperation

G. Monitoring and Reporting

The Evaluation will assess monitoring and reporting across three sub-categories: monitoring design and budgeting, monitoring implementation and project reporting.

i. Monitoring Design and Budgeting

Each project should be supported by a sound monitoring plan that is designed to track progress against SMART³⁹ results towards the provision of the project's outputs and achievement of project outcomes, including at a level disaggregated by gender, marginalisation or vulnerability, including those living with disabilities. In particular, the Evaluation will assess the relevance and appropriateness of the project indicators as well as the methods used for tracking progress against them as part of conscious results-based management. The Evaluation will assess the quality of the design of the monitoring plan as well as the funds allocated for its implementation. The adequacy of resources for Mid-Term and Terminal Evaluation/Review should be discussed if applicable.

ii. Monitoring of Project 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. This assessment will include consideration of whether the project gathered relevant and good quality baseline data that is accurately and appropriately documented. This should include monitoring the representation and participation of disaggregated groups, including gendered, marginalised or vulnerable groups, such as those living with disabilities, in project activities. It will also consider the quality of the information generated by the monitoring system during project implementation and how it was used to adapt and improve project execution, achievement of outcomes and ensure sustainability. The Evaluation should confirm that funds allocated for monitoring were used to support this activity.

iii. Project Reporting

³⁸ Complementarity with other interventions during project design, inception or mobilization is considered under Strategic Relevance above.

³⁹ SMART refers to results that are specific, measurable, achievable, relevant and time-oriented. Indicators help to make results measurable.

UNEP has a centralised project information management system⁴⁰ in which project managers upload six-monthly progress 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 UNEP and donor reporting commitments have been fulfilled. Consideration will be given as to whether reporting has been carried out with respect to the effects of the initiative on disaggregated groups.

Factors affecting this criterion may include:

- Quality of project management and supervision
- Responsiveness to human rights and gender equality (e.g. disaggregated indicators and data)

H. Sustainability

Sustainability⁴¹ is understood as the probability of the benefits derived from the achievement of project 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 endurance of achieved project outcomes (i.e. 'assumptions' and 'drivers'). 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. Where applicable an assessment of bio-physical factors that may affect the sustainability of project outcomes may also be included.

i. Socio-political Sustainability

The Evaluation will assess the extent to which social or political factors support the continuation and further development of the benefits derived from project 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.

ii. Financial Sustainability

Some project outcomes, once achieved, do not require further financial inputs, e.g. the adoption of a revised 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 project 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 natural 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 a project's outcomes have been extended into a future project phase. Even where future funding has been secured, the question still remains as to whether the project outcomes are financially sustainable.

iii. Institutional Sustainability

The Evaluation will assess the extent to which the sustainability of project outcomes (especially those relating to policies and laws) 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. In particular, the Evaluation will consider whether institutional capacity development efforts are likely to be sustained.

Factors affecting this criterion may include:

- Stakeholders participation and cooperation
- Responsiveness to human rights and gender equality (e.g. where interventions are not inclusive, their sustainability may be undermined)
- Communication and public awareness

⁴⁰ Prior to 2022 it was the Project Information Management System (PIMS) and from 2022 UNEP has the Integrated Planning Monitoring and Reporting (IPMR) solution. For this project, project monitoring information is available in PIMS and IPMR.

⁴¹ As used here, 'sustainability' means the long-lasting maintenance of outcomes and consequent impacts, whether environmental or not. This is distinct from the concept of sustainability in the terms 'environmental sustainability' or 'sustainable development', which imply 'not living beyond our means' or 'not diminishing global environmental benefits' (GEF STAP Paper, 2019, Achieving More Enduring Outcomes from GEF Investment).

- Country ownership and driven-ness

I. Factors Affecting Project Performance and Cross-Cutting Issues

(These factors are rated in the ratings table but are discussed within the Main Evaluation Report as cross-cutting themes as appropriate under the other evaluation criteria, above. If these issues have not been addressed under the evaluation criteria above, then independent summaries of their status within the evaluated project should be given.)

i. Preparation and Readiness

This criterion focuses on the inception or mobilisation stage of the project (i.e. the time between project approval and first disbursement). 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. *(Project preparation is included in the template for the assessment of Project Design Quality).*

ii. Quality of Project Management and Supervision

In some cases, 'project management and supervision' may refer to the supervision and guidance provided by UNEP to implementing partners and national governments while in others, it may refer to the project management performance of an implementing partner and the technical backstopping and supervision provided by UNEP. The performance of parties playing different roles should be discussed and a rating provided for both types of supervision (UNEP/Implementing Agency; Partner/Executing Agency) and the overall rating for this sub-category established as a simple average of the two.

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.); maintaining project relevance within changing external and strategic contexts; communication and collaboration with UNEP colleagues; risk management; use of problem-solving; project adaptation and overall project execution. Evidence of adaptive management should be highlighted.

iii. 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 UNEP and the implementing partner(s). 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. The inclusion and participation of all differentiated groups, including gender groups should be considered.

iv. Responsiveness to Human Rights and Gender Equality

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, following an adequate gender analysis at design stage, has implemented the identified actions and/or applied adaptive management to ensure that Gender Equality and Human Rights are adequately taken into account and the intervention adheres to UNEP's Policy and Strategy for Gender Equality and the Environment⁴². In particular the Evaluation will consider to what extent project design, implementation and monitoring have taken into consideration: (i) possible inequalities (especially those related to gender) in access to, and the control over, natural resources; (ii) specific vulnerabilities of disadvantaged groups (especially women, youth and children and those living with disabilities) to environmental degradation or disasters; and (iii) the role of disadvantaged

⁴²The Evaluation Office notes that Gender Equality was first introduced in the UNEP Project Review Committee Checklist in 2010 and, therefore, provides a criterion rating on gender for projects approved from 2010 onwards. Equally, it is noted that policy documents, operational guidelines and other capacity building efforts have only been developed since then and have evolved over time. https://wedocs.unep.org/bitstream/handle/20.500.11822/7655/-Gender_equality_and_the_environment_Policy_and_strategy-2015Gender_equality_and_the_environment_policy_and_strategy.pdf.pdf?sequence=3&isAllowed=y

groups (especially women, youth and children and those living with disabilities) in mitigating or adapting to environmental changes and engaging in environmental protection and rehabilitation.

Note that the project's effect on equality (i.e. promoting human rights, gender equality and inclusion of those living with disabilities and/or belonging to marginalised/vulnerable groups) should be included within the TOC as a general driver or assumption where there is no dedicated result within the results framework. If an explicit commitment on this topic is made within the project document then the driver/assumption should also be specific to the described intentions.

v. *Environmental and Social Safeguards*

UNEP projects address environmental and social safeguards primarily through the process of environmental and social screening at the project approval stage, risk assessment and management (avoidance, minimization, mitigation or, in exceptional cases, offsetting) of potential environmental and social risks and impacts associated with project and programme activities. The Evaluation will confirm whether UNEP requirements⁴³ were met to: *review* risk ratings on a regular basis; *monitor* project implementation for possible safeguard issues; *respond* (where relevant) to safeguard issues through risk avoidance, minimization, mitigation or offsetting and *report* on the implementation of safeguard management measures taken. UNEP requirements for proposed projects to be screened for any safeguarding issues; for sound environmental and social risk assessments to be conducted and initial risk ratings to be assigned, are evaluated above under Quality of Project Design).

The Evaluation will also consider the extent to which the management of the project minimised UNEP's environmental footprint.

vi. *Country Ownership and Driven-ness*

The Evaluation will assess the quality and degree of engagement of government / public sector agencies in the project. While there is some overlap between Country Ownership and Institutional Sustainability, this criterion focuses primarily on the forward momentum of the intended projects results, i.e. either a) moving forwards from outputs to project outcomes or b) moving forward from project outcomes towards intermediate states. The Evaluation will consider the engagement 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 (e.g. representatives from multiple sectors or relevant ministries beyond Ministry of Environment). This factor is concerned with the level of ownership generated by the project over outputs and outcomes and that is necessary for long-lasting impact to be realised. Ownership should extend to all gender and marginalised groups.

vii. *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, including meeting the differentiated needs of gendered or marginalised groups, 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.

Section 3. EVALUATION APPROACH, METHODS AND DELIVERABLES

The Terminal Evaluation 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 as appropriate to determine project achievements against the expected outputs, outcomes and impacts. It is highly recommended that the consultant(s) 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.

⁴³ For the review of project concepts and proposals, the Safeguard Risk Identification Form (SRIF) was introduced in 2019 and replaced the Environmental, Social and Economic Review note (ESERN), which had been in place since 2016. In GEF projects safeguards have been considered in project design since 2011.

Where applicable, the consultants will provide a geo-referenced map that demarcates the area covered by the project and, where possible, provide geo-reference photographs of key intervention sites.

The evaluation of the UNEP “Land Use Finance” project will be conducted in parallel with the evaluation of the UNEP/GEF project “Piloting Innovative Investment for Sustainable Landscape” and data collection approaches will be optimized to support both evaluations.

The findings of the Evaluation will be based on the following:

A **desk review** of:

- Relevant background documentation, inter alia ProDoc #1, #2, #3 and #4 with revised project budgets, monitoring information from PIMS and IPMR;
- Project design documents (including minutes of the project design review meeting at 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 financial reports, progress reports from collaborating partners, meeting minutes, relevant correspondence, etc.;
- Project deliverables such as editions of the State of Finance for Nature report, finance facilities and networks (Environmental and Social Knowledge Exchange Network (ESKEN), Good Food Finance Network) and their associated platforms, Restoration Factory mentorship programmes, informative videos;
- Mid-Term Review of the project (August 2022);
- Terminal Evaluation of the UNEP/GEF project “Piloting Innovative Investment for Sustainable Landscape” (GEF 9719) is conducted concurrently with the evaluation of this project PIMS 2009);
- Evaluations/reviews of similar projects such as the evaluation of the UNEP Inquiry project⁴⁴ or other projects implemented by the Climate Finance Unit, Climate Change Division.

(a) **Interviews** (individual or in group) with staff and consultants involved in the project:

- UNEP Project Manager (PM);
- Project management team;
- UNEP Fund Management Officer (FMO);
- Finance, Business and Communications Specialists;
- Environment and Social Specialists;
- Project partners;
- Subprogramme Coordinators (UNEP);
- Relevant resource persons;
- Representatives from civil society and specialist groups, indigenous groups, private sector, and others, as appropriate.

(b) **Portfolio Reviews:**

A review of the facilities and fund portfolios will be conducted based on core concepts of blended finance (such as (but not limited to) additionality, mobilisation, concessionality and sustainability as well as UNEP’s role) of the project’s facilities and funds (Outcome 1). The review will assess the effectiveness of the partnership protocol in use, safeguards and risk assessment procedures and managerial operational oversight entities. Annex 1 provides a proposed outline.

Table 12 provides an overview of sub-projects and transaction by facility supported by a detailed list of AGRI3, &Green and RCF deals in Annex 2.

(c) **Case Studies:**

⁴⁴ Terminal Evaluation of the UNEP Inquiry into the Design of a Sustainable Financial System and Interim Review of the UNEP/GEF Aligning the Financial System and Infrastructure and Infrastructure Investments with Sustainable Development (Components 1 and 2) Link to report: <https://wedocs.unep.org/handle/20.500.11822/41410>

Case studies (max. three case studies) of transactions will be selected with one case study from a country in each of the three regions of Asia and the Pacific, Africa and Latin America representing the geographic coverage of deals entered by the Land Use Finance Project such as Indonesia (Jambi, Sumatra and East Kalimantan provinces), Brazil and Cote d'Ivoire – final selection to be determined during the inception phase. Each case study will cover a transaction or deal, outcomes, operational challenges, monitoring system and performance framework, reporting and transparency, best practices and opportunities for scalability/ replicability and suggestions for operational improvements. Annex 1 provides a proposed outline.

Table 12. Overview of the Land Use Finance Project's finance facilities

Facility	Year Established/ Implementation started	Fund Entities	Management Operating Entities	Status	Key Partners	Number of sub-projects/ transactions/finance deals to date	Bond /Value Amount/ USD
Tropical Landscape Finance Facility	*) 2018 (Project Approval) TLGF was operationalized in early 2023.	Tropical Landscapes Loan Fund (TLLF ⁴⁵) and a Tropical Landscapes Grant Fund (TLGF ⁴⁶).	TLFF Steering Committee; Project Advisory Committee (partners); Grant Fund Advisory Committee; TLFF Secretariat; ADM Capital (facility manager)	TLLF no ongoing subprojects TLGF ongoing	BNP Paribas, ADM Capital, ICRAF, Rabobank	TLLF 1 st transaction: 28 February 2018 - Royal Lestari Utama (RLU) ⁴⁷	USD 95 million
AGRI3 Fund	2020 (Between #1 and #2 ProDoc revision)	AGRI3 Fund	AGRI3 Fund	Ongoing	Dutch, Agri3 fund manager	See list in Annex 1	USD 242 million
&Green Fund	2018 (Project Approval)	&Green Fund	Sail Ventures	Ongoing	IDH, GEF ⁴⁸	See list in Annex 1	USD 393.7 million
Seed Capital Assistance Facility	2018 (Project Approval).	N/A	N/A	Ongoing 2020 removed from the Land Use Finance project to a separate Project Document.	IKI	Project preparation grant received from Germany (donor agreement signed on 29 Nov 2019 with contribution of EUR 202,648). Grant closed on 30 April 2020. A separate ProDoc is done to cover the	N/A

⁴⁵ TLLF was never established according to CFU. RLU transaction mentioned in earlier ProDoc versions. TLGF is ongoing.

⁴⁶ ProDoc, Rev.4 is ongoing, TLGF will be removed from Land Use Finance Project and be included under the Seed Capital Assistance Facility project to align the project type and duration better.

⁴⁷ On 26 February 2018, TLFF announced its inaugural transaction, a landmark US\$ 95 million Sustainability Bond to help finance a sustainable natural rubber plantation on heavily degraded land in two provinces in Indonesia. The project incorporates extensive social and environmental objectives and safeguards. Planted areas will serve as a buffer zone to protect a threatened national park from encroachment.

A multi-tranche Sustainability Bond arranged by BNP Paribas (BNPP) and issued by TLFF I Pte Ltd. was designed to fund PT Royal Lestari Utama (RLU), an Indonesian joint venture between France's Michelin and Indonesia's Barito Pacific Group, for climate smart, wildlife friendly, socially inclusive production of natural rubber in Jambi, Sumatra and East Kalimantan provinces. Vigeo Eiris, the ESG consulting firm, has confirmed that the Notes are 'Sustainability Notes' with positive contribution to sustainable development, and, as the first ASEAN sustainability bond, aligned with the ICMA Sustainability Bond Guidelines.

The USD95,000,000 Fixed Rate Secured Notes comprise of the following classes: USD30,000,000 Class A Notes due 2033, USD20,000,000 Class B1a Notes due 2033, USD15,000,000 Class B1b Notes due 2023, USD15,000,000 Class B1c Notes due 2025 and USD15,000,000 Class B2 Notes due 2033. The Class A notes have been assigned a Aaa(sf) rating by Moody's.

In June 2022 Michelin made a full takeover of the RLU joint venture. This led to the early redemption of the green bonds issued by BNP Paribas, more than 10 years before their scheduled maturity. Articles and reports from VoxEurop, Mighty Earth and others suggest that RLU has a history of deforestation in Indonesia prior to the TLFF investment and claimed that this is a case of greenwash by Michelin and RLU. Financially, all bonds have been closed and fully paid earlier than the due date by Michellin/Barito.

⁴⁸ GEF Grant USD2million (GEF ID 9719 "Piloting Innovative Investment for Sustainable Landscape").

						implementation of this facility. No transactions were done under the Land Use Finance project.	
Responsible Commodities Facility	The first phase launched in Aug 2022.	Responsible Commodities Facility	Sustainable Investment Management (SIM) and BVRio	Ongoing	SIM and BVRio	See list in Annex 1	USD 58 million

Note: *) TLFF is a Government of Indonesia supported initiative, it was launched by H.E. Darmin Nasution, Coordinating Minister for Economic Affairs of Indonesia on 26 October 2016 in Jakarta, Indonesia.

Sources: ProDoc at approval, revision #1, revision #2 and revision #3 and input from Zhengzheng.

- (d) **Field visits**, this is in support of the selected case studies, as needed necessary, to allow access to wider group of stakeholders and for collection of additional information including observation by the evaluators. Field visits to be determined during inception phase.
- (e) **Other data collection tools**, as appropriate, including GIS satellite imagery.

11. Evaluation Deliverables and Review Procedures

The Evaluation Team will prepare:

- **Inception Report:** (see Annex 1 for a list of all templates, tables and guidance notes) containing an assessment of project design quality, a draft reconstructed Theory of Change of the project, project stakeholder analysis, evaluation framework and a tentative evaluation schedule.
- **Preliminary Findings:** 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:** 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.

An **Evaluation Brief** (a 2-page overview of the evaluand and evaluation findings) for wider dissemination through the UNEP website may be required. This will be discussed with the Evaluation Manager no later than during the finalization of the Inception Report.

Review of the Draft Evaluation Report. The Evaluation Consultants will submit a 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 peer-reviewed and accepted, the Evaluation Manager will share the cleared draft report with the Project Manager/Implementing Partners, who will alert the Evaluation Manager in case the report contains any blatant factual errors. The Evaluation Manager will then forward the revised draft report (corrected by the Evaluation Consultants 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 draft reports will be sent to the Evaluation Manager for consolidation. The Evaluation Manager will provide all comments to the Evaluation Consultants for consideration in preparing the final report, along with guidance on areas of contradiction or issues requiring an institutional response.

Based on a careful review of the evidence collated by the Evaluation Consultants and the internal consistency of the report, the Evaluation Manager will provide an assessment of the ratings in the final Main Evaluation Report. Where there are differences of opinion between the evaluators and the Evaluation Manager on project ratings, both viewpoints will be clearly presented in the final report. The Evaluation Office ratings will be considered the final ratings for the project.

The Evaluation Manager will prepare a **quality assessment** of the first draft of the Main Evaluation Report, which acts as a tool for providing structured feedback to the Evaluation Consultants. The quality of the final

report will be assessed and rated against the criteria specified in template listed in Annex 1 and this assessment will be appended to the Final Evaluation Report.

After the completion of evaluation, the Final Evaluation Report is disseminated to all evaluation stakeholders and made publicly available.

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 Project Manager. The Evaluation Office will track compliance against this plan on a six-monthly basis for a maximum of 12 months.

12. The Evaluation Team

For this Evaluation, the Evaluation Team will consist of a Principal Evaluator and two Evaluation Specialists who will work under the overall responsibility of the Evaluation Office represented by an Evaluation Manager, Susanne Bech, in liaison with the Director of the Evaluation Office, Michael Spilsbury, in consultation with the Focal Point for the Evaluation, Zhengzheng Qu, Fund Management Officer, Rakhee Shah and the Subprogramme Coordinator of Climate Action, Niklas Hagelberg; Subprogramme Coordinator of Nature Action, Marieta Sakalian; Subprogramme Coordinator of Finance and Economic Transformation, Kakuko Nagatani-Yoshida. The consultants will liaise with the Evaluation Manager on any procedural and methodological matters related to the Evaluation, including travel. It is, however, each consultants' individual responsibility (where applicable) to arrange for their visas and immunizations as well as to plan meetings with stakeholders, organize online surveys, obtain documentary evidence and any other logistical matters related to the assignment. The UNEP Project 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.

The **Principal Evaluator** will be hired over a period of nine months from July 2024 to March 2025 and should have the following: a university degree in environmental sciences, international development or other relevant political or social sciences area is required and an advanced degree in the same areas is desirable; a minimum of 10 years of technical / evaluation experience is required, preferably including evaluating and leading evaluations of large, regional or global programmes and using a Theory of Change approach; and a good understanding of private sector investment in environmental commodities and sustainable land use is required. English and French are the working languages of the United Nations Secretariat. For this consultancy, fluency in oral and written English is a requirement and proficiency in French, Spanish and/or Portuguese is desirable. Working knowledge of the UN system and specifically the work of UNEP is an added advantage. The work will be home-based with possible field visits.

Evaluation Specialist 1 will be hired over a period of nine months from July 2024 to March 2025 and should have the following: an undergraduate university degree in environmental sciences, international development or other relevant political or social sciences area is required; a minimum of five years of technical/monitoring/evaluation experience is required and a broad understanding of sustainable environmental management is required. Degree in or professional experience in statistics is desired. English and French are the working languages of the United Nations Secretariat. For this consultancy fluency in oral and written English is a requirement and proficiency in French, Spanish or Portuguese is desirable. Working knowledge of the UN system and specifically the work of UNEP is an added advantage. The work will be home-based with possible field visits.

Evaluation Specialist 2 will be hired over a period of nine months July 2024 to March 2025 and should have the following: an undergraduate university degree in environmental sciences, international development or other relevant political or social sciences area is required; a minimum of 10 years of technical experience is required and good understanding of blended finance facilities and funds and impact investment is required. Broad understanding of sustainable land use is desirable. English and French are the working languages of the United Nations Secretariat. For this consultancy fluency in oral and written English is a requirement and proficiency in French and Spanish or Portuguese is desirable. Working knowledge of the UN system and specifically the work of UNEP is an added advantage. The work will be home-based with possible field visits.

The Principal Evaluator will be responsible, in close consultation with the Evaluation Office of UNEP for overall management of the Evaluation and timely provision of its outputs, described above in Section 11 Evaluation Deliverables. The Evaluation Specialists will make substantive and high-quality contributions to the evaluation process and outputs. The consultants will ensure together that all evaluation criteria and questions are adequately covered.

Specifically, Evaluation Team members will undertake the following:

Specific Responsibilities for Principal Evaluator:

The Principal Evaluator will be responsible, in close consultation with the Evaluation Manager, for overall management of the Evaluation and timely provision of its outputs, described above in Section 11 Evaluation Deliverables.

Travel for field visits as part case studies to be expected.

Specific Responsibilities for the Evaluation Specialists:

The Evaluation Specialist 1, a data specialist, will make substantive and high-quality contributions to the evaluation process and outputs. The evaluation team consultants will ensure together that all evaluation criteria and questions are adequately covered.

The Evaluation Specialist 2, a credit analyst/ impact investment finance specialist, will make substantive and high-quality contributions to the evaluation process and outputs. The evaluation team consultants will ensure together that all evaluation criteria and questions are adequately covered.

Travel for field visits as part case studies to be expected by the evaluation specialists.

Responsibilities of the Evaluation Team during the main phases of the evaluation pertain to:

Inception phase of the Evaluation, including:

- preliminary desk review and introductory interviews with project staff;
- draft the reconstructed Theory of Change of the project;
- prepare the evaluation framework;
- develop the desk review and interview protocols;
- draft the survey protocols (if relevant);
- develop and present criteria for country and/or site selection for the evaluation mission;
- plan the evaluation schedule;
- prepare the Inception Report, incorporating comments until approved by the Evaluation Manager

Data collection and analysis phase of the Evaluation, including:

- conduct further desk review and in-depth interviews with project implementing and executing agencies, project partners and project stakeholders;
- (where appropriate and agreed) conduct an evaluation mission(s) to selected countries, visit the project locations, interview project partners and stakeholders, including a good representation of local communities. Ensure independence of the Evaluation and confidentiality of evaluation interviews.
- regularly report back to the Evaluation Manager on progress and inform of any possible problems or issues encountered and;
- keep the Project Manager informed of the evaluation progress.

Reporting phase, including:

- draft the Main Evaluation Report, ensuring that the evaluation report is complete, coherent and consistent with the Evaluation Manager guidelines both in substance and style;
- liaise with the Evaluation Manager on comments received and finalize the Main Evaluation Report, ensuring that comments are taken into account until approved by the Evaluation Manager
- prepare a Response to Comments annex for the main report, listing those comments not accepted by the Evaluation Consultant and indicating the reason for the rejection; and
- (where agreed with the Evaluation Manager) prepare an Evaluation Brief (2-page summary of the evaluation and the key evaluation findings and lessons)

Managing relations, including:

- maintain a positive relationship with evaluation stakeholders, ensuring that the evaluation process is as participatory as possible but at the same time maintains its independence;
- communicate in a timely manner with the Evaluation Manager on any issues requiring its attention and intervention.

13. Schedule of the Evaluation

The table below presents the tentative schedule for the Evaluation.

Table 13. Tentative schedule for the Evaluation

Milestone	Tentative Dates
Evaluation Initiation Meeting	July 2024
Inception Report	August 2024
Evaluation Mission	September-October 2024
E-based interviews, surveys etc.	September-November 2024
Powerpoint/presentation on preliminary findings and recommendations	November 2024
Draft report to Evaluation Manager (and Peer Reviewer)	December 2024
Draft Report shared with UNEP Project Manager and team	January 2025
Draft Report shared with wider group of stakeholders	February 2025
Final Report	March 2025
Final Report shared with all respondents	March 2025

14. Contractual Arrangements

Evaluation Consultants will be selected and recruited by the Evaluation Office of UNEP under an individual Special Service Agreement (SSA) on a “fees only” basis (see below). By signing the service contract with UNEP/UNON, the consultant(s) 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. All consultants are required to sign the Code of Conduct Agreement Form.

Fees will be paid on an instalment basis, paid on acceptance by the Evaluation Manager of expected key deliverables. The schedule of payment is as follows:

Schedule of Payment for the Principal Evaluator:

Deliverable	Percentage Payment
Approved Inception Report (<i>as per Guidance Note</i>)	30%
Approved Draft Main Evaluation Report (<i>as per Guidance Note</i>)	30%
Approved Final Main Evaluation Report (<i>as per Guidance Note</i>)	40%

Schedule of Payment for the Evaluation Specialists:

Deliverable	Percentage Payment
Approved Inception Report (<i>as per Guidance Note</i>)	30%
Approved Draft Main Evaluation Report (<i>as per Guidance Note</i>)	30%
Approved Final Main Evaluation Report (<i>as per Guidance Note</i>)	40%

Fees only contracts: Where applicable, air tickets will be purchased by UNEP and 75% of the Daily Subsistence Allowance for each authorised travel mission will be paid up front. Local in-country travel will only be

reimbursed where agreed in advance with the Evaluation Manager and on the production of acceptable receipts. Terminal expenses and residual DSA entitlements (25%) will be paid after mission completion.

The consultants may be provided with access to UNEP's information management systems (e.g. PIMS, Anubis, Sharepoint, etc.) and if such access is granted, the consultants agree not to disclose information from that system to third parties beyond information required for, and included in, the evaluation report.

In case the consultants are not able to provide the deliverables in accordance with these guidelines, and in line with the expected quality standards by the UNEP Evaluation Office, payment may be withheld at the discretion of the Director of the Evaluation Office until the consultants have improved the deliverables to meet UNEP's quality standards.

If the consultants fail to submit a satisfactory final product to UNEP in a timely manner, i.e. before the end date of their contract, the Evaluation Office reserves the right to employ additional human resources to finalize the report, and to reduce the consultants' fees by an amount equal to the additional costs borne by the Evaluation Office to bring the report up to standard⁴⁹.

⁴⁹ This may include contract cancellation in-line with prevailing UN Secretariat rules.

Annex 1. Proposed Outlines for Portfolio Reviews and In-depth Case Studies

Portfolio Review Outline

1. Introduction and Context

Purpose of the Facility or Fund

- Define the goals and objectives of the blended finance facility.
- Establish UNEP's role

Context and Need

- Explain the necessity for de-risking investments in sustainable land use management.
- Discuss environmental, social, and economic contexts.
- Discuss the history / process which led to the establishment of the facility/ fund and its development objective.

2. Structure and Mechanism

A. Blended Finance Structure

- Describe the financial structure including sources of capital (public, private, philanthropic) and their respective roles.

B. De-risking Instruments

- Detail the instruments used for de-risking, such as guarantees, insurance, concessional loans, and first-loss capital.

C. Operational Mechanism

- Explain how the facility operates, including governance, decision-making processes, and fund management.
- Examine safeguards and risk assessment procedures.
- Review managerial operational oversight entities in place.

3. Partners and Stakeholders

- Process for identifying relevant stakeholders including investors, governments, NGOs, local communities, and private sector participants.
- Use of 'Partner' and 'partners of partners' protocol

4. Financial Performance

Investment Metrics

- Application of core concepts (additionality, mobilisation, concessionality and sustainability)
- Analyze the financial performance, including return on investment, cost-effectiveness, and financial/commercial sustainability.

Leverage Effect

- Evaluate how much private capital has been mobilized relative to public or philanthropic funds.

Risk Mitigation

- Assess the effectiveness of de-risking mechanisms in attracting private investment.

5. Environmental and Social Impact

Environmental Benefits

- Examine the environmental outcomes, such as biodiversity conservation, carbon sequestration, soil health, and water management.

Social Impact

- Consider the social benefits, including community engagement, job creation, poverty reduction, and improvements in livelihoods.

Sustainability

- Evaluate the long-term sustainability of the land use practices supported by the facility.

6. **Conclusions**

Overall Effect/Impact

Assess the overall effect/impact of the blended finance facility and UNEP on sustainable land use.

Success Factors

- Identify key success factors and strategies that have contributed to the facility's/fund's achievements.

7. **Lessons Learned and Recommendations**

Policy Recommendations

- Provide recommendations for policymakers to enhance the effectiveness of blended finance facilities and funds.

Future Directions

- Provide a forward-looking perspective on the future of blended finance in this sector.
- Outline future directions for the facility/ fund, including potential new areas of focus, partnerships, or funding mechanisms.
- Provide recommendations for UNEP to enhance operational management and oversight.

Case Study Outline

1. **Transaction / Deal**

- Provide details of the deal review including application of core concepts, protocols and review procedures.
- Assess the specific project funded, highlighting successes, challenges, and lessons learned.

2. **Comparative Analysis**

- Compare the outcomes of the transaction or investment to identify patterns and key factors influencing success or failure.

3. **Operational Challenges**

- Discuss operational issues such as fund disbursement delays, bureaucratic hurdles, and governance problems.
- Identify market-related challenges, such as lack of investor interest, insufficient market demand for sustainable products, or regulatory barriers.
- Consider external risks like political instability, economic downturns, or climate-related risks impacting project success.

4. **Monitoring Systems and Performance Framework**

- Describe the monitoring systems in place for tracking financial, environmental, and social performance.
- Explain the evaluation framework, including key performance indicators (KPIs) and metrics used to assess impact.

5. ***Reporting and Transparency***

- Assess the transparency and frequency of reporting to stakeholders and the public.

6. ***Conclusion***

Summary of Findings

- Summarize the key findings of the case study.

Best Practices

- Highlight best practices in project design, implementation, and stakeholder engagement.

Scalability and Replicability

- Discuss the potential for scaling up successful models and replicating them in different contexts, countries or regions.

Operational Improvements

- Suggest improvements in operational practices to increase efficiency and impact.

Annex 2. List of deals by AGRI3, &Green and Responsible Commodities Facility

1. AGRI3 deals (also see [here](#))

Partner	Project	Total size	Country
Agri3	CACC	10,700,000	China
Agri3	LPCD	5,000,000	Brazil
Agri3	Scheffer	5,000,000	Brazil
Agri3	Sao Manuel	13,570,000	Brazil
Agri3	Wehrmann	13,000,000	Brazil
Agri3	GVQ	6,000,000	Brazil
Agri3	Locks	20,000,000	Brazil
Agri3	Renova Pasto	10,000,000	Brazil
Agri3	San Juan	2,000,000	Nicaragua
Agri3	Gala	12,000,000	Malawi
Agri3	Terral	10,000,000	Brazil
Agri3	O&L	20,000,000	Brazil
Agri3	ETG	115,000,000	Africa (various countries)
	Total	242,270,000	

2. &Green portfolio (also see [here](#))

Partner	Project	Total size	Country
&Green	RLU	95,000,000	Indonesia
&Green	Roncador	39,000,000	Brazil
&Green	PT Dharma	130,000,000	Indonesia
&Green	Marfrig	30,000,000	Brazil
&Green	San Jose	7,700,000	Colombia
&Green	HDL	12,000,000	Indonesia
&Green	FS	30,000,000	Brazil
&Green	Mercon	20,000,000	Vietnam
&Green	ETG	30,000,000	Ivory Coast
	Total	393,700,000	

3. Responsible Commodities Facility (RFC) (also see [here](#))

Partner	Project	Total size	Country
RCF	RCF1	11,000,000	Brazil
RCF/Agri3	RCF2 (additional)	36,000,000	Brazil
	Total	47,000,000	

Annex 3. Tools, Templates and Guidance Notes for use in the Evaluation

The tools, templates and guidance notes listed in the table below, and available from the Evaluation Manager, are intended to help Evaluation Managers and Evaluation Consultants to produce evaluation products that are consistent with each other, and which can be compiled into a biennial Evaluation Synthesis Report. The biennial summary is used to provide an overview of progress to UNEP and the UN Environmental Assembly.

This suite of documents is also intended to make the evaluation process as transparent as possible so that all those involved in the process can participate on an informed basis. It is recognised that the evaluation needs of projects and portfolio vary and adjustments may be necessary so that the purpose of the evaluation process (broadly, accountability and lesson learning), can be met. Such adjustments should be decided between the Evaluation Manager and the Evaluation Consultants in order to produce evaluation reports that are both useful to project implementers and that produce credible findings.

ADVICE TO CONSULTANTS: As our tools, templates and guidance notes are updated on a continuous basis, kindly download documents from the link below and use those versions throughout the Evaluation.

<https://communities.unep.org/display/EQU/INDEPENDENT+EVALUATION+TOOLS+AND+TEMPLATES>

List of tools, templates and guidance notes available:

Terminal Evaluation Essential Tools

-  00 Evaluation Tools Description 09.11.21
-  00a_UNEP Glossary of results definitions_December 2023
-  00b_List of Documents for Evaluation 31.01.2024
-  01_Evaluation Criteria 31.01.2024
-  02_Criterion Rating Descriptions Matrix 31.01.2024
-  03_Evaluation Criteria Ratings Table 31.01.2024
-  04_Weighted Ratings Table 31.01.2024
-  05_Evaluation Methodology Guidance 31.01.2024

Terminal Evaluation Inception Report

-  06_Project Identification Table 31.01.2024
-  07_Inception Report Structure and Contents 31.01.2024
-  08_TOC Reformulation Justification Table 31.01.2024
-  09_Quality of Project Design Table 31.01.2024
-  09a_Quality of Project Design Template 31.01.2024
-  10_Stakeholder Analysis Guidance 31.01.2024
-  11_Gender Methods Guidance 31.01.2024
-  12_Safeguards Assessment Template 31.01.2024

Terminal Evaluation Main Evaluation Report

-  13_Evaluation Report Structure and Contents 10.05.22
-  14_Use of TOC in Project Evaluation 31.01.2024
-  15_Financial Tables 31.01.2024
-  16_Likelihood of impact Flow Chart 31.01.2024
-  16a_Likelihood of impact Test Case 31.01.2024
-  17_GEF_Evaluation Main Report Template 31.01.2024
-  18_NonGEF Evaluation Main Report Template 31.01.2024
-  19_Quality Of Eval Report FINAL ONLY 31.01.2024 FOR USE BY UNEP
-  20_Recommendations Quality Guidance 31.01.2024
-  20a_In Report Template Presenting Recs and LL 31.01.2024
-  21_GEF Portal Annex Template 31.01.2024

Terminal Evaluation Process Guidance

-  Process 1_Evaluation Process Guidelines for Consultants 31.01.2024
-  Process 2_Template for Attestation Letter 31.01.2024
-  Process 3_Evaluation Consultants Agreement Form 31.01.2024
-  Process 4_Guidelines for Field Work During Coronavirus 31.01.2024
-  Process 5_Evaluation Consultants Team Roles 31.01.2024
-  Process 6_ Template for Reference Checks 31.01.2024
-  Process 7_Letter of Introduction for Visa Applications Template 31.01.2024