

Forest Carbon Partnership Facility (FCPF)

Second Program Evaluation

Terms of Reference

October 17, 2014

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FCPF Overview

1. The Forest Carbon Partnership Facility (FCPF), which became operational in June 2008, is a global partnership focused on the reduction of emissions from deforestation and forest degradation, and the role of conservation, sustainable management of forests and enhancement of forest carbon stocks in developing countries (REDD+). The FCPF contributes to demonstrating how REDD+ can be applied at the country level.
2. The FCPF has the dual objectives of building capacity for REDD+ in developing countries in tropical and subtropical regions, and testing a program of performance-based incentive payments in some pilot countries, on a relatively small scale, in order to set the stage for a much larger system of positive incentives and financing flows in the future. Two separate mechanisms have been set up to support these objectives:
 - (a) **Readiness Mechanism:** The FCPF's initial activities relate to technical assistance and capacity building for REDD+ in IBRD and IDA member countries in the tropics across Africa, East Asia and Pacific, Latin America and the Caribbean and South Asia. Specifically, the FCPF is helping countries arrive at a credible estimate of their national forest carbon stocks and sources of forest emissions, work out their national reference scenarios for emissions from deforestation and forest degradation, calculate opportunity costs of possible REDD+ interventions, adopt and complement national strategies for stemming deforestation and forest degradation, and design national monitoring, reporting and verification systems for REDD+. These activities are referred to as 'REDD+ Readiness' and supported by the Readiness Fund of the FCPF. These activities create a framework for future REDD+ investments or performance-based payments. At a reasonable point in time countries are expected to present a snapshot of their REDD+ readiness, in the form of a Readiness Package, for which guidelines were adopted by the Participants Committee at PC14. (<http://www.forestcarbonpartnership.org/sites/fcp/files/2013/July2013/FCPC%20framework%20text%207-25-13%20ENG%20web.pdf>)
 - (b) **Carbon Finance Mechanism:** It is expected that up to nine countries that will have made significant progress towards REDD+ readiness, and have submitted an R-Package to the PC will participate in the Carbon Finance Mechanism and receive financing from the Carbon Fund, through which the Facility will implement and evaluate pilot performance based incentive programs for REDD+. The selected countries, having demonstrated ownership on REDD+, progress in the design of an adequate monitoring framework, and preparation of credible reference scenarios and options for reducing emissions, will benefit from performance-based payments for having verifiably reduced emissions from deforestation and/or forest degradation through their Emission Reductions Programs. The structure of these payments will build on the options for REDD+ that are currently being discussed within the UNFCCC process, with payments made to help address the causes of deforestation and degradation. Within the Carbon Finance Mechanism, payments will only be made to countries that achieve measurable and verifiable emission reductions. By October 2014, 11 REDD Participant Countries have been accepted or provisionally accepted into the Carbon Fund pipeline based on the submission of the early Emission Reduction Program Ideas Notes (ER-PIN), up to nine of which will eventually be accepted into the Carbon Fund portfolio and receive performance-based payments from the Carbon Fund.
3. Together, these two mechanisms seek to learn lessons from first-of-a kind operations and develop a realistic and cost-effective instrument for tackling deforestation, to help safeguard the earth's climate, reduce poverty, manage freshwater resources, and protect biodiversity. However, it is

important to note that the Facility itself is not a panacea to "save the world's forests." Rather, the lessons generated from the FCPF's methodological, pilot implementation and carbon finance experience will provide insights and knowledge for all entities interested in REDD+. The FCPF thus seeks to create an enabling environment and garner a body of knowledge and experiences that can facilitate development of a much larger global program of incentives for REDD+ over the medium term.

4. The objectives of the FCPF, as stated in the FCPF charter, are:
 - To assist eligible REDD Countries' efforts to achieve Emission Reductions from deforestation and/or forest degradation by providing them with financial and technical assistance in building their capacity to benefit from possible future systems of positive incentives for REDD;
 - To pilot a performance-based payment system for Emission Reductions generated from REDD activities, with a view to ensuing equitable sharing and promoting future large scale positive incentives for REDD;
 - Within the approach to REDD, to test ways to sustain or enhance livelihoods of local communities and to conserve biodiversity; and
 - To disseminate broadly the knowledge gained in the development of the Facility and implementation of Readiness Plans (now known as Readiness Preparation Proposals) and Emission Reductions Programs.
5. Unlike general development assistance, receipt of carbon finance, beyond funds for REDD+ readiness, is contingent on credibly demonstrating the ability of a country to achieve results in the form of emission reductions.
6. Other relevant background information on the FCPF is available in the Information Memorandum and the FCPF Charter on the FCPF website at www.forestcarbonpartnership.org.

FCPF Evaluation

7. As provided in the FCPF Charter, evaluation is the responsibility of the governing body, in this case the Participants Committee (PC) on behalf of the Participants Assembly (PA).¹ Accordingly the First Program Evaluation for the FCPF was completed in 2012, under the oversight of the PC, and supported by the Facility Management Team (FMT) as requested by the PC.

8. In accordance with one of the recommendations of the first evaluation of the Facility, PC11 mandated the preparation of a full Monitoring and Evaluation (M&E) Framework for the FCPF. The draft framework was presented at PC13 in October 2012, and the final M&E Framework was adopted by the PC in March 2013. The FMT is responsible for monitoring FCPF operations and undertaking regular assessment of the progress achieved in relation to established outputs and outcomes, to identify reasons for divergence from the targets, and to take necessary actions to improve performance.¹ As reporting by the FMT relies on country-level reporting, REDD countries have established national-level M&E Frameworks and are using the country reporting template that was endorsed as part of the FCPF M&E Framework. In addition, the M&E Framework envisages independent evaluations of the FCPF in 2015, 2017 and 2020.

¹ The Sourcebook for Evaluating Global and Regional Partnership Programs: Indicative Principles and Standards, IEG-World Bank, Washington, D.C. 2007, recommends that evaluation is the responsibility of the governing body or other unit separate from management. In most of these programs, evaluations are commissioned by part-time governing bodies and conducted by independent teams of consultants or independent experts. In either case, the body commissioning the evaluation takes responsibility for the quality of the final report and for disseminating the findings and recommendations, in different formats for different audiences, as appropriate.

9. The second program level evaluation of the FCPF is scheduled for 2015. The draft terms of reference for the proposed evaluation are being presented to seek feedback from the PC and Carbon Fund Participants with a view to finalizing these in time for the second evaluation to commence in 2015.

Scope of the Evaluation

10. The evaluation function takes place at set intervals (typically mid-term/phase and final evaluations). Evaluations take a bird's eye view, and cast a wider net covering all five OECD/DAC criteria to assess the Relevance, Effectiveness, Efficiency, Impact and Sustainability in program achievements. In doing so, they also assess program governance and management systems, including the monitoring function itself.

11. The first evaluation primarily addressed the first three criteria. The second evaluation will also include the remaining two criteria, i.e., impacts and sustainability. Second and subsequent evaluations may be more ambitious given that they will build on the evaluative evidence that has been gathered through the first evaluation.

12. The M&E Framework recognized that as the FCPF is principally focusing on laying the ground for future REDD+ activities and piloting performance-based payment systems, one must be realistic in terms of the magnitude of impact to be expected under the Facility by 2020. Therefore, the Result Chain of the M&E Framework (Annex 1) distinguishes between intermediate impact of the FCPF that can still be attributed to the FCPF and longer-term global impact to which FCPF indirectly contributes via successful interventions, including its catalytic effects on other REDD+ initiatives. Global impacts consists of emission reductions, the enhancement of livelihoods of forest-dependent communities and biodiversity conservation; but they are beyond what can be measured by an FCPF Monitoring and Evaluation framework, and most likely to materialize only after 2020².

Suggested Evaluation Approach

13. The evaluation will cover ongoing as well as completed activities, comprising desk studies, questionnaires, interviews and fieldwork in REDD Countries, including those countries that have been accepted in the Carbon Fund Pipeline, will be developing ER-Programs for submission, and will potentially be selected into the Carbon Fund portfolio by early 2016. The evaluation approach is a 'real-time' one, which is designed to facilitate rapid learning, give advice at an early stage when changes in implementation are still feasible, and provide timely information for the REDD+ community. The detailed methodology will be formulated by the team conducting the evaluation and made available to the PC.

14. The M&E Framework recommends that, for future evaluations, the PC constitute a Committee to provide oversight to the evaluation with the FMT in a supportive role. The Global Program Review of the FCPF conducted by the Independent Evaluation Group in 2012 also recommended that the evaluation oversight of global programs be carried out by the program's governing body or a subcommittee constituted for this purpose. Global programs may opt to set up an evaluation steering group or oversight committee for this purpose.

15. The PC may consider the following options:

- Assigning the oversight function for the evaluation to the Participants Committee Bureau, or
- Constitute a committee consisting of 3 Financial Contributors, 3 REDD Country Participants, and 1 Observer

² Extension of the Carbon Fund lifetime beyond 2020 is under consideration.

Evaluation Period

16. The Second Program Evaluation will cover FCPF operations from July 2011 to December 2014.

Audience

17. The evaluation is of interest to the FCPF PA, PC and Observers, the World Bank Management, and the broader REDD+ community.

Timeline

18. It is expected that the Second Program Evaluation will be completed by December 2015, with draft results expected to become available in time for the PA8 meeting in October/November 2015.

Evaluation Objectives

19. Following the FCPF objectives and in accordance with Article 16 of the FCPF Charter, the objective of the First Program Evaluation was to assess the effectiveness of the governance structure of the FCPF and the operational effectiveness of the Readiness Fund, and suggest ways of enhancing FCPF support to the REDD Country Participants.

20. The scope of the first evaluation was limited to progress made under the Readiness Fund, as activities under the Carbon Fund were not yet operational. The evaluation looked at the FCPF contribution at the country level (e.g. formulation of R-PPs and the country context, including the structure, functions and processes of each country's "forest-relevant" system, as well as capacity and resources to formulate the R-PP) as well as the global level (effectiveness of the governance structure, functions, processes and impact drivers of the FCPF program as a whole).

21. The M&E Framework disaggregates the FCPF objectives into key results and discerns the outputs, outcomes, and impacts that will be realized during the lifetime of the Facility.

22. Since the completion of the first evaluation in 2011, the implementation of REDD+ readiness supported by FCPF readiness preparation grants has advanced. A few REDD countries are nearing completion of implementation of their \$3.8 million readiness preparation grants, and some others have submitted mid-term progress reports and have requested additional funding of up to \$5 million to continue readiness preparation. In addition, the Carbon Fund (CF) has become operational, standards to govern the design of Emission Reductions Programs have been adopted, and selection of early program ideas into the CF pipeline has been completed.

23. In light of guidance provided by the M&E framework, and the status of progress made, the second evaluation will cover to a large extent the relevance, effectiveness and efficiency of the activities under the Readiness Fund, as well as the preparatory work and first operational activities under the CF, the catalytic effects of the FCPF so far, and documentation of lessons learnt that are most likely to contribute to future REDD+ regimes

24. There are four clusters of questions on which the evaluation will focus.

Key Questions for the Second Program Evaluation

25. The evaluation questions are based on the standard OECD/DAC Results Based Management, Monitoring and Evaluation Framework (RBM MEF) consisting of inputs, outputs and outcomes, using the scope of each of the evaluations as agreed in the FCPF M&E Framework as the basis for framing additional questions. This section presents the key questions in four clusters. Whilst the focus of the

evaluation is on the key questions included in the four clusters, the evaluation team may incorporate specific sub questions as relevant, to supplement and strengthen the evaluation.

26. **Cluster One (Effectiveness of FCPF Role in REDD+):** This cluster of key questions builds on the questions of the first evaluation, and will establish the context and framework in which the FCPF operates. It will look at the following key aspects of FCPF effectiveness: (i) contribution of REDD+ readiness to understanding of issues relevant to addressing deforestation and degradation, (ii) the FCPF's role as a learning and knowledge sharing forum in addressing these issues, including integration of lessons from readiness into the evolving work under the Carbon Fund, and (iii) effectiveness of the FCPF governance structure and how it affects FCPF implementation.

27. Some sub-questions to be addressed include the following:

- (a) Has the FCPF added value to the REDD+ processes undertaken by REDD Country Participants, and capacity development at the country level?
- (b) Are countries conducting readiness activities that are aligned to the guidance provided by the R-Package Assessment Framework?
- (c) What lessons and implications does the FCPF experience offer for REDD+ readiness, scaling up, and likely impacts on REDD+ outcomes? This will include synthesis of lessons learnt from piloting of the Common Approach and of the Indigenous Peoples Capacity Building Program.
- (d) How have lessons learnt from the readiness process been (i) integrated into operations of FCPF including in operationalizing the Carbon Fund (given that REDD+ readiness forms the basis for future Emission Reductions Payment Agreements under the Carbon Fund), and (ii) disseminated to broader REDD+ community?
- (e) What lessons can be drawn from ER-PINs to further strengthen ER Program design? In light of the objectives and targets that countries have set to achieve is the timeframe of delivery of ER Programs realistic?

28. **Cluster Two (Relevance of FCPF):** Is the FCPF on track to meet its objectives and outcomes as set in the M&E framework? Given the observed shift in patterns in the demand for REDD+ since the inception of the FCPF, what is the relevance of the FCPF within the context of the REDD+ developments at the global and national levels?

29. The assessment to the above question should be guided by the following sub-questions:

- (a) Have FCPF design and activities evolved since the first evaluation? If so, how have they evolved and what considerations have driven this evolution?
- (b) Is the FCPF well positioned in relation to governance structure, REDD Country Participants capacities, Delivery Partner capacities, FMT Capacity and resources available, to manage and meet the FCPF objectives, and deliverables of Readiness and Carbon Fund operations in a timely manner as envisaged in the M&E Framework?
- (c) What is the FCPF governance structure responsiveness to the guidance from key international conventions and also to the needs of REDD Country Participants?
- (d) To what extent are REDD Country Participants demonstrating ownership of REDD, and being responsive to the FCPF support for successfully piloting performance based payments?
- (e) Are the current objectives realistic in relation to the capacity of REDD Country Participants, time frame, resources for REDD+ readiness and bridge finance likely to be available before large-scale systems of performance-based payments?

- (f) How do participating countries perceive the costs and benefits of the FCPF Readiness Mechanism, including timeliness and magnitude of resources?

30. **Cluster Three (Efficiency of the FCPF):** Has the FCPF been efficient in achieving desired results? The cluster will be guided by the following questions:

- (a) To what extent has the FCPF been efficient in achieving results? Has the FCPF used its resources (funds, time and expertise) efficiently to maximize its outputs and provide early lessons for REDD+? If not, why?

This question should assess the efficiency with respect to resource use and how this might have affected the overall FCPF delivery, including the role of the PC and the FMT and the organizational architecture within which the FCPF operates. Some guiding sub-questions are as follows:

- i. How efficiently and timely has the FCPF disbursed the proceeds of the Readiness Fund in particular, and Carbon Fund to REDD Country Participants, taking into account Bank Operational Policies and Procedures?
- ii. The first evaluation recognized that there were gaps in countries capacities to meet the WB procurement guidelines for efficient disbursements of readiness grants. Has the efficiency in disbursements at country and portfolio level changed since then? If not, why?
- iii. Are countries efficiently using resources, including additional funding of up to \$5 million to meet the countries' REDD+ readiness needs?
- iv. To what extent could readiness grant financing be tailored to country needs, i.e. to enable countries to make meaningful advances on most pressing issues related to forests and help meet needs identified prior to the availability of REDD+ readiness funding (e.g., need to improve governance or regular monitoring of forests)?
- v. How can the Carbon Fund business process and Readiness Package assessments be improved for attaining efficiencies, based on lessons learnt from R-PP and ER-PIN assessments?

31. **Cluster 4 (Impacts and Sustainability):** The following Intermediate impacts identified in the M&E Framework will be evaluated:

- (a) What are the key lessons, intended and unintended outcomes for REDD+ readiness, and REDD Country Participants? To what extent are intended outcomes aligned to countries capacity to reducing deforestation and forest degradation, and ability to leverage performance based payments? What are the key opportunities and risks associated with unintended outcomes?
- (b) What impacts has the FCPF had (i) on the adoption of concepts developed by the FCPF by other initiatives, programs? (ii) on country level coordination of various REDD+ initiatives, and bilateral support for REDD+?
- (c) What catalytic impacts has the FCPF had (through Readiness activities and design of early ER Program ideas) in shaping the REDD+ policy and institutional framework in countries that could determine longer term sustainability of national efforts on REDD+?
- (d) To what extent has the FCPF contributed to international negotiations process on REDD+? This sub question will assess the relevance of FCPF in the changing context, and evolution of REDD+ in the international negotiations.

- (e) What impact, if any, has the FCPF had in generating additional investments (public and private sector) for REDD+ readiness, and pilot programs in REDD Participant Countries?
- (f) What are the key opportunities and barriers to implementation of ER Programs that could affect the sustainability of the REDD+? If yes, how can the FCPF address some of these barriers? This sub question will be dealt with in conjunction with questions in cluster one.

The above assessment should be seen in their context, and assumptions i.e., factors that may have contributed to the successes or constrained optimal achievements. The findings of Cluster one and three should be cross-referenced to those of Cluster four, to conclude on overall impact and added value of the FCPF.

Methodology

32. In collecting and analyzing data and drawing conclusions and recommendations, the evaluation methodology will be based on a wide variety of sources of information and use methods to ensure that evaluation will result in a valid, credible and legitimate report. Several key questions will be underpinned by literature reviews. The evaluation team will follow an approach to ensure that questions are properly understood and presented, underlying assumptions have been analyzed, and the resulting data gathering and analysis deliver aggregate and synthetic qualitative and quantitative judgments on the basis of diverse materials (from desk studies, interviews, surveys, portfolio analysis, field visits and verification through stakeholder consultations). If needed, a special methodology to gather and analyze data will be developed and adopted. The use of an evaluation matrix that depicts indicators associated with key program activities and outcomes, sources of information, and methodology to be used for assessing key evaluation questions is recommended.

33. **Gender aspects** will be taken into account where appropriate and relevant. This will especially be the case when developing a methodology for the country, agency and field visits and the stakeholder consultations, but gender aspects may be incorporated elsewhere as well.

34. The **terminology** to be used in the evaluation will be defined in a consistent manner and relate to international usage of the terms concerned.

35. **Document reviews** will be undertaken, focusing on documents of the FCPF and its activities, as well as from related institutions as well as standard evaluation protocols. Protocols of among others, the GEF Evaluation Office and Independent Evaluation Group of the World Bank will be considered essential sources of information.

36. **Stakeholder consultations.** Independent stakeholder consultations will be instituted to ensure that stakeholder opinions are gathered on all aspects of the FCPF. Relevant stakeholders should include governments, civil society, non-governmental organizations, Indigenous Peoples and the private sector. Those responsible for deforestation and forest degradation, and those affected by it, should also be consulted. Credible surveys already conducted for gathering stakeholder views may be used as appropriate.

37. **Semi-structured interviews.** These will be undertaken on specific questions with specific stakeholders, and the governments of recipient and donor countries. Special care will be taken to analyze the qualitative data using proper tools and techniques.

38. **Country and field visits.** To ensure a representative sample of recipient countries, interventions, geographical regions, at least three countries will be visited during the implementation of Second Program Evaluation. Evaluative evidence from more FCPF countries will be included.

39. **Visits to representative FCPF countries** will serve to gather data, verify available reports and documents, and interview beneficiaries and local stakeholders, including local government, communities and representatives from civil society. Country case studies in a these countries will be undertaken to draw and verify results.

40. **Participation in international meetings.** Where possible, in order to limit costs, the evaluation team will request feedback on the FCPF from Participants present at international meetings, either through the stakeholder consultation process, semi-structured interviews or focus group meetings.

41. **Complementarities with the other evaluations:** The evaluation team will seek to develop complementarities with the evaluation of other institutions/organizations, including Norway's International Climate and Forest Initiative being undertaken by the Evaluation Department of NORAD.

Deliverables/ Specific Outputs expected from Consultant

42. It is expected that the Consultants will:

- Finalize the methodology, the key criteria and indicators for each cluster of evaluation questions included in terms of reference in collaboration with the FMT;
- Prepare the inception report;
- Implement and independently undertake the necessary evaluative work for each cluster;
- Evaluate relevant sources of information through desk reviews and literature studies;
- Participate in a sample of representative FCPF countries and field visits;
- Report on these visits and findings for evaluation purposes;
- Interact with representatives of FCPF member countries, FMT, NGOs, CSOs and stakeholder groups (representative list in Annex 2);
- Prepare draft reports for each sub-component, including evaluative findings and emerging recommendations;
- Conduct discussions with the external panel of experts and PC working group as relevant;
- Share the findings at PA8/PC19 (November 2015);
- Receive and incorporate feedback from stakeholders before finalizing the report;
- Prepare the final report for the Second Program Evaluation in English, submit it to the FMT and present it to the PC. The report will also be made available in French and Spanish.

Delivery Schedule

43. The milestones and timeline for conduct of Second Program Evaluation (to be finalized after feedback at PC18).

Acceptance Criteria for Deliverables

44. The Evaluation methodology and report shall be prepared in accordance with international good practice for evaluations, clearly written and presented, with appropriate level of detail and in accordance with the Terms of Reference, keeping in view the audience. Soft and paper copies of the report shall be presented in English, Spanish and French. Specific criteria shall be developed and mutually agreed with the consultant before the contract is signed.

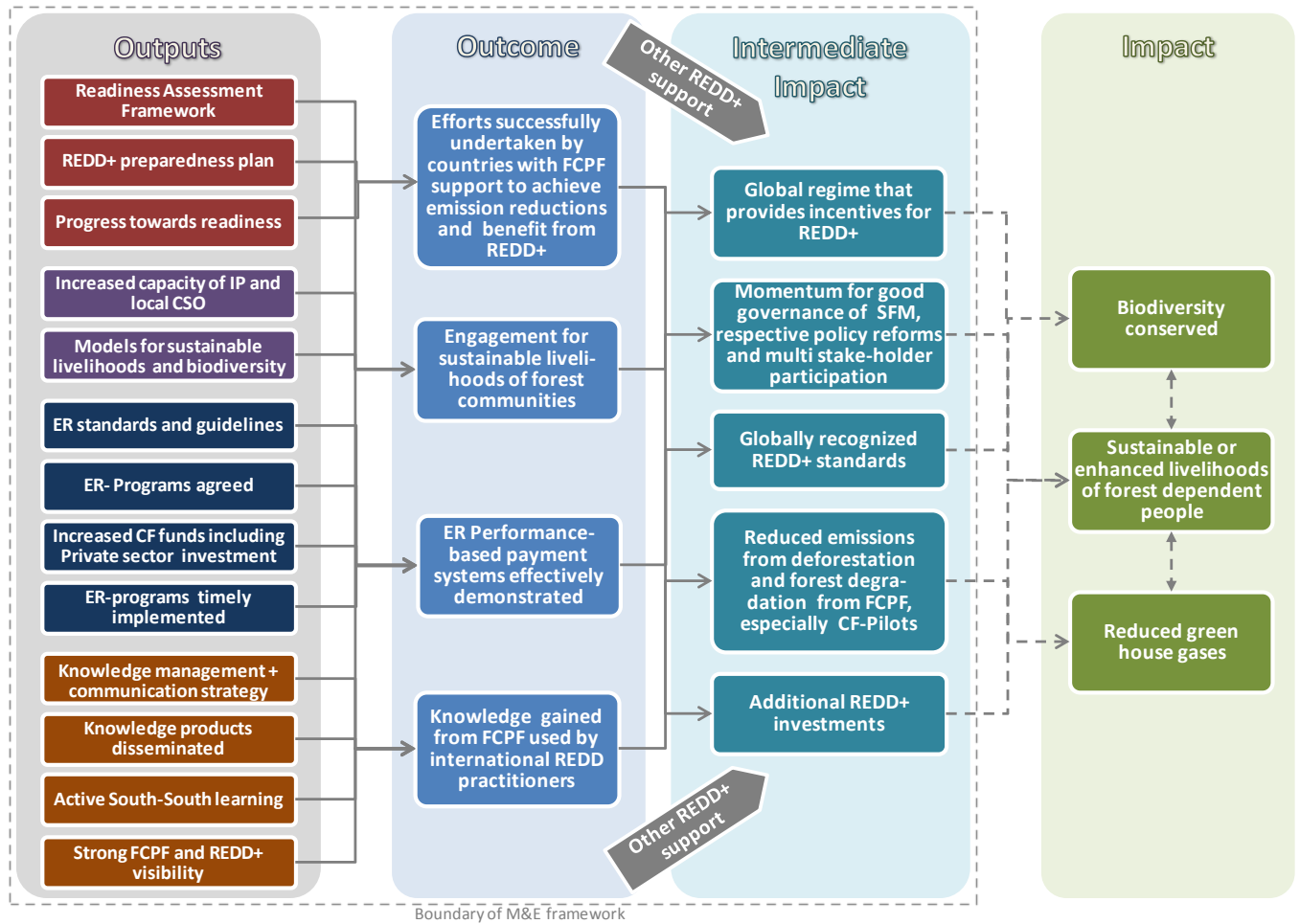
Specific inputs to be provided by the Client

45. The Consultant shall undertake the evaluation in an independent manner. The Facility Management Team at the World Bank will facilitate the country field visits. Publication of the report shall be the responsibility of the FMT.

Budget

46. Budget shall be proposed by the consultant based on the team composition, personnel requirements and the expected travel and subsistence expenses for travel to at least three representative FCPF countries.

Annex 1
FCPF M&E Framework: Results Chain



Annex 2

List of Potential Interviewers for Evaluation

The stakeholders/beneficiaries whose perspectives would need to be reflected in FCPF evaluation include:

- REDD Country Participants, including REDD plus focal ministries, members of the REDD working groups or equivalent;
 - Stakeholders in REDD Country Participants — various ministries and departments with impacts on deforestation (agriculture, mining etc.), forest ministries or equivalents, land tenure authorities, Ministry of finance, political bodies concerned with legislation, policy and national planning, private sector representatives, indigenous and forest-dependent people's representatives, civil society representatives;
 - National research organizations working on forest surveys, monitoring, remote sensing, mapping units, national strategies;
 - Donor Participants;
 - Carbon Fund Participants;
 - Observers (NGOs, indigenous and forest-dependent peoples; UNFCCC Secretariat, UN-REDD Programme, private sector);
 - Private sector organizations in the REDD countries who are REDD+ stakeholders and likely to have an interest in the design of REDD+ strategy options;
 - FMT;
 - Ad Hoc Technical Advisory Panel (TAP) members;
 - International organizations engaged in REDD+ issues, e.g., organizations working on methodological, policy and social and other related aspects of REDD+;
 - Other evaluation bodies, e.g., those involved in the evaluation of Norway's International Climate and Forest Initiative; and
 - World Bank units concerned with the design, management and activities of the FCPF.
-