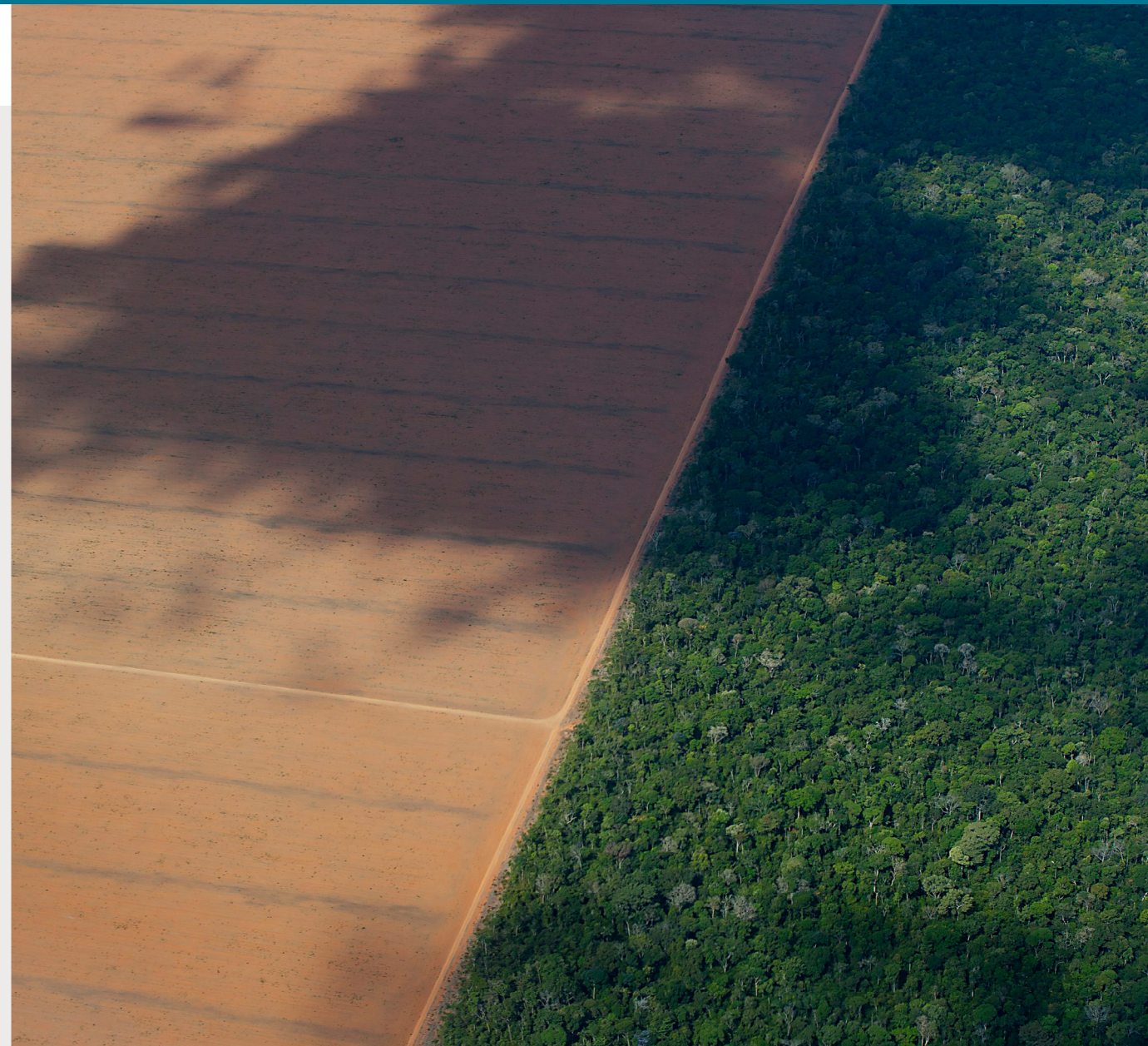


EVALUATION DEPARTMENT

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Evaluation of Norway's International Climate and Forest Initiative's (NICFI) Support to Private Sector Initiatives



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This report is the product of the authors, and responsibility for the accuracy of data included
in this report rests with the authors alone. The findings, interpretations, and conclusions presented
in this report do not necessarily reflect the views of the Evaluation Department.

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Preface

Development of deforestation free value-chains for private sector activity in the agriculture and forestry sectors is high on the agenda of Norway's International Climate and Forest Initiative (NICFI). NICFI's focus on the private sector is a response to growing international concerns over the role of commercial agriculture and timber operations as drivers of deforestation and forest degradation.

This evaluation assesses a portfolio of 28 NICFI projects that include activities targeting private actors involved in the supply chain of beef, paper, pulp, and soy and palm oil. These four commodities were responsible for about 113 million hectares of forest loss in tropical areas between 2000 and 2012. In addition, in specific regions other agricultural commodities, such as the expansion of cocoa in West

Africa, continue to be a threat to further deforestation, for example.

The evaluation credits NICFI for putting the role of the private sector in tackling deforestation on the international agenda. However, the evaluation is unable to uncover an overall NICFI's strategy for building up its private sector portfolio. The evaluation calls for NICFI to document and communicate its strategi and results framework in order to enable the measurement of performance, both at the project and portfolio level.

Furthermore, NICFI's private sector portfolio consists of projects of varying size and durations, most of which can be characterized as pilot projects. The evaluation calls for a reassessment of these pilots and for projects to be scaled up where and when relevant.

We hope this evaluation provides useful knowledge that can inform future decisions and guide the development of the NICFI private sector portfolio.

The evaluation was carried out by a team from Analysis for Economic Decisions (ADE) in collaboration with Nordic Consulting Group (NCG).

Oslo, 2. March 2021



Håvard Mokleiv Nygård

Director, Evaluation Department



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Executive Summary

PURPOSE

The purpose of this evaluation is to assess the strategic approach, relevance and effectiveness of the support from Norway's International Climate and Forest Initiative's (NICFI) to private sector initiatives (PSIs) that aim to reduce deforestation and forest degradation (D&D), for the period from 2008-2019. The evaluation aims to (i) document NICFI's strategic approach to its support to PSIs; (ii) assess whether this support aligns with local needs, country partnerships and general goals of Norwegian development assistance; and (iii) assess whether this support is contributing to achieving the postulated objectives. The overarching aim is to provide lessons and recommendations for strengthening NICFI's private sector support in the next strategic period from 2020 to 2030.

BACKGROUND

NICFI was launched in 2007 at the 13th meeting of the United Nations Framework Convention on Climate Change (UNFCCC) Conference of the Parties and has been central to Norwegian efforts for climate change

mitigation. It has three objectives within a higher-order aim of promoting sustainable development and reducing poverty:

1. To ensure that the UNFCCC is an effective tool for reducing emissions.
2. To contribute to early actions for measurable emission reductions from D&D.
3. To promote the conservation of primary forests, due to their particular importance as carbon stores and for their biological diversity.

As NICFI is funded from the aid budget, it should also contribute to the general goals of Norwegian development policy, i.e. sustainable development and combating poverty.

The Government of Norway has publicly committed to an annual budget of up to 3 billion Norwegian Kroner (NOK) to support the process and outcomes of the

initiative for reducing emissions from deforestation and forest degradation (REDD+) through NICFI. This includes support for private sector engagement in reducing D&D. NICFI's support to the private sector has progressively increased over time, notably since 2013/2014 in parallel with international attention, and has become a key area in the 2015 NICFI strategic framework.

Despite these trends, NICFI does not have a clear-cut definition of private sector initiatives. Hence, a key step in the evaluation process was to develop a PSI definition. The following definition has been used during the assignment:

Private sector initiatives (PSIs) were understood to include any and all activities which have, as at least one of their direct objective(s), to influence a commodity supply chain with the aim of reducing, halting or reversing (tropical) deforestation and forest degradation by actors engaged in a profit making activity.



The focus of this evaluation has been exclusively on four specific commodities: palm oil, beef, soy and pulp & paper. It should be emphasised that the PSIs supported by NICFI are typically designed and managed by non-governmental organisations (NGOs), intending to influence the behaviour of private sector actors – the latter are thus not necessarily involved in PSI design.

Applying this definition, a portfolio of 28 private sector initiatives was identified and reviewed. Responsibility for selecting and overseeing these is shared between NICFI Secretariat – which administers 9 of them – and Norad – which administers 19 of them.

METHODOLOGY

The evaluation critically explored NICFI's private sector support from 2008-2019 at the global level. To understand how NICFI-funded activities have been aligned to specific local contexts, two case studies (Brazil and Indonesia) were conducted. These case studies were chosen by Norad due to their long-term histories with NICFI and the scale of commodity-driven D&D.

Evidence has been collected through a mix of tools: document review, stakeholder interviews, focus groups, surveys and quantitative portfolio analysis.

Findings reflected in the report are based on properly triangulated and validated data. It should be noted that several challenges were encountered, the principal ones can be summarized as:

- Limited availability of documentation on NICFI's strategic approach.
- Limited availability and quality of documentation on individual PSIs.
- Limited availability of documentation on diplomatic efforts related to private sector engagement.
- No responsiveness from government officials in case study countries, limited responsiveness from private sector actors not directly engaged with NICFI-funded initiatives.
- No in-person field missions to Brazil and Indonesia due to the COVID-19 pandemic.

Especially the first three challenges severely impacted the extent to which some evaluation questions could be objectively and verifiably assessed. Correspondingly, several evaluation questions had to be reoriented.

MAIN FEATURES OF NICFI'S PORTFOLIO

The portfolio consists of 28 initiatives (26 interventions and 2 funds), the majority of which have an allocated budget lower than 100 million NOK; the two funds stand out with an allocated budget around 800 million NOK. Most PSIs have been funded from 2016 onwards. The PSIs are highly concentrated in Asia and Latin America, followed by Africa and those which have a global reach. At the country level, Indonesia and Brazil are the main target countries, followed by Peru, Colombia and Liberia. There is considerable variation across PSIs in terms of targeted actors (from land owners to consumers, as well as institutional and financial actors), approaches (e.g. advocacy, dialogue & diplomacy; finance-based actions; etc.) and commodities (e.g., beef; oil palm; etc.). Furthermore, PSI activities are dispersed among all operational phases from framework development to implementation.

MAIN FINDINGS AND CONCLUSIONS

Strategic approach of NICFI's support to PSIs

Main finding A: NICFI has not formulated a consistent and detailed strategic approach for its work on PSIs. Rather, it has presented a high-level “strategic framework” for the totality of NICFI, which requires considerable refinement and elaboration with more

detail in order to be useful as a strategic approach (or roadmap) for NICFI's engagement with the private sector.

Main finding B: The original concept of NICFI – compensating countries for forest preservation – is generally regarded as an appropriate and innovative step forward. Some stakeholders argue that NICFI continues to play a leading role on engaging the private sector to date, while others state that NICFI has been generally risk adverse and reserved when it comes to large innovative interventions that promote concepts which are not widely supported already.

Main finding C: The operationalisation of NICFI's work with the PS appears to be fairly consistent. NICFI has used civil society organisations as the main interlocutors, exercised considerable flexibility in terms of selecting interventions and adjusting their funding, and focused largely on pilot-like efforts. The latter are, however, not at a scale at which they can alone achieve meaningful change.

Main finding D: By and large, most activities funded can be understood as broadly supporting NICFI's overarching strategic objectives, as defined in the high-level strategic framework. However, complementarity

between funded interventions has not been sufficiently capitalised upon.

Conclusion: The lack of a detailed strategic framework has permitted a great degree of flexibility, which can be justifiable in the early days of an initiative such as NICFI and which can, for a short period of time, prove advantageous as it allows for engagements that a stricter strategic focus might not permit. However, the data collected consistently showed that, given the urgency of the climate threat, a more clearly defined strategic focus is now urgently required, in order to prioritize fund allocations and enable grantees to design interventions that are well aligned with NICFI's own expectations and objectives.

Relevance of NICFI's support to PSIs

Main finding E: Both Brazil and Indonesia have legal frameworks in place for preventing D&D, but these lack the support required to be effectively and fully implemented.

Main finding F: NICFI's support to Brazil and Indonesia has been well aligned with national/sub-national policies. However, as might be expected, policy alignment is highly susceptible to local political shifts.

Main finding G: Private sector engagement is not specifically mentioned in the country agreements. However, the evidence suggests that NICFI's support to PSIs in both Brazil and Indonesia was aligned with the country agreements at an overarching level.

Main finding H: There are opportunities to support implementation of legislation and to develop further legislation, but efforts to drive legislation by the private sector have not been effective.

Main finding I: From a high-level perspective, NICFI PSIs aim at climate change mitigation or adaptation and hence can be understood as indirect poverty reduction efforts, as climate change typically disproportionately affects the most vulnerable/disadvantaged. From a granular level perspective, however, among the PSIs that directly engage with vulnerable groups or can impact wealth levels, the majority do not make a specific mention of poverty reduction as an objective or even a concern. This is problematic because available data suggest that some PSIs can reduce poverty but some may also exacerbate it. Therefore, it is crucial that NICFI funding to PSIs be scrutinised not only for their ability to achieve their own objectives, but also for their ability to contribute to decreased poverty.



Conclusion: In Brazil, NICFI has been able to identify operational approaches for its PSI support that overcome political challenges locally, when challenges arose. However, the lack of reliable data at the country level has negatively impacted all efforts to assess PSI achievements. In Indonesia, the NICFI PSI portfolio seems to be quite well aligned with government policies and strategies. However, at the local level, political and policy changes associated with the election of new governors and mayors have hampered the progress of jurisdictionally based PSIs. In general, NICFI's support to PSIs can serve to support Norway's overall development goals, but they do not automatically do so. Indeed, it is important that those overseeing and implementing PSIs carefully consider whether the initiatives might negatively impact poverty and adjust them accordingly.

Effectiveness of NICFI's support to PSIs

Main finding J: The data and information available do not allow a systematic assessment of whether or to what degree NICFI's support to PSIs meaningfully meets or is likely to achieve NICFI's strategic objectives. This is because (i) a documented strategic approach, Theory of Change (ToC) and/or results framework; (ii) adequate indicators and targets; (iii) documented results; and (iv) appropriate contextualization; are lacking for NICFI's PSI

portfolio as a whole and across individual initiatives.

Main finding K: Information obtained suggests that currently most PSIs do not achieve their objectives, due to (i) substantial project design flaws; (ii) insufficient capitalization on complementarities; and/or (iii) various contextual factors, which are often insufficiently understood or acted upon.

Main finding L: PSIs with highest potential for contributing to NICFI's objectives include those on (i) jurisdictional approaches; (ii) promoting transparency, monitoring and traceability; (iii) blended finance; (iv) engaging financiers; (v) legislation enforcement; (vi) efficient production models; and/or (vii) multiple supply chain intervention points.

Main finding M: As a whole, NICFI has made some real and meaningful contributions so far to (i) increased international attention to D&D reduction; (ii) improved sectoral policies and increased transparency; (iii) increased multi-stakeholder discussion; and (iv) adaptive exploration of a wide range of innovations.

Conclusion: The wide range of activities places NICFI in an advantageous position, as it can tap into and capitalise on a considerable body of knowledge and

experience to identify what has shown the best results and hence has the most potential. However, this first requires development of detailed ToCs and result frameworks with specific, measurable, achievable, realistic and time-bound (SMART) indicators, as well as considerable improvement of monitoring, evaluation, accountability and learning (MEAL) frameworks. Subsequently, NICFI needs to move away from testing models or pilots and towards support for those models that work at least acceptably well and to do so in a way that ensures outcomes at large scale.

RECOMMENDATIONS

The key findings and conclusions listed above point to what NICFI can do to increase and/or improve its ability to engage with the private sector in the most meaningful way.

Recommendation set 1: *At the overarching portfolio level, NICFI needs to:*

1. Revise the strategy: Develop, document, apply and fully implement a clear strategy, ToC and detailed results framework for its PSI portfolio. This will serve to create a roadmap that not only details the goals being pursued, but also how they can be achieved and how progress can be monitored and measured.

2. Strengthen its frameworks for MEAL and risk management, to ensure funded interventions are fully supported to attain their intended objectives and that course correction can be made in case of unexpected developments.

3. Critically examine how NICFI funds within the PSI portfolio are allocated: The selection of individual projects to be funded and ensuring their effective implementation need to be assessed critically. In doing this, NICFI should investigate and consider established best practice. The scope of this assessment will include identification, selection, design, procurement, administration and oversight.

4. Consolidate its PSI portfolio: NICFI should reduce the number of funded interventions in favour of a more consolidated set of activities that best capitalise on knowledge gained and that can achieve large-scale results.

5. Ensure coherence within the portfolio: NICFI should invest in ensuring that initiatives funded learn from each other and support each other. This can be done by convening conferences and workshops that bring together NICFI grantees to share their experiences

openly and enable grantees to actively make use of lessons learned by others.

6. Assess and progress towards scale: NICFI should critically assess the ongoing on-the-ground projects through strengthened M&E to determine whether they a) can provide positive results within a reasonable timeframe; if yes, it should then determine whether they b) can be realistically scaled up to ensure meaningful results. In turn, NICFI should take steps to support the development of these activities.

7. Apply its convening power: NICFI must bring together experts and grantees to engage in an open discussion of successes and failures and then support the development of projects that are based on verifiable successes.

Recommendation set 2: At the level of the individual PSIs, NICFI and Norad need to:

– Ensure that all funded interventions are designed and implemented so they *can contribute to NICFI's overarching objectives* as described in a detailed ToC.

– Ensure that funded interventions *have clear goals, milestones and indicators that are SMART.*

– Be aware of the *significant risks attached to management with the currently unclear strategy, over-generalised theory of change and weak MEAL system.*

– *Ensure strict application of a revised and more detailed strategy, ToC and results framework.*

– Ensure that *grantees are actively sharing lessons learned* with other grantees and subject area experts.

– Ensure that *grantees are also willing to share their results – positive and negative – with other actors* that may support an increased scale of their actions.



Introduction

PURPOSE AND SCOPE

The *purpose* of this evaluation is to assess the strategic approach, effectiveness and relevance of the support from Norway's International Climate and Forest Initiative (NICFI) to private sector initiatives (PSIs) that aim to reduce deforestation and forest degradation (D&D) in order to strengthen NICFI's private sector support in the next strategic period from 2020 to 2030. To this end, four objectives were pursued:

1. Document NICFI's strategic approach to its support to private sector initiatives and assess whether the approach is well integrated in NICFI's overall strategy.
2. Assess whether the support to private sector initiatives is contributing, or likely to contribute, to achieving the postulated objectives.
3. Assess the alignment of NICFI's support to private sector initiatives with needs and priorities in the local context, NICFI's country partnerships, and the general goals of Norwegian development assistance.

4. Provide lessons learned and recommendations for NICFI's support to private sector initiatives for the strategic period up to 2030.

The *scope* of this evaluation was identified as follows:

- *Temporal scope:* The period evaluated is from 2008–2019.¹
- *Spatial scope:* The evaluation critically explored NICFI's private sector component at the global level. To understand how NICFI-funded activities have been aligned to specific local contexts, two case studies were conducted in Brazil and Indonesia allowing us to glean experiences that could inform NICFI's broader efforts.
- *Thematic scope:* A key step in refining the evaluation scope was to formulate a definition of PSI. PSIs were

understood to include any and all activities which have, as at least one of their direct objective(s), to influence a commodity supply chain with the aim of reducing, halting or reversing (tropical) D&D by actors engaged in a profit making activity.

MAIN USERS

The Terms of Reference (ToR) identified the main users of this evaluation as the Ministry of Climate and Environment, NICFI Secretariat, Norad, embassies in partner countries, private sector actors (companies and industry networks), other ministries, other development assistance agencies, development funds, civil society organisations (CSOs), and the public at large.

EVALUATION QUESTIONS

The ToR (Annex 1) lists the following evaluation questions under three evaluation criteria to guide the evaluation exercise:

Strategic Approach and Effectiveness

EQ1. What has been NICFI's strategic approach to its support to PSIs, how has this approach come about,

¹ It should be noted at the outset that PSIs have typically been launched much later than 2008 (Sections 2.2 and 4.2). Moreover, note that NICFI's 2020 Strategic Framework has been included in the evaluation to ensure recommendations are well-aligned to future thinking.



and is the approach well integrated in NICFI's overall strategy?

EQ2. Based on a mapping exercise, to what extent has NICFI's support to PSIs achieved its objectives, or is likely to achieve its objectives, as set forth in NICFI's strategy and/or theories of change?

EQ3. Which types of NICFI-supported initiatives have shown the most positive results or show the most potential, and which have been less successful? What have been the key factors that help explain these results?

Relevance

EQ4. To what extent is NICFI's support to PSIs aligned with local needs and priorities regarding private sector engagement against deforestation in Brazil and Indonesia?

EQ5. To what extent is NICFI's support to PSIs aligned with NICFI's country partnerships in Brazil and Indonesia?

EQ6. To what extent is NICFI's support to PSIs in Brazil and Indonesia coherent with the general goals of Norwegian development assistance?

Recommendations

EQ 7. What are the key lessons learned from NICFI's support to PSIs and how could NICFI structure its support to PSIs for the next strategic period up to 2030?

However, some of the above questions were modified over the course of the evaluation, taking into account available data. These are elaborated in Sections 5, 6 and 7.

EVALUATION PHASES

The evaluation was conducted in three phases:

1. *Inception phase*, during which the evaluation design was developed in detail based on initial interviews and preliminary desk review
2. *Desk and field phase*, which focused on data collection and analysis including portfolio mapping, interviews with key stakeholders, focus group discussions, additional desk reviews, and remote case studies
3. *Finalisation phase*, involving additional data collection through surveys, additional interviews,

and portfolio mapping finalisation and validation. These were followed by triangulation of findings and reporting. Finalisation will also include validation of the findings and final report.



Background of NICFI's Private Sector Initiatives

2.1 International Context

NICFI operates in an international context of global governance frameworks for mitigating and adapting to climate change, primarily the 1992 United Nations Framework Convention on Climate Change (UNFCCC) and, within it, the initiative for reducing emissions from deforestation and forest degradation (REDD+). It was at least partly due to actions funded by NICFI that REDD+ was included in the 2015 Paris Agreement. D&D are estimated to account for 10-12% of global greenhouse gas (GHG) emissions. Commercial agricultural and timber operations are major D&D drivers. Four commodities – beef, palm oil, soy and wood products including pulp and paper (P&P) – were responsible for about 113 million hectares of forest loss in tropical areas between 2000 and 2012 (Henders et al., 2015). Other agricultural commodities are also regionally important, for example the expansion of cocoa is a continuing threat in West Africa.

Another key initiative highlighting the role of forests in climate change mitigation, and again one in which NICFI

had a major role, was the 2014 New York Declaration on Forests (NYDF). This pledged to halve deforestation by 2020 and eliminate it by 2030, and included a goal to support the private sector in eliminating deforestation from agricultural supply chains by 2020. More than 50 companies and 41 governments, including the Norwegian government, have endorsed it. However, despite this engagement, the 2019 progress update concluded that *“deforestation will not be eliminated from the production of agricultural commodities by 2020 [and that in fact,] instead of slowing down, the global rate of gross tree cover loss has increased by 43 percent”* (Forest Declaration Goals, 2020). Other initiatives include the Amsterdam Declarations Partnership (2015), also strongly supported by NICFI, signed by seven European governments to support private sector initiatives for deforestation-free value chains; the 2009 industry network, Consumer Goods Forum; and the Tropical Forest Alliance 2020 (for which NICFI was again a major protagonist), a public-private partnership to eliminate deforestation from beef, soy, palm oil and P&P by 2020. Under these and other initiatives, 484 companies with

forest-risk exposure have made sustainable commodity production commitments, and 72 have made commitments to zero deforestation (ZD) supply chains (Rothrock et al., 2019), covering in particular palm oil and P&P. The tangible results that can be attributed to these commitments are not documented.

The Sustainable Development Goals (SDGs) adopted in 2015 are another important international commitment. Efforts to reduce deforestation through work on agricultural and forest commodity supply chains aim to contribute, specifically, to SDG 15 (*“Life on Land”*, with its specific mention of forests and biodiversity); SDG 13 (on urgent climate change action); and SDG 12 (on ensuring sustainable consumption and production patterns).

Companies are using a mix of approaches, tools and incentives to advance towards their commitments, including certification (especially in the palm oil and P&P sectors); sectoral and public-private agreements (such as moratoria); internal policies such as sourcing criteria and working with suppliers; traceability



systems; and collaboration in REDD+ jurisdictional approaches, whereby supply chain commitments can be integrated with efforts to improve governance and land use planning and environmental and development objectives may therefore be easier to reconcile. For example, in the Brazilian states of Mato Grosso and Para, jurisdictional initiatives involve corporations and non-governmental organisations (NGOs) in addressing deforestation across several supply chains (Boyd et al., 2018). However, there are some key challenges to the effectiveness of private sector actions to reduce emissions through supply chain commitments (Taylor et al., 2017):

- Company commitments alone are insufficient to reduce D&D; they need to be complemented by appropriate policy, institutional and land governance measures.
- Activity-shifting leakage (people leaving a project area to go cut trees elsewhere) or market leakage (less timber available due to the project, more pressure to cut elsewhere) (Schwartz, et al., 2002) should be considered during efforts to reduce D&D.
- Few commitments involve small and medium-sized enterprises (SMEs), which are very important in

various supply chains – e.g. cocoa in West Africa, palm oil in Indonesia, beef in Brazil and coffee in Latin America – but SMEs often face high transaction costs and diseconomies of scale (Kroeger et al., 2017).

- Company commitments vary widely with regard to scope, definitions, time scale, instruments and/or mechanisms, measurement approaches, etc.

An important recent initiative, at least in response to the last bullet point, is the Accountability Framework Initiative (AFI), published in June 2019. The aim of the AFI is to provide clear guidance for companies, CSOs and government agencies in establishing and reporting measurable and verifiable company commitments to reduce D&D (Rothrock et al., 2019).

2.2 NICFI and its Support to PSIs

2.2.1 GENERAL OVERVIEW

NICFI was launched in 2007 at the 13th meeting of the UNFCCC Conference of the Parties and has been central to Norwegian efforts for climate change mitigation. It has three objectives within a higher-order aim of promoting sustainable development and reducing poverty:

1. To ensure that the UNFCCC is an effective tool for reducing emissions
2. To contribute to early actions for measurable emission reductions from D&D
3. To promote the conservation of primary forests, due to their particular importance as carbon stores and for their biological diversity.

As NICFI is funded from the aid budget, it should also contribute to the general goals of Norwegian development policy, i.e. sustainable development and combating poverty.

The Government of Norway has publicly committed to an annual budget of up to 3 billion Norwegian Kroner (NOK) to support the REDD+ process and outcomes through NICFI. To date, NICFI has supported efforts to reduce D&D in over 70 countries. This also includes support for private sector engagement in reducing D&D. The support has progressively increased over time, notably since 2013/2014. Concurrent with the growing international focus on PSIs (Section 2.1), private sector engagement has become a key area in the 2015 NICFI strategic framework.



Responsibility for selecting and overseeing PSIs is shared between NICFI Secretariat (located within the Ministry of Climate and Environment) and Norad. Some of NICFI's other activities are administered by Norwegian Embassies, responsibility for which is with the Ministry of Foreign Affairs. Of the portfolio of 28 PSIs reviewed for this evaluation:

- 9 were administered directly by NICFI Secretariat; and
- 19 were administered by Norad, distributed between the Department for Civil Society and the Private Sector and the Department for Climate, Energy and Environment.

Although NICFI originally was due to finish in 2020, the Norwegian government has committed to extend the funding until 2030. The focus of the current grant period (2016-2020) for the civil society grant scheme is on four thematic areas:

- Private sector efforts to address D&D
- The international climate negotiations
- The rights of indigenous peoples and other local populations

- Combatting illegality and corruption in the forestry sector.

2.2.2 DEFINITION OF PSI

Formulating a PSI definition was particularly important as NICFI did not have a corresponding definition that could be used to determine scope. This evaluation, in its understanding of PSIs, focused on mechanisms rather than specific actors. Specifically, *PSIs were understood to include any and all activities which have, as at least one of their direct objective(s), to influence a commodity supply chain with the aim of reducing, halting or reversing (tropical) D&D by actors engaged in a profit making activity.*

In addition, the focus of this evaluation has been exclusively on four specific commodities: palm oil, beef, soy and P&P. The evaluation has aimed to cover all forms of initiatives, including diplomatic efforts, funds, as well as specific interventions or projects.

2.3 Lessons from Previous NICFI Evaluations

To inform its findings, the evaluation team undertook a high-level review of the most important previous NICFI evaluations, with the aim to identify previous lessons

learned and recommendations that could and/or would have influenced the PSI portfolio included in this assignment (Annex 4).

Comments on the most relevant previous evaluations reviewed

Following are short summaries of relevant aspects of four previous evaluations, listed chronologically, from earliest to most recent.

*The Real Time Evaluation (RTE) – First Phase (2007–2013)*² – This evaluation predates much, if not all, of NICFI's PSIs and thus only some of its more general findings are relevant to this evaluation. The synthesis report recognised the very substantial contribution that NICFI made to the international architecture for REDD+, to the early bilateral partnerships and their direct and demonstration impacts, and to the REDD+ systems and processes. It notes that *“results-based finance has acted as a political motivator rather than an economic incentive”*, notes the risks of uncertain funding and costs of systems, and observes that the

² NB – The Country Reports from the first phase of the RTE (2007–2010) are intended to establish a baseline for the longer-term RTE and focus on the early bilateral agreements regarding the participation in development of REDD+ and “REDD-readiness” activities. They predate and do not cover the later NICFI PSs.



main beneficiaries of REDD+ could be the multilateral institutions and large civil society organisations.

More generally, it also notes insufficient revision of NICFI's strategy and the absence of solid planning and reporting. It finds that *"results reporting and availability of information is generally inadequate for gaining a clear view on progress towards NICFI Core Objectives."* More specifically, this 2014 Report remarks on the need for a *"clearly defined and formally documented Theory of Change (ToC) and associated results-based framework"*. It also highlights that the absence of such a framework received adverse comment from the Office of the Auditor General in 2013.

The Strategic Evaluation of NICFI (2014) – The evaluation broadly supports NICFI strategy, commends the commitment and consistency of the Storting³ and of the Government of Norway, and recommends continuation of those. It also largely predated NICFI's PSIs and because of its scope, does not cover the wider aspects of management, efficiency and transparency. It is significant in recommending increased engagement with the private sector (PS).

³ The Norwegian parliament.

The Real Time Evaluation – Second Phase (2015 to present) – The 2017 evaluation synthesis report aims to bring together the results from the earlier 2007-13 RTE, from several evaluations of stand-alone multilateral programmes funded by NICFI and from NICFI annual reports. For that reason, much of the material on which it is based either predates or is not relevant to NICFI's PSIs. However, the evaluation reports significant disbursement(s) (around NOK 200 million) to private sector-focused initiatives by 2016, but these are not specifically defined.

Its conclusions include coverage of the very substantial value of NICFI achievements regarding the creation of the international architecture for REDD+ and on measurement, systems and processes. However, one conclusion is that *"there is significant evidence to indicate the private sector has not been adequately engaged in REDD+ to promote green-growth developments."*

The report also notes the need for improvement in multiple aspects of NICFI's oversight, including on better *"indicators to track progress"*, including at country level, and the need for NICFI to have its own risk management system to *"guide future programming, planning, implementation and monitoring of its funds and results"*.

The Auditor General's Investigation of NICFI (2018) – The investigation covered the period from 2008 to 2017, thus pre-dating many of NICFI's PSIs. The scope of the investigation has very little or no coverage of NICFI's work with the PS, a point made by the Minister of Climate and Environment in his response to the investigation.

Wider-ranging findings include the following:

- Monitoring of the implementation and results of REDD+ is unsatisfactory.
- The Ministry of Climate and Environment is not sufficiently systematic in its acquisition and use of data concerning the results of NICFI.
- General recommendations included:
 - Strengthen the ministry's underlying information concerning the addressing of social and environmental safeguards in connection with results-based payments.
 - Strengthen the follow-up of the Norwegian contribution to REDD+ through the systematic acquisition and processing of data concerning progress and results of NICFI.



Little of the previous evaluations is directly applicable to the technical aspects of NICFI's private sector initiatives. In general, they support NICFI's strategy and approach, and they commend the results achieved, but they make significant recommendations for improvement.

Lessons learned

Little of the previous evaluations is directly applicable to the technical aspects of NICFI's private sector initiatives. In general, they support NICFI's strategy and approach, and they commend the results achieved, but they make significant recommendations for improvement.

There are lessons relevant to the PSIs in the comments about the internal selection and oversight of NICFI activities. Relevant recommendations – included within at least two of the evaluations reviewed – are:

- The need for: update of, and clearer articulation of the strategy; a robust Theory of Change (ToC) explaining how strategic objectives are to be achieved and the conditions required; together with a detailed and robust results framework for effective measurement of results.
- A need to then apply, effectively, the ToC and robust results framework to the selection, management and oversight of initiatives funded.



Methodology

3.1 Evaluation Design

This evaluation was guided by a detailed *Evaluation Matrix*, which elaborates the seven evaluation questions that guided the assignment (Section 1) into a range of judgement criteria, indicators and data sources. These criteria and indicators were tailored to answer the evaluation questions to the fullest extent possible while simultaneously aligning with the state of progress of the PSIs and data availability. The Evaluation Matrix is included in Annex 5.

To answer the evaluation questions, this evaluation was organised at two levels (Figure 1, next page):

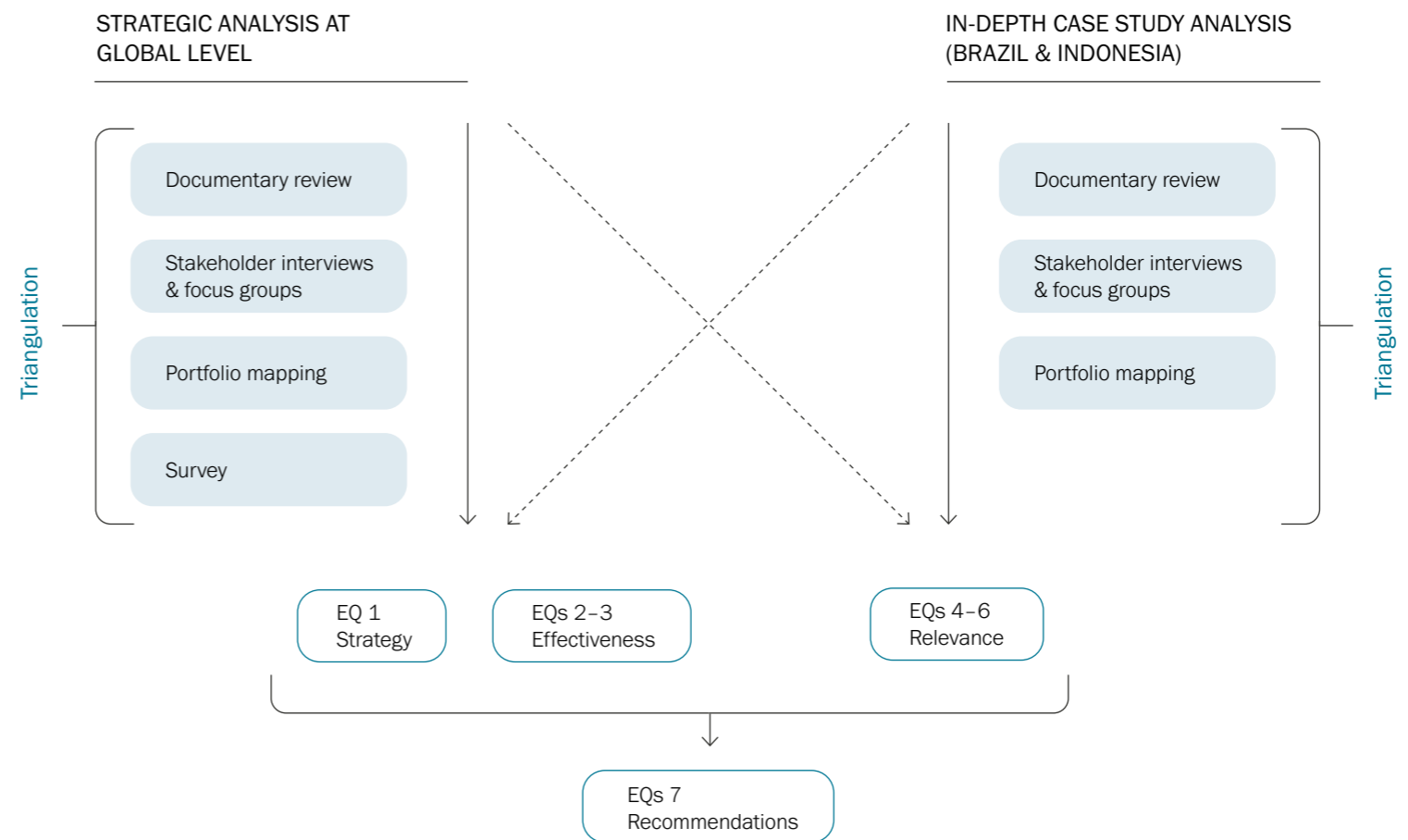
1. *A strategic analysis at global level* primarily aiming to answer the evaluation questions on strategy (= EQ1) and effectiveness (= EQ2 and EQ3).
2. *An in-depth case study analysis* primarily aiming to answer the evaluation questions on relevance (= EQ4 to EQ6). Brazil and Indonesia were chosen by Norad as case studies because they are particularly

relevant due to their long-term histories with NICFI and the scale of commodity-driven D&D, therefore allowing an enriched understanding of engagements undertaken and their alignment to other efforts. The two case studies were designed to inform the overall evaluation and provide lessons learned from which extrapolations could be made with a more global value, but they need not be necessarily considered representative for the situation in other partner countries.



While both levels focused primarily on specific evaluation questions, they have to some extent also provided insights for the other ones. Recommendations (= EQ7) have been derived from both levels as a final step (Section 9). At each level, a combination of data collection and analysis methods has been used to address the evaluation questions (Figure 1). These are detailed in Section 3.2.

Figure 1. Evaluation Design



Source: Evaluation team

3.2 Data Collection and Analysis Methods

The *main data collection methods* for this evaluation were the following:

- *Desk review* of documents from NICFI covering its interventions supporting PSIs and more broadly REDD+ and D&D at the global level, and in Brazil and Indonesia in particular (see references list in Annex 2)
- In-depth individual and group *interviews* with the Norwegian administration (NICFI secretariat and Norad), Embassies, grant recipients, sub-grantees, representatives of entities which benefited from funded interventions, private sector representatives and subject area experts (see the list of interviewees in Annex 3 and interview guides in Annex 6). Interviewing government representatives in the case study countries proved elusive
- *Surveys*
 - Survey administered to embassies on diplomatic efforts (Annex 7)

- Survey administered to grantees, staff of funded initiatives and subject area experts on the evaluation questions (see the list of survey respondents in Annex 3 and survey questionnaire in Annex 8).

The *main data analysis methods* for this evaluation were the following:

- Quantitative analysis and visualisation of the NICFI PSI *portfolio mapping* (Section 4.2)
- Two⁴ *information exchange and validation meetings* with key stakeholders (see details in Annex 5) and continual dialogue with the client throughout the process
- *Triangulation*: information has been obtained and cross-verified from different data collection tools and sources to assess the quality of collected evidence and ensure the robustness of the findings.

⁴ A third meeting may be organised to as part of the review of this draft Final Report.

3.3 Challenges and Limitations Encountered

3.3.1. CHALLENGES FOR THE DESK REVIEW AND TOC RECONSTRUCTION – NICFI STRATEGIC DOCUMENTS

Limited documentation could be found on NICFI's overall strategy and in particular, on the strategic approach for its PSI component. Support to PSIs is only lightly mentioned in NICFI's strategic framework; additional specifications on the PSI strategy are not available either in textual or in ToC form (Annex 9). This had substantial implications for our ability to reconstruct the ToC (Section 4.1) and provide a well-documented answer to EQ1 (Section 5).

3.3.2 CHALLENGES FOR THE DESK REVIEW – PSI IDENTIFICATION AND PORTFOLIO MAPPING

Desk review has been directly tied to the identification and characterisation of PSIs (applying the definition of Section 2.2). Several challenges were encountered during this process:

- *Challenges with determining the portfolio*. NICFI does not have a comprehensive database that includes easily accessible and/or searchable information on key features of the initiatives they fund, such as



sectors covered, partners included, and objectives of the intervention. This prevented the evaluation team from doing an independent, systematic review of the full NICFI portfolio, during the years under evaluation, to identify all initiatives relevant to this assignment, i.e. the interventions that focused on supporting PSIs or elements thereof. Instead, portfolio identification had to rely heavily on interactions with NICFI staff. For initiatives administered by Norad this was less cumbersome, as Norad has a database that allows for the identification of key criteria.

- *Challenges for collecting documents on portfolio interventions.* Collection of relevant documents on NICFI-administered initiatives was cumbersome. The archives available at the Ministry for Climate and Environment cannot be easily searched by date⁵ and file names are not intuitive. This implied an extremely time-consuming process, further complicated by the COVID-19 lockdown. Therefore, to ensure that all available documents were reviewed, the team opted to contact desk officers and project implementers in search of key documentation. Nevertheless, this approach was time consuming and led to varied

degrees of success. For initiatives administered by Norad, collection of relevant documentation from their archive was quite straightforward.

- *Limitations on document quality and completeness.* There was very limited availability of independent evaluations and reviews. Internal project proposals and progress reports, which may be biased (“self-reported success”), but could have provided a foundation for further inquiry, were also sparingly available or accessible. Documentation was generally fragmented, and often appeared incomplete or in draft form. A Theory of Change could only be acquired for the minority of PSIs and few reports detailed envisaged and achieved outputs and outcomes. As a result, for a substantial number of interventions, it was impossible to secure a full overview of what transpired during the intervention cycle.⁶ No consistent relationship was found between document availability and budget size across PSIs, suggesting that documentation rigor does not increase with funding.

In turn, the above points led to significant further limitations:

- The fragmented and incomplete information on PSIs means that there can be some uncertainty on the data and figures presented in the portfolio mapping (Section 4.2; Annex 4), including key features such as allocated budgets, implementation periods and project outcomes. However, the best available data have been used. For budget data specifically, it implied that the portfolio mapping only includes “allocated” budget at the beginning of the initiative’s agreement (as derived from project proposals and agreements); these allocations may deviate substantially from the disbursed amounts to date.
- The limited availability of ToC and external evaluations (mid- and end-term) severely impacted the extent to which the evaluation team could objectively and verifiably assess the evaluation questions on *effectiveness* (= EQ2 and EQ3) – mitigation strategies are discussed in Section 6. Furthermore, it rendered the initial plans of the evaluation team to use Qualitative Comparative Analysis (QCA) or outcome mapping as not viable.

⁵ The files are registered by the day they were entered into the system, not the time frame of the activity reported upon.

⁶ This does not necessarily mean that such documentation does not exist, but it does mean that through the avenues pursued (see document collection) the material to provide a full overview of what has been funded, and more importantly, what has been achieved, could not be secured.



– The emphasis on interviews (individual and group) and surveys as principal data collection tools increased even more, both at global and case study level. Moreover, data collection from Brazil and Indonesia had to inform EQ1 to EQ3 more explicitly than initially foreseen. Strong reliance on stakeholder opinions is challenging because it is very subject to *respondent bias and recall*. Therefore, efforts were made to collect multiple perspectives, and where possible supporting documents. Still, it is important to underscore that there is a very significant potential for inherent bias when asking grant beneficiaries to assess their experiences (specifically in relation to EQ2 and EQ3). Therefore, the evaluators have only reported general findings for which data were consistent.

– The data shortcomings⁷ and process inefficiencies⁸ implied that client expectations on the *depth and*

breadth of data collection and analysis had to be re-aligned with the amount of resources – in terms of budget and time – available to the evaluation team.

3.3.3 CHALLENGES FOR SURVEY ON DIPLOMATIC EFFORTS

The identification of the diplomatic interventions led by NICFI, the MFA, Embassies or any other Norwegian government actors has been difficult to determine. No documents describing these interventions and/or their achievements were available from the archives. To identify the activities that had taken place, a survey was shared with NICFI and embassy staff. The survey received a single response and included no supporting documents. Systematic information on diplomatic interventions could not be derived from interviews. Therefore, the portfolio mapping does not include any diplomatic activities (Section 4.2). Moreover, when mention is made of advocacy and/or dialogue in Sections 5 to 9, this refers exclusively to activities conducted as part of funded interventions. Our inability to assess diplomatic activities within this evaluation is considered a severe limitation, given both their potential as avenues for change and the associated costs, along with the corresponding emphasis put on them in the ToR.

3.3.4 CHALLENGES AND OPPORTUNITIES FOR INTERVIEWS

Although every effort was made including phone calls and texts, and despite an introductory letter from ADE explaining the objectives, it proved impossible to hold an interview with any *government respondent* in either Indonesia or Brazil⁹. It was also difficult to obtain interviews with private sector actors; those that were ultimately secured resulted from personal contacts and considerable support from NICFI Grantees.

The *COVID-19* pandemic prohibited the evaluation team to undertake field missions to Brazil and Indonesia – as was initially planned. This had some important implications¹⁰:

– Interviews (individual and group) with stakeholders in Brazil and Indonesia were undertaken remotely through online platforms and phone, instead of face-to-face.

⁷ A central point here is that this evaluation cannot compensate for the lack of documented, third-party material such as evaluations and reviews based on a wider data collection pool, as it is out of scope.

⁸ These inefficiencies relate to the absence of a prescribed PSI definition, to the time-consuming process of compiling and mapping the portfolio, and to the need to repeatedly revise the evaluation design, methods and implementation.

⁹ Although no rejections were received, there were no responses of any kind to all the communications.

¹⁰ Even the evaluation team members, based in Brazil and Indonesia, only undertook remote interviews and did not make any field visits, see Section 3.4.



- No on-site observations could be made. However, it is noted that these would have likely been limited due to time constraints. The team was able to make use of the extensive experience of national consultants and their own previous field visits to further contextualise and inform, at a general level, the data collected during this assignment.
- Remote data collection also allowed for the capitalisation of some key opportunities that would have not presented themselves otherwise. For example, the evaluation team was able to have discussions with teams that are not co-located. While this could have been possible regardless, if the evaluators had been in country, the use of on-line platforms for all engagements served to destigmatise the idea of speaking remotely. Therefore, while focus group discussions were not conducted, the evaluation team was able to conduct group interviews with members of projects including multiple grantees and sub-grantees.
- The reduction in travel, both to and from the case study countries, as well as within each country (to-from), enabled the team to better capitalise on available time and include a larger number of interviews than would have otherwise been possible within the time available for the case study.

Due to the varied location of expert respondents interviewed for the strategic analysis at global level these were always intended to be conducted remotely. No noticeable constraints beyond overcoming scheduling and time zone challenges were identified in relation to the conduct of these interviews.

Focus Group Discussions (FGD) were initially set up for both NICFI and Norad to foster maximum interaction and learning, but these have yielded low levels of response. It revealed that few respondents had the background knowledge (e.g. of NICFI's strategy) required to address some of the evaluation questions, and therefore the evaluation team had to turn to interviews with a limited number of staff on a limited number of evaluation questions. This challenge can be partly explained by the evaluation's extensive temporal scope, but nevertheless it also revealed that many of the staff lack insight into the global functioning and historical development of NICFI. The latter undoubtedly relates, at least in part, to the general absence of a documented and detailed strategy, Theory of Change and results framework, as well as to the lack of historical continuity of the staff (Section 5).

3.3.5 CHALLENGES FOR SURVEY ON THE EVALUATION QUESTIONS

Data shortcomings and process inefficiencies led to a change in the implementation timing of data collection methods. Because it was dependent on key baseline knowledge, the survey on the evaluation questions in particular was implemented much later and as a result over a shorter period than initially planned, and moreover in the middle of the summer period. This has likely substantially decreased the response rate, although it remained quite acceptable (32%).

3.3.6 CHALLENGES FOR TRIANGULATION AND VALIDATION

The above mentioned subsections describe how the initially envisaged methods and analyses were either affected by severe limitations (desk review, portfolio mapping, interviews and FGD, surveys) or could not be implemented at all (QCA, outcome mapping, on-site observations). In turn, this has posed a challenge for data triangulation and validation. Despite these challenges, triangulation was still possible based on the available data, the latter which proved to be generally consistent. Furthermore, Sections 5 to 9 are explicit about which evaluation sub-questions could and could not be verified and substantiated.



3.4 Ethical Challenges

This Evaluation has been carried out according to the OECD DAC's evaluation quality standard as well as ADE-NCG's ethical standards. ADE and NCG are well known and respected for their high ethical standards and well aware of the Norad Evaluation Department's expectations with regards to ethical behaviour to be applied in its evaluations, which are set in their Evaluation Guidelines. The evaluation team abided by these principles and guidelines and have ensured the application of ethical standards at all stages of the evaluation.

Key ethical concerns, and related mitigation strategies and standards applied, are described in Table 1 below.

Table 1. **Key Ethical Concerns, and Related Mitigation Strategies and Standards**

Ethical challenge	Explanation	Mitigation strategies and standards applied
Political and institutional sensitivity / data protection	The evaluation team recognised the political sensitivity of this assignment and the considerable role political actors may play in the potential success or failure of individual efforts. Respondents may hence be hesitant to openly disclose their experiences and potential issues of concern, particularly if they relate to donor decisions or approaches. This equally applies to institutions, especially those who have benefited from NICFI support.	Considerable trust-building efforts were made, with an emphasis on the confidentiality of respondents: <ul style="list-style-type: none"> – Interviewees were given the opportunity to remain anonymous in this final report (Annex 3). – This report does not reference interviews or attribute information to individuals or to internal documents, except for documents in the public domain and public political statements. – Raw data are not made public and only accessible to the evaluation team. Data collection is compliant with GDPR rules.
Rights of participants	Prospective interviewees and survey respondents have the right to consider participation and are free to self-exclude.	Interviewees and survey respondents have been given the time and information to decide whether they wish to participate. Informed consent has been sought in all cases.
COVID-19 pandemic	The COVID-19 pandemic entailed potential health (and other) risks for all stakeholders involved (client, evaluation team, respondents) and third parties.	The evaluation team adhered to basic "do no harm" principles: <ul style="list-style-type: none"> – The team did not engage, or promote engagement, in any activity that may have placed any stakeholder or third party in health risk. – From the start of the pandemic onward, all communication took place remotely. – All individuals engaged with were asked to confirm that they were not in the same location and/or using the same device as another respondent.

Source: Evaluation team



Characterisation of NICFI's Private Sector Initiatives

4.1 Reconstructed Theory of Change

The Terms of Reference explicitly mentioned that the evaluation report could present a “*theory of change underlying NICFI's support to PSIs*”. Since NICFI does not have a Theory of Change (ToC) detailing its support to private sector initiatives (PSIs) (Sections 3.3 and 5), the evaluation team reconstructed a ToC that reflects the way in which NICFI appears to have worked, as well as the complexities of working with PSIs. It is in line with the PSI definition used (Section 2.2), and based on documentary review, stakeholder consultations and portfolio mapping (Section 4.2). The reconstructed ToC is presented in Figure 2 next page.

This *ex post* approach implies that the reconstructed ToC merely serves to explain the PSIs, rather than guiding them or providing a basis against which progress (“effectiveness”) can be evaluated. Nevertheless, the ToC presented here can serve as a first step towards a ToC and results framework for PSIs in NICFI's next strategic period (2020-2030). Such a ToC and results framework would (i) allow to define

the objectives and expected trajectory of PSIs more clearly, while recognising the contextual and sectoral complexity; and (ii) serve as a roadmap against which progress can be effectively monitored and evaluated.

The reconstructed ToC depicts the cause-effect pathways through which NICFI's PSI inputs eventually lead to envisaged impacts. In-between, outputs and outcomes are categorised across the vertical “institutional” axis of commodity supply chains, distinguishing between:

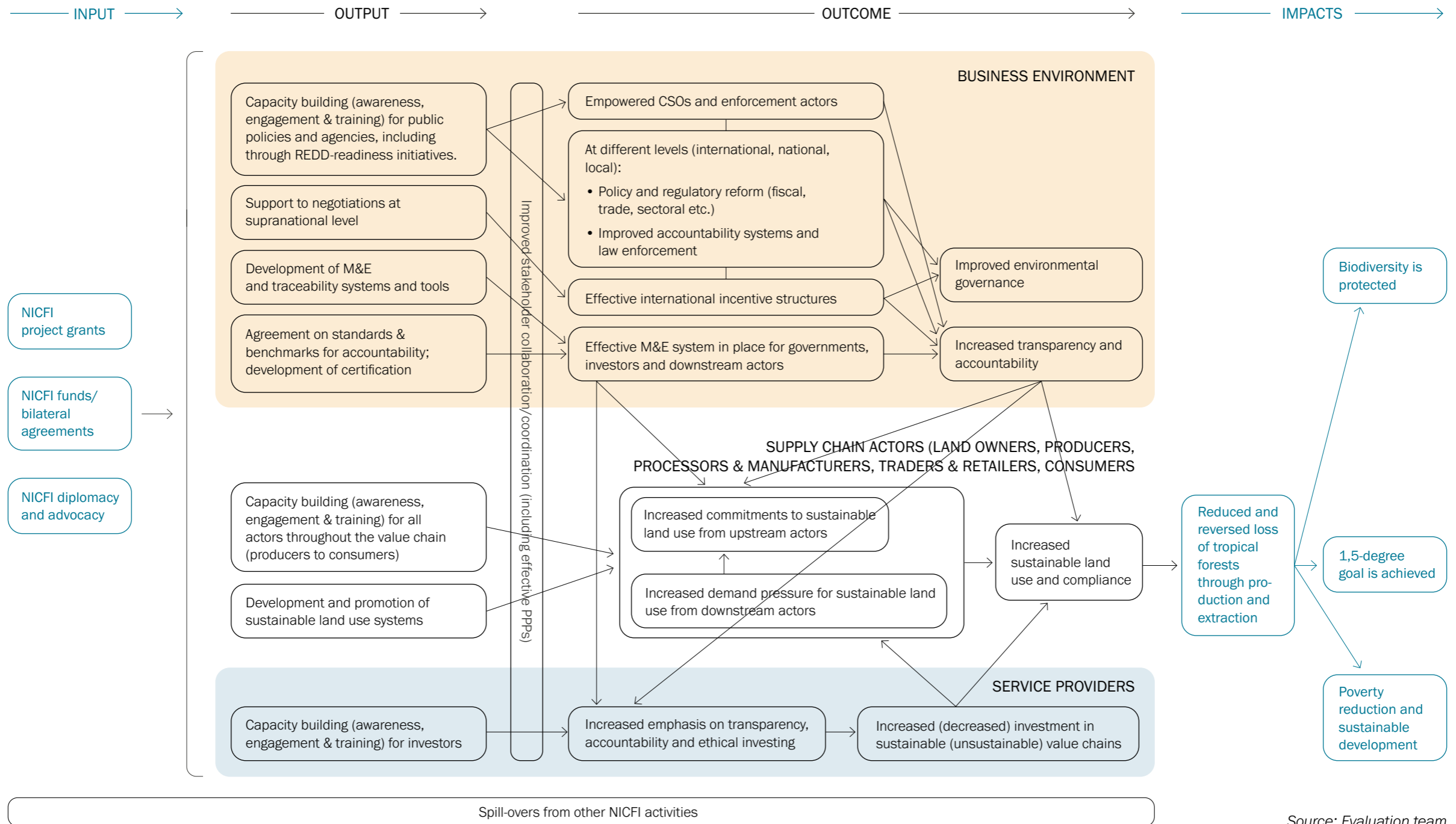
- *Direct participants*: the various companies (organisations) along the supply chain which actually own the commodity being grown, harvested, processed and distributed (which comprise the horizontal axis)
- *Business environment*: the organisations which create and affect the business environment, many governmental but also civil society, usually not selected by the companies; and

- *Support services*: the companies providing services and goods to the companies which own the commodity (e.g. banks and financiers), usually selected by the commodity-owning companies.

Causal pathways are visualised through arrows. Further explanation on the ToC is provided in a narrative (Annex 10). This includes the key assumptions and debilitating factors that underlie the represented cause-effect relations. The ToC is also better understood in combination with the portfolio mapping (Section 4.2), as the latter reveals the extent to which focus has been put on the different ToC elements and pathways. It should be emphasised that the ToC is geared to NICFI's PSIs specifically, and not intended to represent NICFI's work more broadly – although it is recognised there is overlap between NICFI's PSI support and other areas of engagement.



Figure 2. Reconstruction of the Theory of Change of NICFI's Private Sector Initiatives



4.2 NICFI's PSI Portfolio

4.2.1 PORTFOLIO MAPPING

According to the PSI definition and in consultation with Norad and NICFI staff, 28 initiatives matching the scope of this Evaluation were selected and reviewed.

Documentation on the selected initiatives was provided by NICFI, Norad and other key stakeholders, and/or gathered from Norad's and the Ministry of Climate and Environment's archives. Section 3.3 above highlights all the challenges encountered while undertaking this exercise.

28 funded initiatives, 26 interventions and 2 funds, have been systematically reviewed and their key features captured in a spreadsheet (Annex 4)¹¹.

In the graphs below, the internal IDs used by the evaluation team are used (see Table 2 below for the list of initiatives and corresponding ID). The entire spreadsheet including additional features is available as a separate attachment.

There are some important caveats for interpreting the PSI characterization in Annex 4 and in Figures 3 to 13 below:

- In line with the PSI definition used, initiatives were characterized as PSIs if they have, as at least one of their direct objective(s), to influence commodity supply chains. In other words, several of the included initiatives do not exclusively focus on commodity supply chains but also on other NICFI thematic areas. This is particularly important in interpreting budget figures (Annex 4, Figures 3 and 4): these are systematically reported for initiatives as a whole, not for their PSI components only, as the evaluation team did not have access to detailed data on budget distribution at sub-initiative level.
- Figures 5 to 13 classify initiatives across different categories (e.g. by region), which are not necessarily exclusive (e.g. an initiative can operate in more than one region). Such “multi-category” initiatives have an implication related to double counting, as they contribute to the “total number of initiatives” figure for multiple categories. In addition, as budget distribution at sub-initiative level is not available, it is not possible to clearly determine and represent how much funding has gone into each category.

Private sector initiatives (PSIs) were understood to include any and all activities which have, as at least one of their direct objective(s), to influence a commodity supply chain with the aim of reducing, halting or reversing (tropical) deforestation and forest degradation by actors engaged in a profit making activity (p.7)

¹¹ Initially, the Liberia REDD+ Investment program (administered by NICFI) was also considered within the portfolio. This fund was eventually excluded on recommendation of NICFI, given its very marginal PS component.



Table 2. PSI Portfolio Covered by this Evaluation (Funds highlighted in blue)

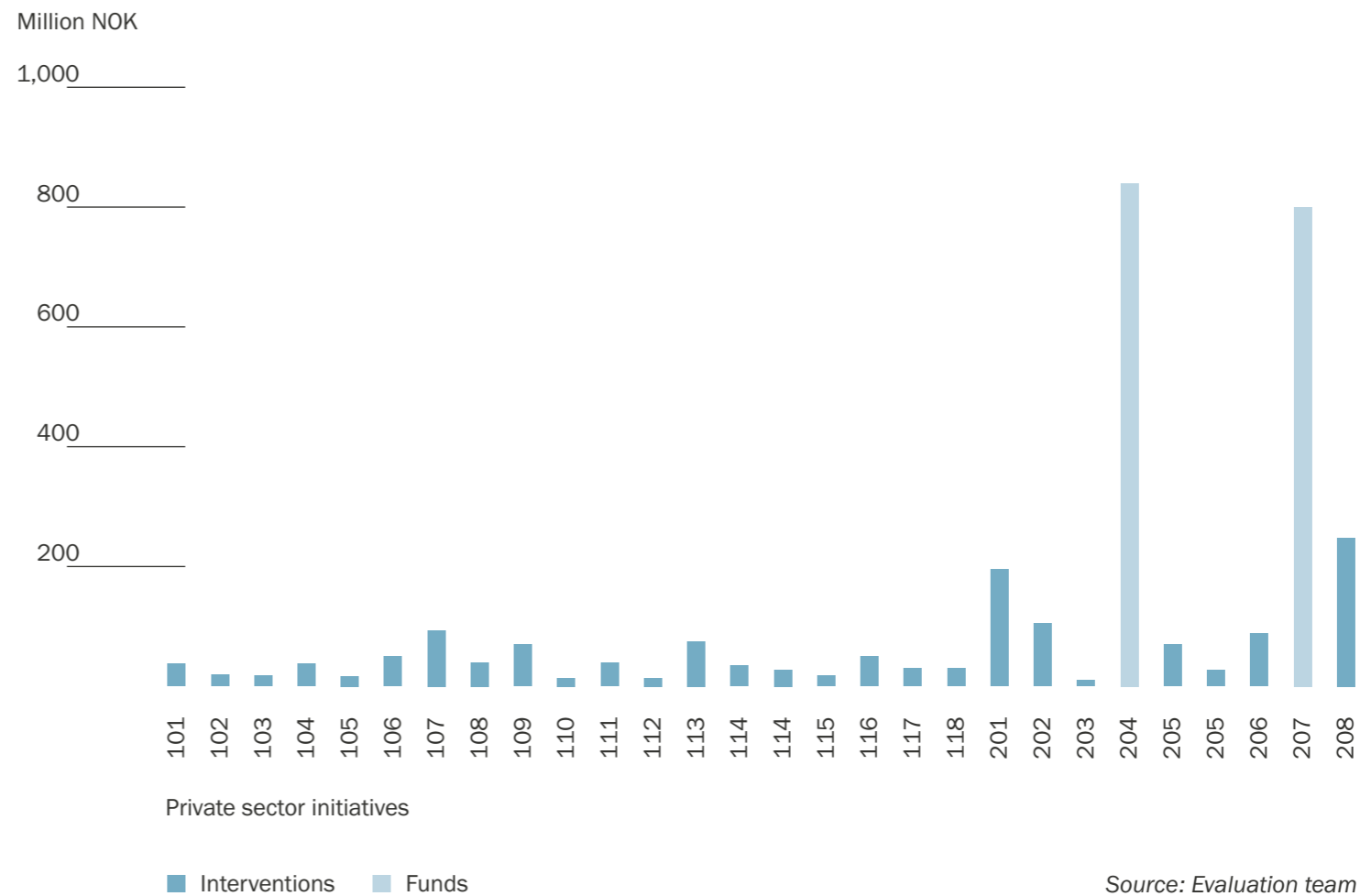
Internal ID	Agreement number	Project number	Project title	Principal Grantee
101	QZA-16/0154-1	QZA-0698	Integrating REDD+ objectives in investment decisions of institutional investors active in agriculture, forestry and other sectors that affect tropical forests	Aidenvironment
102			Accelerating Data into Action: A Global Independent Rapid-Response Deforestation Monitoring System	Aidenvironment
103	QZA-16/0154-2	QZA-0698	Domestic Market Transformation: Promoting transparency, accountability and sustainability in the domestic palm oil industry of Indonesia	Aidenvironment
104	SAM-16/0003-3	QZA-0694	Catalysing Action by Corporates and Financial Institutions on Deforestation Risk	CDP Worldwide
105	INS-16/0003-1	QZA-0702	Production-Protection Approach for Landscape Management	Climate Policy Initiative
106	SAM-16/0005-1 SAM-16/0005-2	GLO-4223	Addressing the drivers of deforestation in Guyana and Peru	Conservation International Foundation
107	QZA-16/0162-1 QZA-16/0162-2 QZA-16/0162-3 QZA-16/0162-4	QZA-16/0162-1	Building Bridges Between Local Policies, REDD+ and Sustainable Supply Chain Initiatives: Phase 3 of the Forests, Farms and Finance Initiative	Earth Innovation Institute
108	QZA-16/0070-1 QZA-16/0070-2	QZA-16/0162-2	Shifting the world to deforestation-free biofuels policy	European Federation for Transport & Environment
109	QZA-16/0097-1 QZA-16/0097-2 QZA-16/0097-3 QZA-16/0097-4 QZA-16/0097-5	QZA-16/0162-3	The Zero Deforestation Revolution: Breaking the Link Between Commodity Agriculture and Forest Loss	National Wildlife Federation
110	INS-16/0005-1	QZA-16/0162-4	Finance for the forests; sustainable banks financing for the palm oil and pulp and paper sectors in Indonesia	TuK Indonesia
111	CHN-18/0024-1 CHN-18/0024-2	GLO-0630	Transforming China's Commodity Markets to Reduce Deforestation and Conversion	WWF Norway

112	QZA-18/0274		Leveraging investor influence to address deforestation	Ceres
113	QZA-18/0362-2		Protecting forests by catalysing corporate and financial reforms	Climate Advisers Trust
114	RAM-18/0005-9	QZA-0467	BACK to REDD Phase 2: Scale-up and acceleration of deforestation-free supply chains through public-private partnerships	Solidaridad
114	RAM-18/0005-4	QZA-0467	Mobilising Asian and US markets to reduce commodity-driven deforestation in Brazil and beyond	Solidaridad
115	QZA-16/0186-1 QZA-16/0186-2 QZA-16/0186-3	QZA-0708	Leveraging Supply Chains, Transforming Landscapes	The Forest Trust
116	QZA-15/0479	GLO-4060	Creating deforestation-free supply chains at scale: Forging committed public private partnerships for jurisdictional and landscape approaches.	IDH the sustainable trade initiative (1st Phase)
117	SAM-19/0001		¡Acción Ya! Protecting the Forests and Indigenous Communities of Latin America	Center for International Policy (Mighty Earth)
118	MMR-17/0017	MMR-0026	Reducing the Impact of Large-Scale Agricultural Investments in the Mekong Region on Communities, Forest and Climate Change	Center for International Policy (Mighty Earth)
201	KLD-NICFI-48		GLOBAL FOREST WATCH (Phase 3: 2019-2023 – Achieving Sustainability & Scaling Impact)	World Resources Institute
202	KLD-NICFI-55		Climate Smart Microfinance Fund for Indonesia	Nordic Microfinance Initiative
203			Production-Protection Peatlands in Indonesia	SYSTEMIQ
204	KLD-NICFI-01	-2	BioCarbon Fund Initiative for Sustainable Forest Landscapes	World Bank
205	KLD-NICFI-02	-2	Framework Agreement	Meridian Institute
205	KLD-NICFI-33	-2	Global Facilitation Contract	Meridian Institute
206	KLD-NICFI-11		Secretariat for the Tropical Forest Alliance	World Economic Forum
207	KLD-NICFI-22		The &Green Fund	Stichting Green Fund
208	KLD-NICFI-26	-2	Connecting Production Protection & Inclusion	IDH The Sustainable Trade Initiative (2nd Phase)

4.2.2 KEY FIGURES

In terms of overall budget distribution across initiatives, the majority have an allocated budget lower than 100 million NOK; the funds stand out with an allocated budget around 800 million NOK (Figure 3). However, the abovementioned caveat should be re-emphasized: several initiatives – notably fund 204 – are not exclusively private sector-oriented; hence, their true budget allocation to commodity supply chain activities might be substantially lower than represented in Figure 3. Analysis of the yearly distribution¹² of the allocated budget to initiatives (Figure 4) shows clearly that the majority of the support to private sector activities was channelled from 2016 onward.

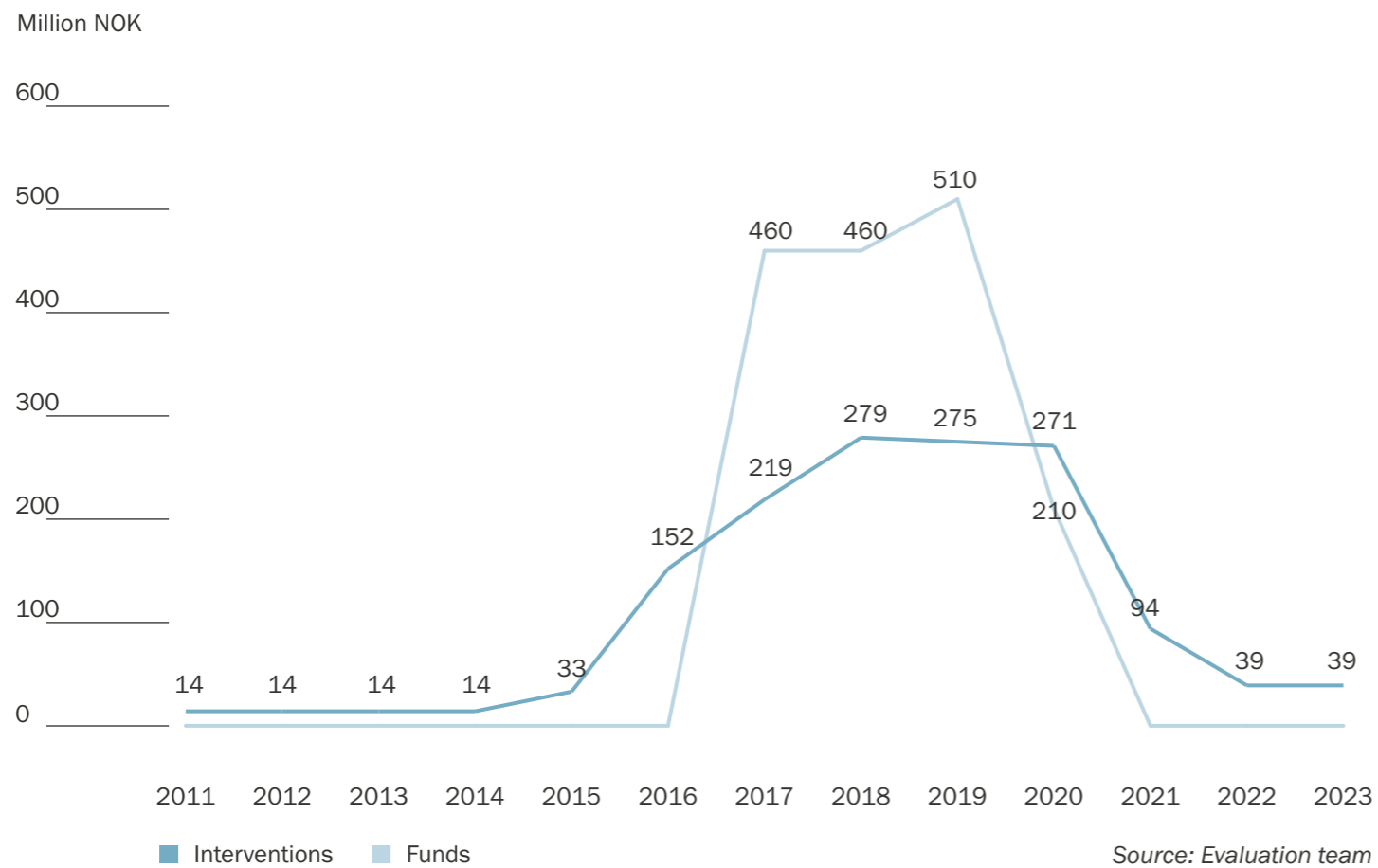
Figure 3. Budget Distribution Across the Portfolio Reviewed



12 Ideally, the exact annual distribution of the budget should be visualised. However, the evaluation team did not have this information for individual projects. Figure 4 was estimated by distributing the total budget for each project evenly across its years of implementation. Obviously, this might not always correspond to the true budget allocation, but it does provide a rough estimation of the annual budget distribution.

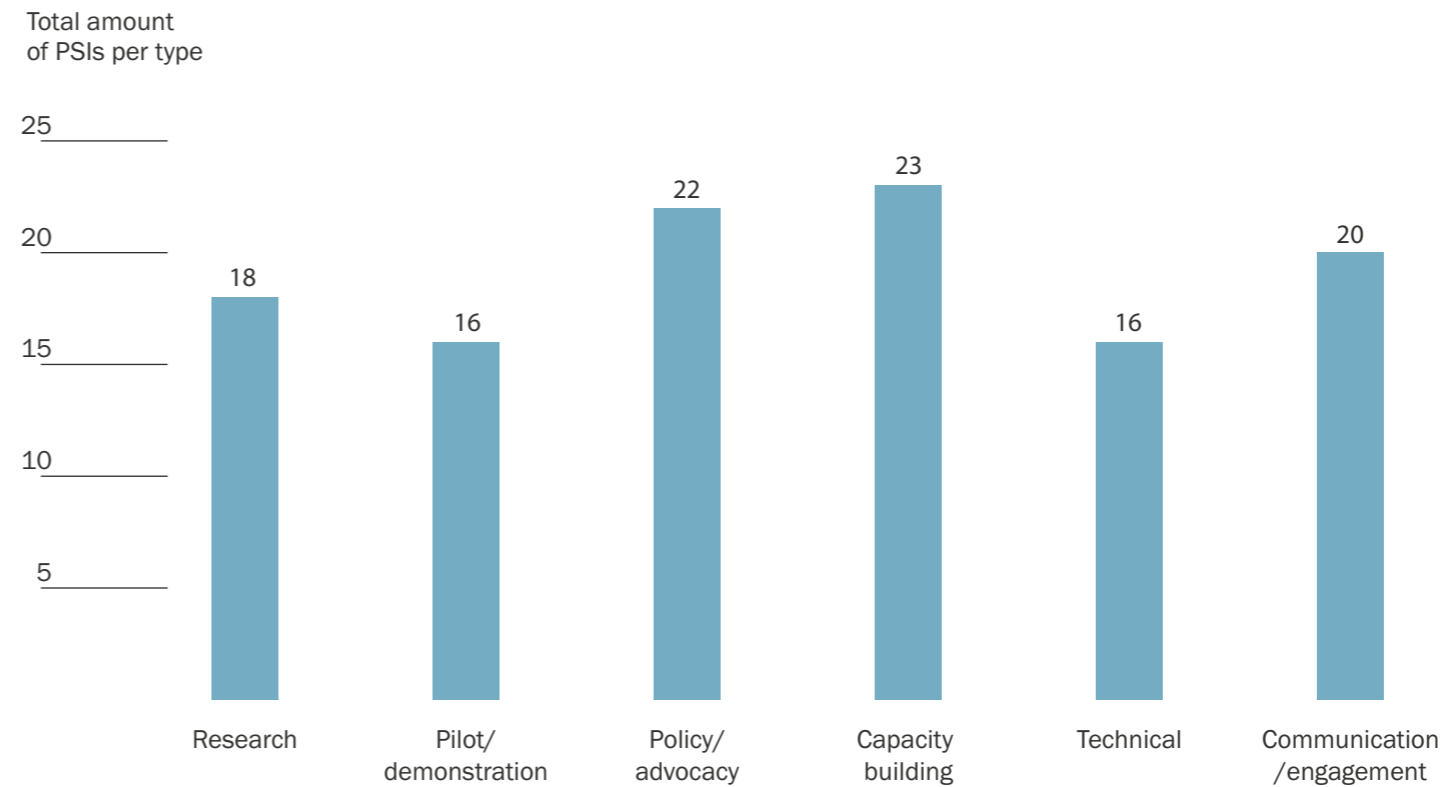
Source: Evaluation team

Figure 4. Yearly Budget Distribution Across the Portfolio Reviewed



Regarding the distribution of initiatives per type (Figure 5), capacity building and policy/advocacy are the most prevalent types across the initiatives. Initiatives on average encompass 4.1 types.

Figure 5. Total Number of Initiatives per Type

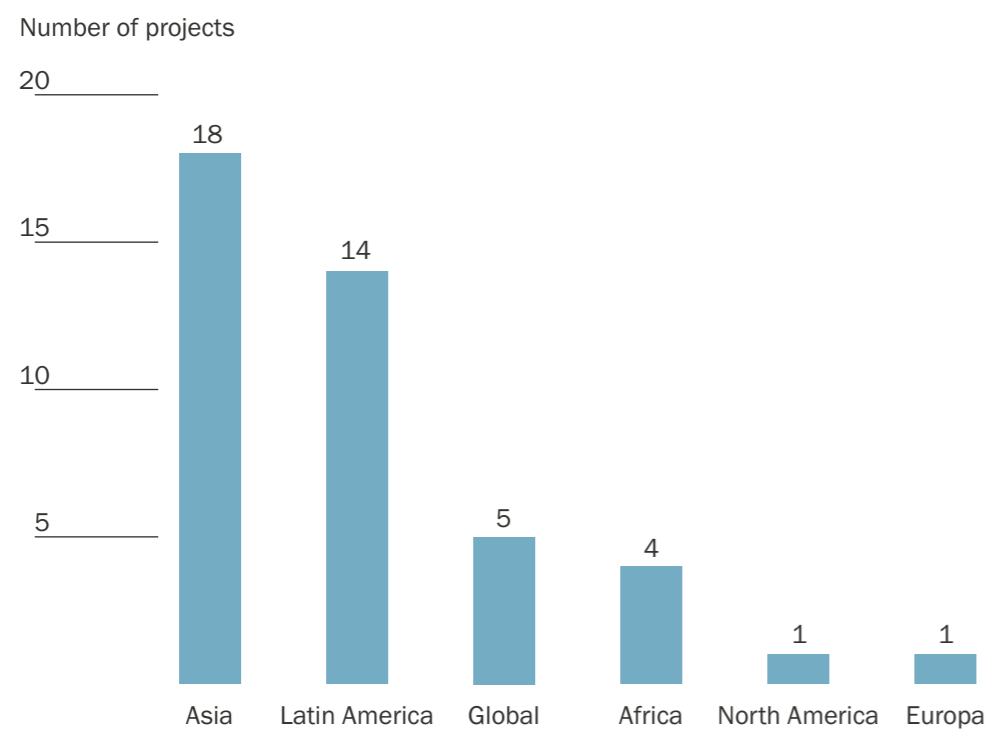


Source: Evaluation team

The portfolio analysis further reveals that initiatives are highly concentrated in Asia and Latin America, followed by initiatives with a global reach and those in Africa (Figure 6). At the country level, Indonesia and Brazil

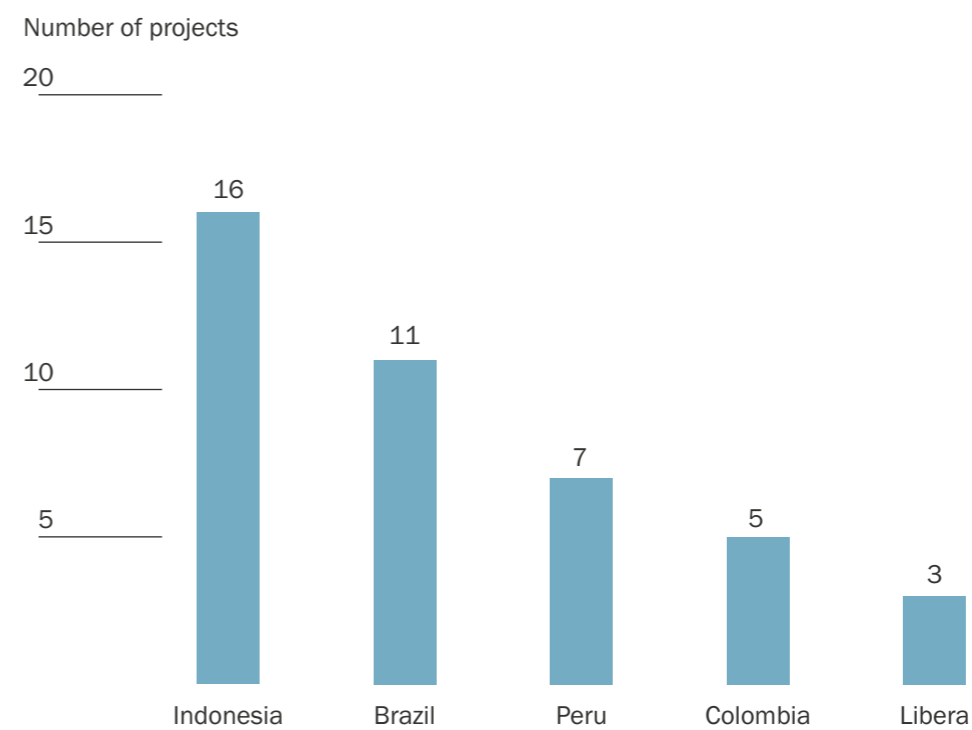
are the main target countries – in line with the case study countries for this Evaluation – followed by Peru, Colombia and Liberia (Figure 7).

Figure 6. Number of Funded Initiatives by Main Beneficiary Regions



Source: Evaluation team

Figure 7. Number of Funded Initiatives by Main Beneficiary Countries



Source: Evaluation team



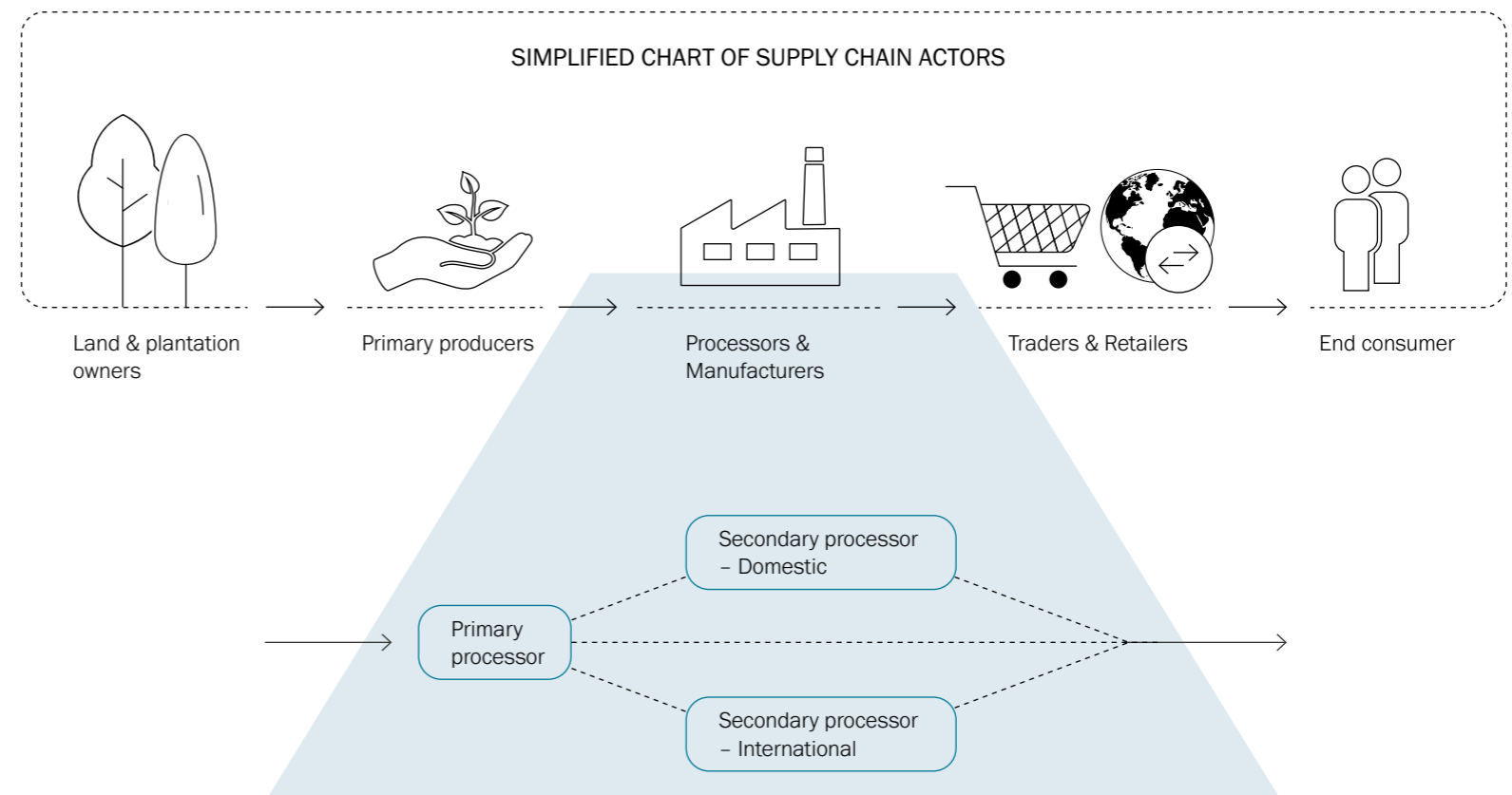
4.3.3 PSI CHARACTERISATION

The focus here is on *categories of initiative to support the PS*. To analyse and map NICFI's support, some categorisations have been defined and applied during the data extraction exercise in the desk analysis. The categorization of individual initiatives is available under spreadsheet form as a separate attachment (Annex 4).

1. By target actor(s) on the horizontal axis of the supply chain

A simplified version of the horizontal axis of the supply chain is provided in Figure 8; a more elaborate one is provided in Annex 11. At the "upstream" end, the target actors of some initiatives are the occupants (or owners) of the forests and/or plantations, followed by primary producers, processors and/or manufacturers. At the "downstream" end, the target actors of other initiatives may be traders and retailers, as well as end consumers.

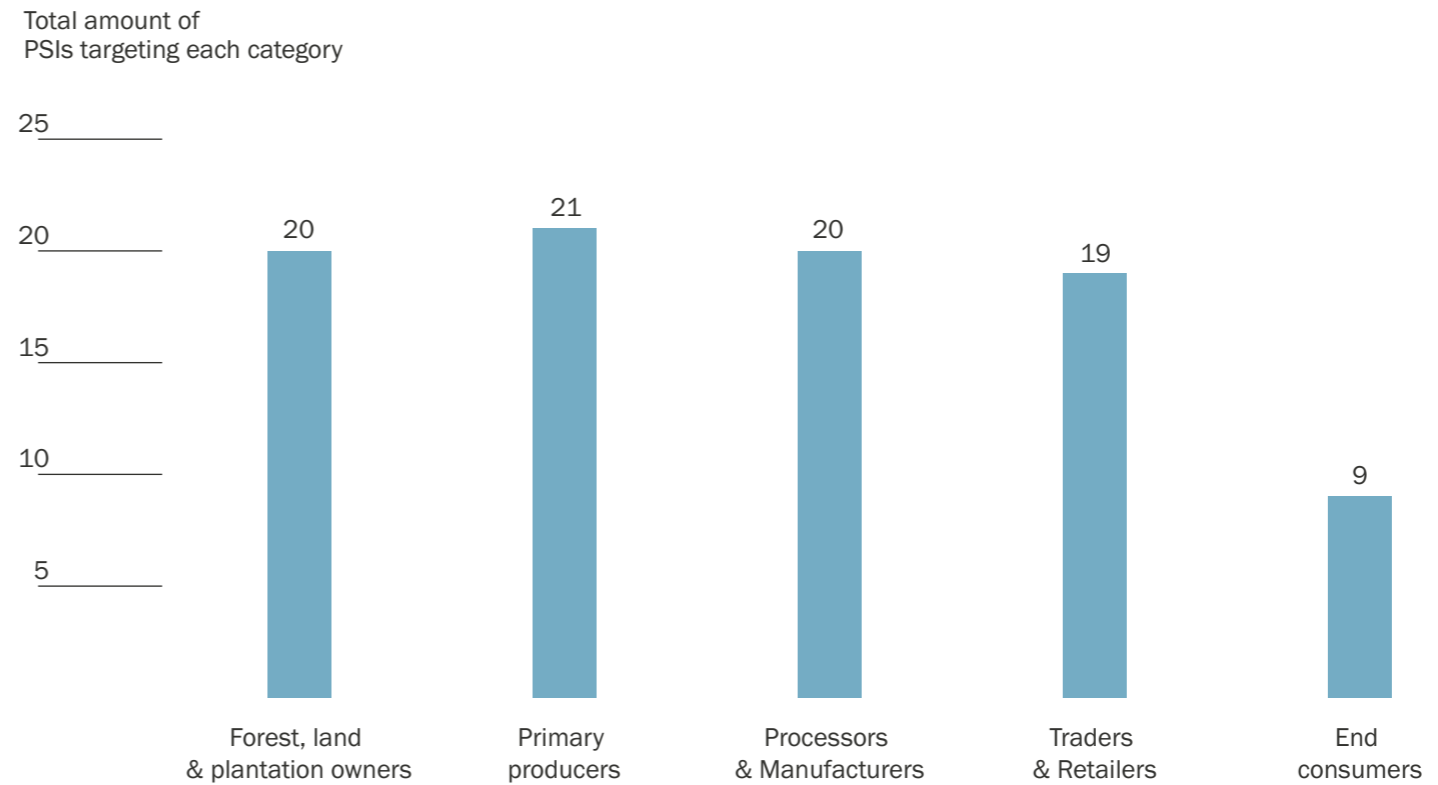
Figure 8. Simplified Chart of Supply Chain Actors



Source: Evaluation team

For each of the initiatives funded the evaluation team evaluated which supply chain actors were/are targeted. The majority of PSIs target multiple actors (3.2 on average) quite evenly distributed across the horizontal axis. Fewer target end consumers (Figure 9).

Figure 9. Number of Initiatives Distributed Across the Supply Chain Horizontal Axis



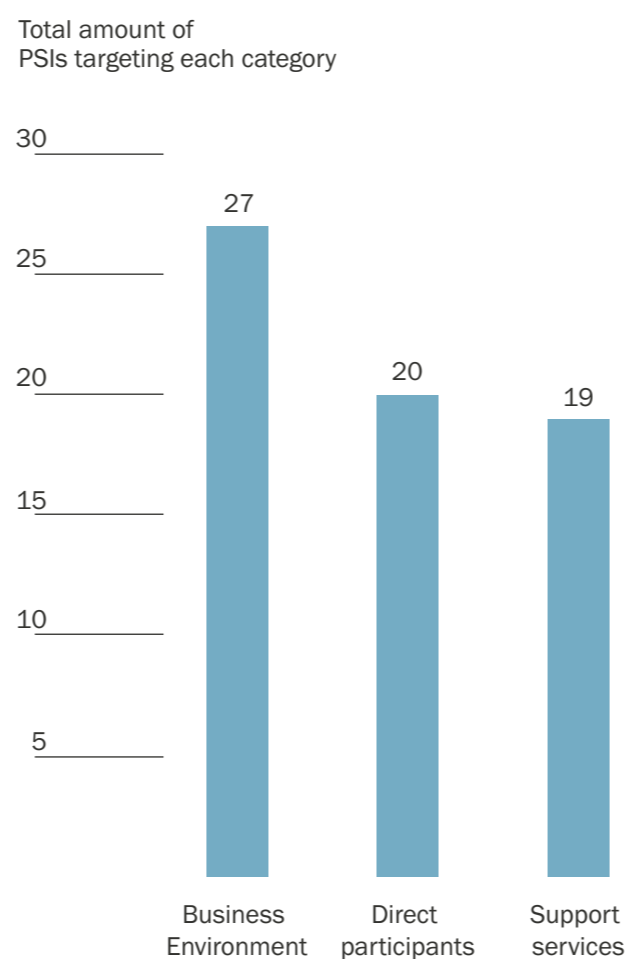
Source: Evaluation team



2. By target area(s) on the vertical “institutional” axis of the supply chain

The ToC is organised around the vertical or institutional axis of the supply chain, as explained in Section 4.1. Looking at the distribution of interventions across the vertical axis of the supply chain, business environment targeted initiatives are the most common type appearing in almost all initiatives while the other two types, direct participants and support services, are marginally fewer and similar to each other in number (Figure 10).

Figure 10. Number of Initiatives Distributed Across the Supply Chain Vertical Axis



Source: Evaluation team

3. By “approach”

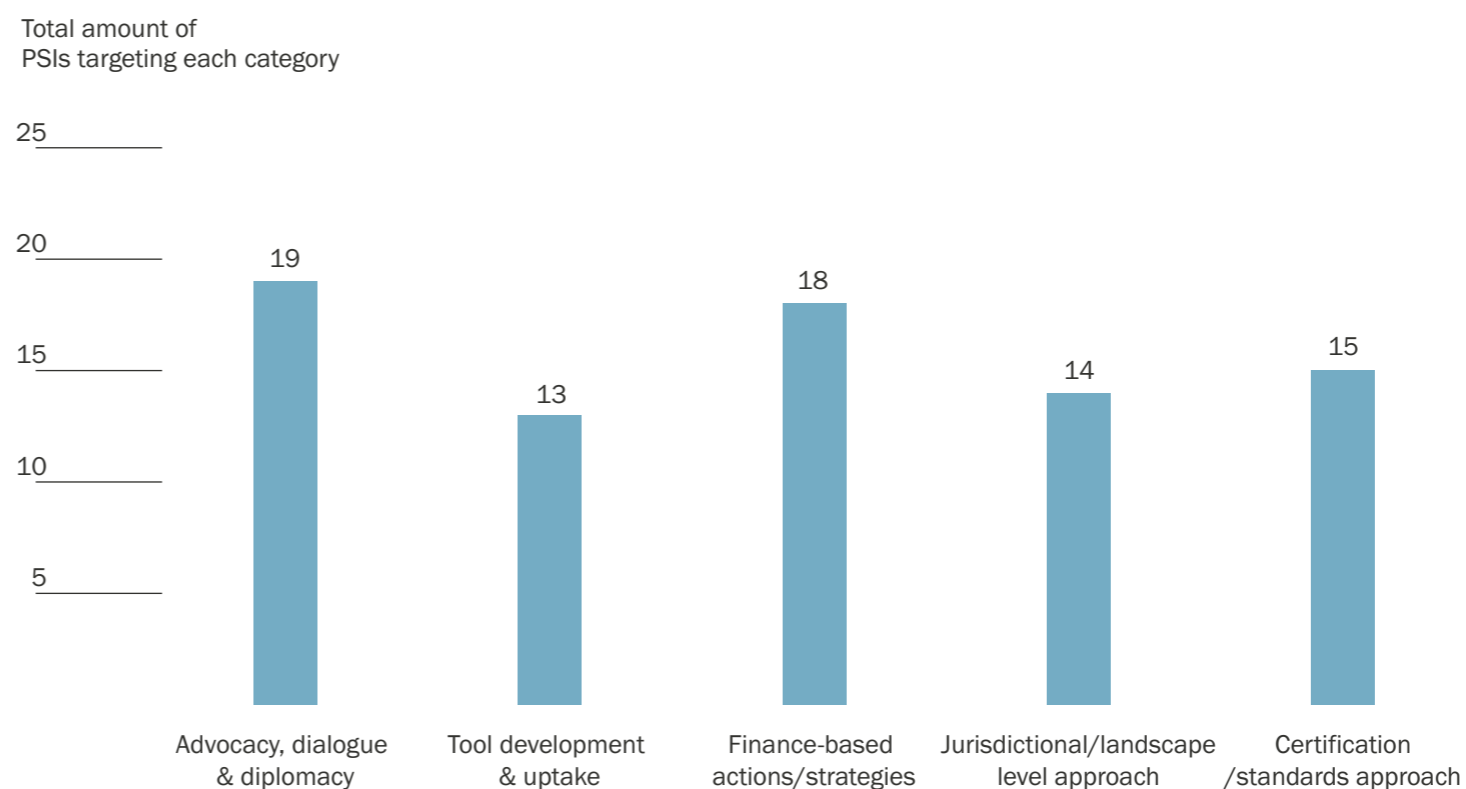
We distinguish five approaches used by funded initiatives to support PSI, which focus mainly (but not exclusively) on:

- Advocacy, dialogue and diplomacy (aimed at increasing pressure for company commitments and action). Researching or building community and political support for actions and initiatives, rather than more technical expertise (e.g. the New York Declaration on Forests, the Cerrado Declaration).
- Tool development and uptake (mainly around supply chain transparency and accountability). This includes designing, developing and testing tools, such as REDD+, the Accountability Framework, Voluntary Partnership Agreements (VPAs), etc.
- Finance-based actions and/or strategies. Using the provision of funds, and influencing the providers of funds, to guide and incentivise good practice, and use of the tools, by the «direct participant» companies in the supply chain.

- Jurisdictional or landscape level approaches with multiple stakeholder involvement. This involves financial and technical support for application of the tools, within one or more (legal) jurisdictions, or within a particular geographic area.
- Certification or standard-based approaches (single or multiple companies). Financial and technical support for the application of certification by, for instance, the Forest Stewardship Council or the Programme for the Endorsement of Forest Certification.

The analysed initiatives generally have multiple components (2.8 on average), with two approaches being a bit more widespread: advocacy, dialogue and diplomacy, and finance-based actions/strategies (Figure 11).

Figure 11. Number of Initiatives Distributed Across Approach

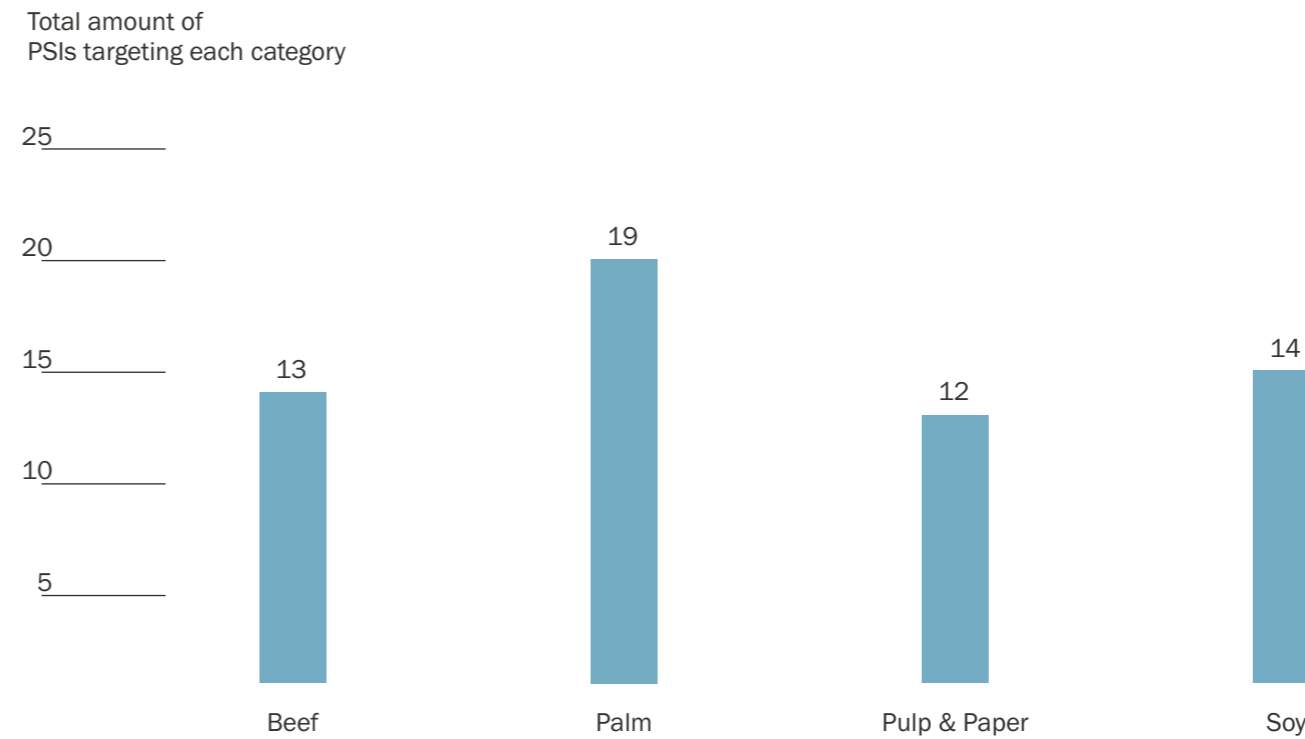


Source: Evaluation team

4. By commodity

The commodities within the scope of this evaluation are beef, palm oil, pulp and paper, and soy. Palm oil seems to have been targeted by more interventions than other commodities (Figure 12), followed by soy and beef and, last, by P&P. Initiatives target on average two commodities.

Figure 12. Number of Initiatives Distributed Across Commodity Focus



Source: Evaluation team

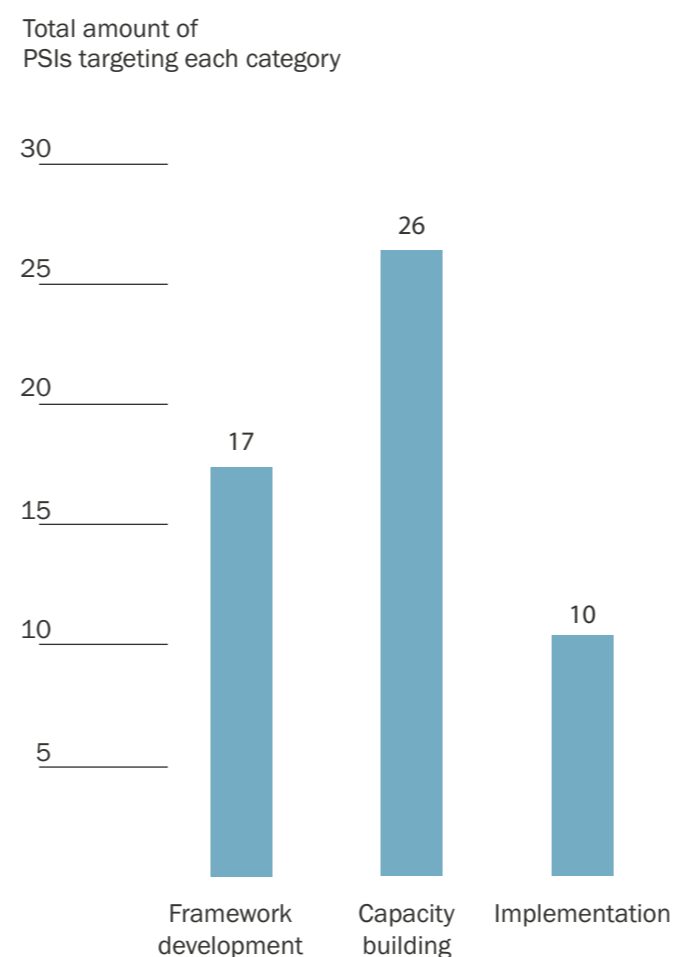
5. By operational phase (towards achieving overarching objectives)

Progress towards achieving tangible results most often requires the following three main activities (operational phases), usually undertaken in sequence¹³:

- *Framework development*: The development of some intellectual and practical framework, within which progress of some sort can be assessed.
- *Capacity building*: The building of capacity to “localise” and apply that framework, probably including some piloting of the framework and its application.
- *Implementation*: The implementation of the framework, including roll out; scale up; monitoring, review and verification (MRV); etc.

Initiatives are typically, but not solely in one particular operational phase (average 1.9). Most initiatives are (partially) targeting capacity building activities. Fewer initiatives appear to be already in the implementation phase (Figure 13).

Figure 13. Number of Initiatives Distributed Across Progress Status



Source: Evaluation team

¹³ This phasing process is generally well accepted, the elements herein also acknowledged by REDD+ (<https://redd.unfccc.int/fact-sheets/unfccc-negotiations.html>).

Strategic Approach of NICFI's Support to Private Sector Initiatives

This section presents the evaluation results on the following question:

- **Evaluation Question 1:** What has been NICFI's strategic approach to its support to PSIs, how has this approach come about and is the approach well integrated in NICFI's overall strategy?

The review of NICFI's documented overall strategic approach shows that it makes little mention of a specific approach to engaging in PSI. Therefore, the evaluation team tried to understand the strategic approach to engaging in PSIs by supplementing the knowledge gleaned from available documents with interviews with NICFI staff, grantees, sub-grantees, consultants and subject area experts who were versed in what NICFI has done and who shared their recollections of the thinking at the time. Based on these and on the reconstruction of the ToC for NICFI's engagement with PSIs (Section 4.1), the evaluators have aimed to shed light on NICFI's strategic approach, and the integration and alignment of NICFI's work on PSIs. As a consequence, the evaluation team's response to EQ1 focuses on (i)

Main findings

- NICFI has not formulated a consistent and detailed strategic approach for its work on PSIs. Rather, it has presented a high-level "strategic framework" for the totality of NICFI, which requires considerable refinement and elaboration with more detail in order to be useful as a strategic approach (or roadmap) for NICFI's engagement with the private sector.
- The original concept of NICFI – compensating countries for forest preservation – is generally regarded as an appropriate and innovative step forward. Some stakeholders argue that NICFI continues to play a leading role on engaging the private sector to date, while others state that, beyond this initial innovation, NICFI has been generally risk adverse and reserved when it comes to large innovative interventions that promote concepts which are not widely supported already.
- The operationalisation of NICFI's work with the private sector appears to be fairly consistent. NICFI has used CSOs as the main interlocutors, exercised considerable flexibility in terms of selecting interventions and adjusting their funding, and focused largely on pilot-like efforts. The latter are, however, not at a scale at which they can alone achieve meaningful change.
- By and large, most activities funded can be understood as broadly supporting NICFI's overarching strategic objectives, as defined in the high-level strategic framework. However, complementarity between funded interventions has not been sufficiently capitalised upon.



what has been documented and can be interpreted from available documents about NICFI's strategic approach to its support to PSIs; (ii) how this strategic approach has been perceived and understood by third parties; and (iii) the coherence found within the PSI portfolio.

5.1 The Documented Strategy of NICFI's Support to PSI

Over time, mention of support to PSIs in official NICFI documents has increased. The Annual State Budget Proposition (*Stortingsproposisjon*) is the main "steering" document describing the activities of NICFI and its annual budget allocation. Those for the years 2011–12, 2012–13 and 2013–14 contain virtually no mention of PSI. The first more elaborate description of NICFI, as a whole, is found in the 2014–15 document. This description refers to the Strategic Evaluation of NICFI done in 2014 and stated that "[c]ooperation with the private sector will be an inherent strategy for the initiative".

NICFI has been broadly guided by two so-called "strategic frameworks":¹⁴

¹⁴ There is no universally accepted definition of a strategy. For purposes of this evaluation, a strategy is broadly understood to describe the direction and scope of an intervention and/or organisation over the long term. A strategy can also commonly be referred to as a well-defined "roadmap", that, for example, defines the mission and vision of an organisation.

1. *The first dates to the 2015–16 Proposition* and is shown in Figure A9.1. This strategic framework sets out the overall goal (at the top) as "Achieve the 2-degree target through emission reductions / Sustainable development". This goal is pursued through three sub-objectives, with several milestones identified as central to achieving NICFI's overall objectives. As shown at the bottom right of Figure A9.1, engagement with the private sector is specifically noted, with a milestone stating "Private sector works against deforestation" (The *Stortingsproposisjon* for 2017–18 also contains this chart).

A slightly more elaborate version, for internal use and also included in the 2018–2019 *Stortingsproposisjon*, is shown in Figure A9.2. It is also referred to in some documents as a "results framework"¹⁵. Among the elaborations relating to PSIs specifically was the identification of PSIs as a specific "milestone" that was to be measured (presumably) against five specific

¹⁵ The evaluators note that what is called here a "results framework" does not really follow the usual structure of a conventional results framework (i.e. input-output-outcome-impact). Figure A9.2 refers to a system with "indicators-milestones-operationalised goals-goals adopted by the parliament-overarching goals adopted by the parliament". As such, the figure could be characterised as a "hybrid" between a results framework and a strategic framework. NICFI uses the term "results framework" to describe what is usually called a "logical framework" or log frame.

"indicators" of success or progress. It is noted that the strategic framework does not mention poverty reduction in connection to GHG mitigation or REDD+ even though Norway's development policy has a clear focus on poverty reduction (Section 7, EQ6).

2. *The second and current strategic framework is contained in the Proposition for 2019–20* (Figure A9.3). This most recent iteration introduced biodiversity as an additional overall goal and highlighted sustainable development as an overarching expected outcome: "Improved rights and livelihoods for indigenous peoples and local communities in tropical forest countries".¹⁶ The mention of sustainable development serves to underline that above all, NICFI must adhere to overall Norwegian development cooperation objectives, with its own objectives subsidiary. While this was always implicit, the current strategic framework makes this very clear and explicit. Figure A9.3 illustrates only the highest three levels of the previous strategic framework and as a result, it is much less informative. There is no specific reference to engagement with the PS, but the wording of the

¹⁶ It could be argued that this is not an outcome and is better characterised as an impact. A more traditional ToC development exercise would most likely lead to an adjustment of any misleading formulations.



stated outcomes implies engagement with the PS, as in for example *“Commodity markets stimulate deforestation-free production in tropical forest countries”*. The strategic framework is a graphical representation of the long-term objectives of a highly summarised log frame, but does not really represent a strategy for NICFI per se. It does not provide the level of detail that would be expected of a full strategy, and there does not appear to be either a detailed ToC or a detailed results framework (logical framework). The strategic framework does not appear to be publicly available (i.e. on the web page), which may explain why, when asked, the majority of grantees seem to be unfamiliar with NICFI's strategic goals. That said, a recent review of the current NICFI website (August 2020) found it has a section entitled *“How do we work?”* that outlines the operationalisation or implementation of NICFI's tasks. This section has a reference to the overall goal of NICFI that is also shown in Figure A9.3. The website also mentions NICFI's *“philosophy”*, which reflects the modus operandi of NICFI (*“Building a movement, Taking risks, Results”*) rather than presenting an overall strategy (or policy) that could more effectively guide NICFI grant applicants.

The absence of a clear, detailed, and well-documented strategy guiding the work on PSIs explains the lack of clear structure and ad hoc character of the funded portfolio (Annex 2).

5.2 How Has NICFI Strategy Regarding PSIs Been Understood by External Actors?

Although respondents were generally unfamiliar with NICFI strategy overall and its strategy in relation to PSIs, they did highlight to some *important events and factors that (may) have shaped NICFI's engagement with PSIs:*

- *Origins of NICFI's engagement with PSIs:* Interviewees felt that NICFI's strategy to supporting private sector initiatives became evident at the 2013 World Economic Forum, when Norwegian government representatives openly recognised that the private sector was an important “player” that should not be ignored. This view was then reflected in the strategic frameworks (Section 5.1).
- NICFI is a response to the need for much stronger forest sector governance, internationally and especially in low-income countries in tropical regions,

to address the effects of D&D on climate change. Respondents felt that PS actors could play an important role in supporting efforts to reduce D&D, specifically when governance is weak. Hence, NICFI's use of funding for PSIs is thought to be coherent with, and complementary to, what respondents understand to be NICFI's overarching strategic objectives.

5.2.1 EVOLUTION IN STRATEGIC THINKING

- At the international level, respondents think NICFI can be credited with promoting some clear shifts in thinking, specifically in its willingness, in principle, to compensate countries for the opportunity costs associated with forest preservation. However, some respondents noted that this compensation may well be capped at much less than the real opportunity cost, given that the opportunity costs are not yet known and that Norway has large financial commitments.
- Respondents expressed widely varying views on the NICFI strategy, with some considering NICFI to be a leader and others viewing *NICFI as a cautious, risk-averse institution in its engagement with PSI*. The former highlighted that NICFI is a leader in



promoting engagement of the private sector as a key pathway to find solutions to the challenges posed by D&D¹⁷ and in the use of the jurisdictional approach. The latter described NICFI's engagement of the private sector as somewhat risk averse and reserved. They highlighted, for example, that NICFI tended to fund projects and programmes that were widely recognised as showing promise and focused on working with actors that had demonstrated their willingness to engage (i.e., private sector actors that had already made their commitment to D&D known). Respondents purporting the latter view noted that while this may have been understandable at the start, it can no longer be maintained given the urgency of the D&D and climate situations.

- NICFI is described as a collaborative and learning-focused partner, but the degree to which this has been systematic and has effectively influenced strategic development is limited. At the micro level, respondents noted that NICFI is an active donor that is willing to learn and work with funding beneficiaries to adjust interventions (without moving to far afield

¹⁷ These views seem not to consider earlier areas of engagement with private sector companies, such as NGO campaigns, certification and Kyoto and the Clean Development Mechanism.

and challenging the status quo). However, the lack of systematic documentation of activities limits NICFI's ability to ensure that it can effectively and systematically learn from efforts funded and ensure that lessons learned are applied.

5.2.2 EVOLUTION IN OPERATIONALISING

THE STRATEGY

- The majority of respondents across countries and sectors agreed that, as far as they could tell, the *NICFI strategy on PSIs has remained fairly consistent*. The principal shift, they said, has been in actors targeted:
 - In *Brazil*, there has been a move away from support to federal efforts and towards a more regional focus.
 - In *Indonesia*, the NICFI strategy, as further evidenced in the project portfolio, has moved more into line with government policy over time.
- CSOs have been the main interlocutors between NICFI and the private sector. Respondents said they

were not aware of the rationale behind this and can see both advantages and disadvantages.¹⁸

- NICFI appears to have exercised considerable flexibility regarding what it has chosen to fund (Sections 4.2 and 7.1).
- Some respondents perceive the *wide range of efforts in NICFI's engagement with PSIs as a way of testing what could be done and what could be effective* (Section 7.2). However, this view – that the engagement is an incubator of sorts – is not articulated as such by NICFI itself. It is worth noting that the wide range of efforts can be indicative of a lack of focus and/or the belief that all interventions contribute in some way, but without a clear vision for how interventions become meaningful. Here too the lack of documentation that can demonstrate successes, opportunities, and lessons learned, presents challenges.

¹⁸ One advantage is that CSOs may be perceived as more independent intermediaries and more supportive of less powerful stakeholders including indigenous people's groups. Disadvantages may include that CSOs are often not fully trusted by private sector companies, may have potential conflicts with their campaigning arms and may not have the most nuanced understanding of commercial activities.



- In relation to NICFI's ability to use PSIs as a way to effectively achieve its overarching objectives, the limited scale of its funded interventions appeared to be a key area of concern (Section 6).

5.3 Coherence Within the PSI Portfolio in Pursuit of the Overall Strategic Objectives

The degree to which NICFI PSIs support the two objectives presented in the strategic framework (Figure A9.2) must be understood in terms of whether they include two central elements. First, do interventions support the achievement of these objectives at all? Second, do the interventions support the achievement of these objectives at a level (scale) that meaningfully contributes to the overarching strategic objectives (Figures A9.2 and A9.3)? The latter element, which relates to effectiveness, is addressed in Section 6.

The evidence shows that by and large, interventions funded focus on activities that do, at some level, pursue NICFI's overarching objectives as described in NICFI's strategic framework (Figure A9.2). The initiatives funded cover a wide range of activity types (Section 4.2) and, as the ToC reconstructed for this assignment shows (Section 4.1), they have the potential to reach NICFI's

overarching strategic objectives. As the ToC also shows, there are considerable linkages between the business environment, supply chains and service provision-focused activities and in certain instances, individual interventions clearly capitalised upon these linkages. Specifically, the objectives of some interventions are to influence and/or support others, while other interventions combined a wide range of activities under a common umbrella (Annex 4). However, there is no documentation to suggest that complementarity has not been a key focus of NICFI at an overall level. This means that while individual grantees developed complementary projects, there are limited instances where NICFI has effectively fostered complementarity between funded interventions.

The evidence suggests that neither complementarity, between funded interventions or with other interventions, nor efforts to prevent leakage have been prioritised. While complementarity between PSI, REDD+ and social objectives has been higher in jurisdictional projects, than in projects not using a jurisdictional approach, in Indonesia, several respondents noted that NICFI has made little or no attempt to make linkages between projects. Examples of missed opportunities mentioned include linkages between jurisdictional projects in neighbouring areas or provinces to reduce

leakage. The Brazilian experience is similar in that beyond fostering opportunities for actors to meet, efforts to support complementarity have been limited. To this end, it is important to acknowledge that Norad does use a call for proposals that details the categories that will be funded to guide grantees. However, there is no clear evidence suggesting that such a call for proposals serves to ensure complementarity between different activities funded.¹⁹

Moreover, not all interventions include clear efforts to ensure poverty is reduced. This is important because certain efforts can place an undue burden on the smaller and/or weaker actors in the supply chain and hence potentially increase rather than reduce poverty (Section 7).

¹⁹ The guidelines used by Norad were requested, but they were not made available for review.



Effectiveness of NICFI's Support to Private Sector Initiatives

This section presents the evaluation results on the following questions:

- **Evaluation Question 2:** Based on a mapping exercise, to what extent has NICFI's support to PSIs achieved its objectives, or is likely to achieve its objectives, as set forth in NICFI's strategy and/or theories of change?
- **Evaluation Question 3:** Which types of NICFI-supported PSIs have shown the most positive results or show the most potential and which have been less successful? What have been the key factors that help explain these results?

In at least one sense, EQ2 *cannot be answered*, by anyone. In NICFI's first strategic framework, the milestone specifically relevant to the PSI portfolio is worded as follows: "Private sector works against deforestation". This appears to be one of the objectives referred to in EQ2 and on which this Evaluation is meant to assess progress. However, the vagueness of the objective, as expressed in this milestone, prohibits any

meaningful assessment of the effectiveness of the funded PSIs (Annex 4). Importantly, NICFI does not have a detailed Theory of Change that might have allowed the evaluation team to determine the degree to which specific objectives of engagement with the private sector have been met.

More specifically, and as discussed with the Norad Evaluation Department in the early phases of this assignment and as noted in the desk report, the nature of the portfolio, data availability and data quality create significant challenges to answering EQ2 and EQ3 as they are formulated above (Section 3.3). Therefore, while the evaluators acknowledge Norad's rationale for these questions, the evaluation team agreed with Norad that for the purpose of this evaluation, a new formulation of the questions was required. After careful review of the available data, the questions were reformulated as follows:

- EQ2: *Based on the limited documents, data and information available*, to what extent has NICFI's support to private sector initiatives achieved its

objectives, or is it likely to achieve its objectives, as set forth in NICFI's strategy and/or theories of change?

- EQ3: Which types of NICFI-supported initiatives are perceived as the ones which have shown the most positive results, or which show the most potential, and which are perceived as having been less successful? What have been the key factors that help explain these results?



Main finding

- The data and information available do *not allow a systematic assessment* of whether or to what degree NICFI's support to PSIs meaningfully meets or is likely to achieve NICFI's strategic objectives. This is because (i) a documented strategic approach, ToC and/or results framework; (ii) adequate indicators and targets; (iii) documented results; and (iv) appropriate contextualization; are lacking for NICFI's PSI portfolio as a whole and across individual initiatives.
- Information obtained suggests that currently most PSIs do *not achieve* their objectives, due to (i) substantial project design flaws; (ii) insufficient capitalization on complementarities; and/or (iii) various contextual factors, which are often insufficiently understood or acted upon.
- PSIs with *highest potential* for contributing to NICFI's objectives include those on (i) jurisdictional approaches; (ii) promoting transparency, monitoring and traceability; (iii) blended finance; (iv) engaging financiers; (v) legislation enforcement; (vi) efficient production models; and/or (vii) multiple supply chain intervention points.
- As a whole, NICFI has made *some real and meaningful contributions* so far to (i) increased international attention to D&D reduction; (ii) improved sectoral policies and increased transparency; (iii) increased multi-stakeholder discussion; and (iv) adaptive exploration of a wide range of innovations.

6.1 Achievement or Likely Achievement of Objectives

This subsection clarifies the extent to which PSI effectiveness could be evaluated, looks at the (expected) achievements of the PSI portfolio and provides some key insights into the challenges encountered in NICFI's PSI portfolio that pertain to achievement of its strategic objectives.

6.1.1 EVALUABILITY OF PSI EFFECTIVENESS

The evaluation's team's inability to determine the effectiveness of the funding provided, (i.e. the portfolio), is due to several reasons:

- As noted in Section 5, NICFI does not have either a detailed and documented strategy to guide its work on PSIs or a ToC or results framework to allow effective monitoring and evaluation. Moreover, in some instances, interventions lacked a results framework or detailed ToC altogether. Available documents pointed to broad objectives without a clear roadmap that would allow an assessment of how or to what degree progress has been made. As a result, it was impossible to know the degree to which progress was made towards NICFI's strategic objectives.



- For many of the PSIs, the targets and indicators are not sufficiently specific or appropriate to allow a proper assessment of achievement. In many instances, *documented targets do not meet SMART (specific, measurable, achievable, realistic and time-bound) criteria*. In some cases, targets and indicators that are described as relating to “results” (outcomes and/or impacts) are in fact related more to the activities (inputs and/or outputs).
- The majority of the PSIs reviewed were ongoing or had not arrived at a point that would allow a full evaluation of achievements. Based on data available to the evaluation team, only 27% of the PSIs reviewed had an internal final report resulting from their completion or early termination.
- The portfolio as a whole shows little sign that attention is paid to ensuring that the contribution of NICFI-supported PSIs to outcomes and/or impacts can be assessed. NICFI operates within a plethora of global, international, regional and national initiatives that share the common, high-level goal of reducing D&D. These include international declarations, campaigns, industry groups, company plans and donor programmes, some of which predate NICFI engagement with PSIs. An understanding of both the

relevant context within which NICFI as a whole, and individual PSIs in particular, operate is needed. In addition, the aims and activities of the relevant, non-NICFI interventions must also be understood. Without this, it is impossible to assess whether NICFI-funded PSI interventions contributed to the results achieved and to what extent or whether the results would have been achieved without a NICFI-funded intervention.

6.1.2 PSI CHALLENGES AND FACTORS LIMITING ACHIEVEMENT POTENTIAL

Challenges commonly encountered by those implementing NICFI-funded PSIs include the following:

- Preventing or reducing D&D through engagement of the private sector is an extremely complex undertaking that carries major business and exposure risks. It is clear that some initiatives aiming to influence PS actors have significantly underestimated the complexity and risks inherent in the forestry, timber and agriculture industries. This was highlighted by an interviewee who noted that “*we noticed that people coming from a climate change background have consistently underestimated the complexity of what those of us from a forestry background were doing, and had been attempting*” for many years. Regarding the risks, one respondent

in Indonesia who is a NICFI grantee commented that, “*NICFI needs to help make it easier for companies to ‘do business’ in jurisdictional programmes and help reduce the risks.*”

- In some instances, *political economy factors have, not surprisingly, reduced or stalled progress*. Actors involved have been pre-emptively aware of this to varying degrees. Lessons learned from previous experience in forestry, and climate change more specifically, also have been fully capitalised on to varying degrees.

The development and/or design of interventions also can have detrimental effects on their ability to secure expected results. These include:

- *Most PSIs were not designed to be implemented at (large) scale, which reduces their potential for impact*. Achieving NICFI's overarching strategic objectives (Figures A9.2 and A9.3) require that interventions are themselves at (large) scale; pilot at small scale something readily scalable if successful; catalyse other responses at scale; or are part of multiple interventions that collectively generate large-scale impact. While there is, of course, value in testing new and different approaches at a modest pilot



scale, the implication is that the results of the pilot are needed quickly (in the context of the urgency of climate change action) and that those responsible for oversight and implementation of an effective model and a successful pilot should be thinking about how to scale the model or pilot up. The data collected during this evaluation suggest that some actors implementing PSIs have not understood the implications of the modest size of their intervention in the context they are operating in; have not understood the importance of completing the test of the intervention quickly; and have given little or no thought to whether or how the intervention could be suitable for scaling up. In addition, with small-scale intervention, any direct reduction in emissions is vulnerable to being negated by leakage.

- The majority of NICFI's funded PS interventions have been implemented by means of grants to an NGO or NGO consortium. While some activities are very suitable for such an approach, not all are. It is not clear from NICFI documentation how and why it was decided that the primary type of grantee would be NGOs. Some initiatives appear to have been adversely affected by factors such as lack of understanding of private sector business models and the realities of running a company,

especially a small-scale company; the lack of trust that some companies have in NGOs; the difficulty of establishing some meaningful influence at national and/or policy level; and the need to ensure that trust earned at local or national level is not undermined by campaigning at international level.

- For many PSIs, which had a ToC, *insufficient attention appears to have been paid to the assumptions implicit in a ToC*. It seems that NICFI did not request that assumptions in the ToC be defined or stated. As a result, the conditions (and preconditions) that were expected to influence the PSI's ability to reach its intended results are not clearly identified. By extension the continuing existence of conditions mentioned in the ToC cannot be tested by, for example, those carrying out mid-term reviews.

Information obtained in the document review for this evaluation suggests most PSIs do not achieve their objectives. Several reasons were identified:

- There are substantial project design flaws, including in the assessment and analysis of the current situation; unrealistic objectives mismatching the time and resources to the challenge at hand; and weak or unsuitable targets and indicators. These issues

warrant a dedicated follow-up investigation, including of best practice in the many comparable activities, to ensure that NICFI initiatives are suitable selected, prepared and overseen.

- Some initiatives may achieve the outputs that are within their control, but factors outside their control may prevent achievement of higher-level outcomes. Examples include Indonesia (Box 1 next page). See also the discussion of the importance of making sure that assumptions are stated and can then be tested in Section 6.1.1.
- In some instances, the significance of major challenges (or failures of design) is not recognised, even by independent reviews, and corrective action has therefore not been taken. A clear example is the initiative on deforestation due to mining in Guyana (Box 1).
- Some grantees have recognised that although they may have delivered on the short-term outputs, more significant and longer-term results are not being achieved (Box 1).



BOX 1: FINDING THE CONTRIBUTION

“All this work has had very limited impact, but we are having conversations that we did not have before. NICFI grants may not have changed anything on the ground” which suggests conversations are a good starting point, but must be supplemented with considerable tangible efforts that translate discussion into actual change. (NICFI grantee, reflecting a common opinion).

In Indonesia, there is little evidence that the PSIs that have focussed on private sector commitments (as opposed to PSIs that have focused on transparency, policy research, etc.) have made much contribution to reduced D&D. Most respondents felt that so far, these PSIs have had little impact. The fundamental reason is that very few company commitments have been implemented. One study (EII, 2018) found very few contracts or concrete plans with companies in jurisdictional projects under the Governors' Task Force (GTF) initiative. A reason given was high business risks for PS actors, including the risk of exposure by NGOs. On the other hand, several respondents felt that PSIs aimed at

increasing transparency have probably made some contribution, as these PSIs have increased the pressure for legal compliance by companies. They also noted that support for the National Peatland Institute (BRG) has also been important for efforts to conserve, manage or restore peatland. It was also mentioned that NICFI's support to improved forest law enforcement has been a significant factor in the efforts to reduce deforestation. While forest law enforcement is not part of the PSI portfolio, activities supporting law enforcement are very tied to the PS since much of the D&D occurs illegally.

In Guyana, the main objective of a PSI had been reached, and exceeded, before the initiative even started. Data on this were included in the report of the independent mid-term review, but without any comment on its significance. Normal practice would have been for the review to at least recommend a re-setting of the targets and also to point out that the data undermine the whole purpose and ToC developed for the initiative. In this instance, neither appears to have happened.

6.1.3 ACHIEVEMENTS IN THE PORTFOLIO

While previous sections summarised challenges both to an evaluation of the PSI portfolio and to the success of individual interventions, survey and interview data make it clear that *NICFI has made some real and meaningful contributions towards its objectives*, including:

- NICFI is acknowledged by nearly all respondents to have *greatly increased international attention to and focus on the need to significantly reduce D&D*. However, most respondents described this as an achievement of NICFI as a whole, rather than its PSI portfolio.
- *Sectoral policies have been improved and transparency has increased*. Many respondents stressed that the PSIs have helped develop improved policies and contributed to increased transparency in the sector.
- *NICFI has stimulated, facilitated and participated in important discussion opportunities*. Examples of this include the Tropical Forest Alliance conference; its convening of a wide range of meetings as part of individual intervention efforts; and its participation in a wide range of diplomatic efforts such as the New



York Declaration on Forests. While convening power and active engagement merit recognition, there is no documented evidence that these efforts have led to quantifiable progress towards meeting NICFI objectives. Convening means bringing the actors together but the impact of convening efforts is largely determined by the activities that emerge from such gatherings. Funding activities and ensuring they are achieving what is expected of them (reduced D&D; poverty reduction; the 1.5-degree target; and biodiversity protection) is a central element of capitalising on convening power. NICFI's leading and innovative role, visible at the start-up for REDD+, appears to have been lost along the way. These findings suggest that while NICFI has a voice it can use and a solid convening potential, there are clear opportunities, not currently capitalised on, for NICFI to bring actors together and use its convening role to launch and follow effective efforts. Overall, the findings from interviews conducted consistently suggest that NICFI did not maximise its potential as an important voice in the sector. Due to lack of documentation (see Section 3.3) these findings are based on interviews only.

– *NICFI has supported the exploration of a wide range of "solution" models.* NICFI has funded a wide range

and varied portfolio of interventions. Doing so has allowed NICFI to explore a wide range of interventions and/or initiatives, according to many respondents and as reflected in the documentation (Annex 4). Aside from scale and leakage challenges (Section 5.3), intervention modalities needed to be tested, and in this regard, NICFI can be credited with having supported innovation. The value of this testing and piloting will be in what NICFI can demonstrate about "what works" and, of course, what does not work. Measuring what works and what does not work, in turn, depends greatly on the quality of the individual ToC, results frameworks, targets, indicators and evaluability, particularly in relation to documented contribution and, where possible, attribution. Without high-quality, robust and quantitatively accurate monitoring, evaluation, accountability and learning (MEAL) or MRV that is well documented, any conclusions drawn from pilots can be misleading. As noted, ToCs, result frameworks, MEAL and MRV are areas which should be substantially improved.

– *NICFI has allowed for innovation and adaptive management (responding to change).* Several project executors recognised that their objectives had not been achieved and, in some instances, they noted that the objectives could not be achieved. In such

instances, funded parties noted that NICFI had been both understanding and at times actively engaged in discussions to find alternative solutions and/or pathways. While designing projects with unattainable goals is not ideal, in this context it does serve to illustrate the complexity of the sector and highlight an important element of achieving results is having a donor that understands these complexities and is willing to actively engage with funded parties to find viable solutions.

6.2 Results and Potential for Results

This subsection explores the extent to which PSIs have exhibited more or less potential for success and key factors that have influenced the potential for success, including aspects of coherence and/or complementarity between PSIs in the portfolio.

6.2.1 EFFECTIVENESS HETEROGENEITY

Following is an examination of the characteristics that were consistently offered as explanations for why a particular type of *intervention appeared to have more (or less) potential to achieve the expected results.*



Challenges assessing results

A number of key observations emerge from the data reviewed:

- Some proposals contained objectives that did not demonstrably take into account the political economy factors, the pace of change and the current level of involvement of the proposing organisation.
- In some cases, the analysis of the current situation lacked in-depth investigation, including into the quantitative relevance of the problem and proposed solutions.
- Some proposals demonstrated a limited understanding, and take little account of, what other initiatives are doing in the same situation. One consequence is that accurate attribution of outcomes and impacts to particular initiatives (assessment of the respective contributions) will be impossible. Another consequence is that in certain instances, efforts were aligned and complementary yet failed to capitalise on this complementarity; in others,

projects may not have been complementary and may have even been contradictory in approach.²⁰

- In many instances, theories of change, if available, were general and overarching in nature and hence lacked the specificity needed to serve as an effective roadmap.
- In some instances, results frameworks did not state assumptions, i.e. the preconditions and conditions under which the proposed inputs and activities could lead to the targeted results. This prevents the future testing of whether the conditions are still conducive to the changes sought.²¹

These shortcomings are a weakness in the implementation of the PSI portfolio. They represent a failure to apply best practices that have been well-recognised and documented for many years. It has been suggested that NICFI is so new and innovative that it cannot be informed by existing best practice. However, while that may have been true in the early

²⁰ Lack of specific ToC and undercapitalised complementarity mirrored the experience of the NICFI PSI portfolio as a whole, examined in subsection 5.2.

²¹ Original data collected during this evaluation also found result frameworks without clearly defined assumptions to be a consistent shortcoming.

stages and high-level strategy of NICFI, it does not apply to project work with civil society actors or to the PSIs. These initiatives may draw on considerable experience over many years of working to influence private sector companies to achieve developmental goals. The fundamental requirements for the success of such initiatives have consistently been good identification, selection, design, procurement and oversight. The importance and value of the fundamental requirements mentioned are well documented, but not yet being practiced comprehensively in the NICFI PSI portfolio.

These factors lead to the issue of risk. *All interventions and initiatives, such as those funded with NICFI funds, contain risks of various types.* The nature and seriousness of the risks for any initiative, and their potential to adversely affect achievement of objectives, vary greatly according to the type of intervention, the country or region, political economy factors, etc. *The risks in any one initiative can be mitigated by good design, management, and monitoring and oversight (MEAL practices).*

A review of available documents indicates that, among the various types of initiatives, those with lower risk appear more likely to achieve their objectives. Research projects to gather, analyse and present information



and initiatives that aim to develop tools or systems are usually of lower risk than those that aim to change the behaviour of, for example, farmers, plantation managers or investors.²²

Using the categorisation from the portfolio analysis, it is probable that:

- Initiatives in research and capacity building and those that are technical in nature (for example, creating new tools) are more likely to achieve their objectives.
- Initiatives that aim to achieve change in policy are less likely to achieve their objectives.

Potential for positive results

There was a degree of consensus among respondents (in global interviews, case study interviews and surveys) regarding the types of initiatives or elements that are necessary to achieve expected objectives or likely to achieve such objectives. Importantly, the efforts listed below are expected to produce positive results if they are implemented to scale and/or in a way that is complementary (i.e. when multiple elements are

²² See FAO & UNEP (2020) and IPBES (2019).

required to ensure success). This means that they not only have a high potential of positive results, but that these results can be meaningful in supporting the achievement of NICFI objectives. The successful or potentially successful efforts cited include the following²³:

- In Indonesia, the *jurisdictional approach* was consistently identified as one that shows considerable promise despite the lack of consistent results, especially in terms of translating company commitments into action. In some cases, good progress was reported in the establishment of multi-stakeholder platforms and building NGO-company alliances. Some initiatives claim to have promoted an integrated planning process with local authorities, but this could not be fully verified. In sum, while conceptually the jurisdictional approach could lead to considerable progress, such progress is not yet very visible. Developing and implementing this approach is complex and time consuming, and hence it may be too early to document substantial progress. That

²³ In comments to this report NICFI stressed that in their experience advocacy efforts have been amongst the most successful. The data collected in this evaluation, however, showed that advocacy efforts can only succeed if complemented by other efforts which ensure profits are maintained or increased.

said, it is important to develop roadmaps that can effectively guide the process and support its timely achievement of objectives, which is often lacking in PSIs (Section 5.1). As recently documented (Stickler et al., 2020), political instability has caused major problems for the jurisdictional approach. At least in Indonesia, each time a new provincial governor or district mayor is elected, the project has to invest heavily in rebuilding relationships. Sometimes good progress has been made for a while, for example on the regulatory approach, but a new politician who favours business as usual often stalls or reverses that progress (Box A12.1).

- Interventions that promote *transparency, monitoring and traceability* are important for reducing D&D. Such interventions can take various forms. In Indonesia, these are often associated with certification, which has increased pressure on companies to be more transparent (e.g. releasing concession maps). Nonetheless, the Indonesian government's support for the Round Table for Sustainable Palm Oil (RSPO) has been muted because the RSPO is associated with what has been labelled a "foreign NGO" and due to the government's support for the national (and lower bar) Indonesian Sustainable Palm Oil (ISPO) standard. The success of certification also depends



on regulatory enforcement. This is well illustrated in Brazil, where the National Rural Registry (Cadastro Ambiental Rural) requires suppliers to meatpacking facilities and abattoirs to demonstrate that their beef is D&D free. However, the verification of information provided by suppliers is usually delayed due to inadequate government capacity for verification. Interviewees consistently noted that the backlog is currently estimated at ten years, which makes the results irrelevant to current trade (Box A12.2).

- *Blended finance* has potential, according to respondents, but requires that funded parties are carefully and critically examined. Parties involved in the establishment of the &Green Fund argued in interviews that the Fund has considerable potential because it reduces investor risks and can leverage other institutional finance in jurisdictional projects. However, &Green Fund is not without its pitfalls. Projects to be funded need to be carefully examined to ensure that they support the Fund's overall objectives (Box A12.3). It is also important to note that blended finance is not a new concept to this or other sectors and that to date, efforts to secure private investment have not been as successful as expected. Therefore, blended finance is mentioned

here because multiple respondents consider it has potential to succeed. The evidence available for review, however, does not yet fully support their view.

- Interventions, including but not exclusively advocacy efforts, that are able to demonstrate clear and direct financial incentives for financiers, and particularly those *engaging financiers*, were also cited by some respondents as likely to achieve stated objectives. The consensus view of Brazilian respondents was that the principal factor determining the success or failure of an activity is its ability to maintain or improve profits (or show how profits can be maintained or improved). This suggests that models that ensure profit is maintained or improved while simultaneously promote sustainable land use are key elements to ensuring reduction of D&D. Interview respondents noted that reputational costs can lead to reduced revenue or profit. However, the link between reputation and costs is not always direct or clear, and therefore finding other arguments that more clearly show increased costs and/or reduced revenue has proved important to effectively engaging financiers. As one respondent in Brazil noted, "*most consumers are not aware of the links between soy and animal rearing, therefore while Brazilian beef*

was associated with the Amazon fires, soy was not. This was a clear concern for soy producers who are keenly aware that they feed large proportions of European livestock and that being associated with the fires in the Amazon could have adverse impact on their sales". It also was noted that reputational costs require an informed consumer and hence often have limited if any impact on revenue.

- Respondents also mentioned interventions that support the enforcement of legislation as likely to achieve objectives. The Brazil case study consistently suggested that private sector actors want to comply with legislation. However, many private sector actors face constraints in trying to achieve legal compliance such as knowledge, finance, etc. This is particularly the case for small-scale suppliers, which suggests that ultimately, after legislation is developed, support for mechanisms to ensure accountability (including monitoring and support to actors in the supply chain) can have considerable success. Efforts in Indonesia appear to support this conclusion. Many respondents noted that strengthened law enforcement (with the help of NICFI) and the moratoria on new logging and



oil palm concessions,²⁴ probably had an impact on the deforestation rate.²⁵ These examples suggest that success with legislation can only be achieved when there are effective enforcement mechanisms in place (Box A12.2). In Brazil, law enforcement is openly criticised and institutions that are responsible for compliance with the law have been openly dismantled under the current administration (Box A12.1).

- Interventions that effectively support the *development of adapted production models to increase efficiency* also were identified as initiatives that are likely to achieve their stated objectives. The Brazil case study showed that smallholders often lack the skill to improve efficiency and may resort to D&D – not because it is the most efficient

24 The forest moratorium is on new permits to clear primary or peat forest, whether for plantations or logging, while the oil palm moratorium places a freeze on new palm oil licences. President Widodo declared the forest moratorium “permanent”, while the current oil palm moratorium is for three years, starting from September 2018.

25 According to the respondents, while the moratoria have probably had an impact on D&D, a limitation is that they only refer to new logging and oil palm licenses or concessions. Many of the big players have licenses or concessions that predate the moratoria, and it seems that a considerable proportion of forest loss has been in areas with pre-moratoria concessions.

response, but because it is the only way they know to operate. Moreover, some respondents noted that inefficient production could also have other negative environmental impacts, not just increase in D&D. Developing local knowledge and skill, however, is not a straightforward undertaking. As shown by projects in Brazil, reaching some suppliers is logistically difficult (they are located in very remote areas); technologically challenging (they may not have access to the Internet, email or reliable phone networks); and challenging linguistically, academically and conceptually. In forest conservation, for instance, efficiency and effectiveness may be very new concepts, and therefore all material designed must be developed with an approach that is appropriate for an audience that may not be well informed. These factors have implications in terms of the time and resources needed for an effective intervention. Importantly, there is no evidence that working with a larger actor to promote the development of new approaches and technologies actually leads them to share this knowledge with smaller actors. In fact, the evidence seemed to suggest that larger suppliers and actors would have limited incentive to share best practices with smaller actors.

- Respondents suggested that successful interventions are those that can simultaneously *address multiple elements of the supply chain*. The data collected show that engaging the private sector in a meaningful way requires simultaneous targeting of multiple points in the supply chain. As noted, doing this in a systematic way in interventions, for example in agriculture, can serve to ensure that changes at one point of the supply chain do not place undue strain on another point. Efforts to work with major actors in the supply chain need to be correspondingly designed, articulated and implemented. Engagement with major actors in the supply chain also need to keep in mind the effect on small actors in the supply chain, on investors, and on the customers and markets, given that different consumer markets react differently. In addition, some markets today do not react to D&D or climate change, which means that other costs need to be identified to promote a change that will lead to a reduction of D&D.
- In the Indonesia case study, several respondents felt there is a need for more market or demand side interventions, with regard to both international and national stakeholders such as palm oil refiners) – that is, a need to establish more linkages between



oil palm buyers and certified smallholder suppliers. It was felt that there is particularly high potential for the development of area-based, certified supply chains linked to jurisdictional projects.

The implication of factors mentioned in the above bullet points is the need for an in-depth, accurate and detailed understanding of a multitude of contextual factors. There is evidence in the current portfolio that the in-depth assessments have not been sufficiently detailed or nuanced to ensure that PSIs could achieve objectives despite the challenges they may face (Section 6.1.2).

6.2.2 COMPLEMENTARITY BETWEEN PSIs

All activities can be understood as coherent with two of the overall objectives – biodiversity protection and the 1.5-degree target – but they are not always coherent with each other. In line with this finding, the review of documents and interviews conducted noted that complementarity between funded initiatives was underutilised. *Securing complementarity between individual activities has not been consistently capitalised upon.* The following three issues were specifically identified as challenges:

- *Underutilised synergies.* The data showed that synergies were not fully exploited, meaning that there was duplication and that some actors were (only now) learning lessons already well known to others. While NICFI has championed the jurisdictional approach, the data from Brazil show very limited complementarity between different funded interventions except when a single project is designed by a consortium of organisations that bring their collective knowledge and experience to the design of a multi-faceted intervention.²⁶ That said, having projects implemented by multiple partners has not always guaranteed capitalization on synergies and complementarity.
- *Overlapping initiatives.* Inadequate research into the areas of operation of other initiatives and programmes, whether areas in a spatial sense or a topic sense, can lead to stakeholders being confused, over-tasked and/or claimed as beneficiaries by more than one initiative. It was found that in some instances, the specific objectives of one intervention funded by NICFI are at odds with

the position of another NICFI grantee or, indeed, another NICFI-funded intervention. Support for the Soy Moratorium in Brazil is one such example: some grantees have showcased and supported it while others have openly criticised it. Arguably both positions are born from individual understandings of what is the best way to pursue forest preservation. That such divergent views co-exist can be seen as an illustration of NICFI's openness with regard to its grantees. However, multiple respondents highlighted that, however uncomfortable it may be, having a leader such as NICFI with a clear position is going to be central to achieving progress in the future.

²⁶ NICFI funded a wide range of interventions that were implemented by consortiums, for example projects 101, 102, 103, 106, 107, 108, 109 to name a few.



Relevance of NICFI's Support to Private Sector Initiatives

This section presents the evaluation results on the following questions:

- **Evaluation Question 4:** To what extent is NICFI's support to PSIs aligned with local needs and priorities regarding private sector engagement against deforestation in Brazil and Indonesia?
- **Evaluation Question 5:** To what extent is NICFI's support to PSIs aligned with NICFI's country partnerships in Brazil and Indonesia?
- **Evaluation Question 6:** To what extent is NICFI's support to PSIs in Brazil and Indonesia coherent with the general goals of Norwegian development assistance?

Key observations that influence our ability to respond to the questions include:

1. In relation to EQ4, what qualifies as a local need or priority is debated. Indeed, in both countries, responses vary depending on the level – central,

regional, local – at which the question is being posed and also the actor to whom the question is posed. Here focus has been placed on the degree to which interventions are aligned with national legislative and policy frameworks.

2. In relation to EQ5, since country agreements themselves do not include the private sector specifically, the focus has turned towards the degree to which respondents perceive there is alignment between NICFI's overall strategy to support the country and its funding of PSIs.
3. In relation to EQ6, only a few interventions clearly document key principles of Norwegian development assistance. Therefore, we focused on investigating whether these links can be made rather than on whether the principles are fully understood and considered and whether special care was taken to ensure funded initiatives fully capitalise on opportunities to pursue the principles.



7.1 Alignment Between NICFI Support and National Needs and Priorities

This subsection summarises what can be said about the main policies and frameworks relevant to D&D in Indonesia and Brazil and how well NICFI-supported private sector initiatives align with these.

Main findings

- Both Brazil and Indonesia have legal frameworks in place for preventing D&D, but these lack the support required to be effectively and fully implemented.
- NICFI's support to Brazil and Indonesia has been well aligned with national/sub-national policies. However, as might be expected, policy alignment is highly susceptible to local political shifts.
- Private sector engagement is not specifically mentioned in the country agreements. However, the evidence suggests that NICFI's support to PSIs in both Brazil and Indonesia was aligned with the country agreements at an overarching level.
- There are opportunities to support implementation of legislation and to develop further legislation, but efforts to drive legislation by the private sector have not been effective.

7.1.1 KEY NATIONAL POLICIES AND FRAMEWORKS

An exploration of the national policies and frameworks in Brazil and Indonesia revealed that:

- In both countries legal frameworks on forest conservation are strong. However, data accuracy is debatable, as are issues regarding transparency and accountability.

In *Brazil*, mechanisms and resources are lacking to monitor compliance with current legislation and the reportedly high levels of corruption further threaten compliance. In addition, the current administration has focused their efforts on dismantling the mechanisms that exist to support compliance. Sector experts were keen to highlight that in their view, the Brazilian Forest Code is among the strictest in the world. The code clearly delineates what can and cannot be deforested, the type of areas that need to be protected and the areas that need to be restored, and it clarifies demands for self-reporting and compliance. Enforcement of the Forest Code and its purpose, however, faces two key challenges. First, verification of self-reported data is left to local government offices, which are severely under-resourced. Multiple respondents estimated that the current backlog is approximately ten years. Second,



compliance with the Forest Code applies only to suppliers that sell directly to the mill, abattoir and/or meatpacker.²⁷ This is less of a problem with short supply chains (soy, P&P), but allows for considerable illegal deforestation in the meat industry. Suppliers that do not comply with current legislation can easily circumvent existing legislation to sell to an intermediary that does comply and is thus able to sell to a mill, abattoir and/or meatpacker (Box A12.3).

In *Indonesia*, PSIs involving NICFI grantees working with government agencies have helped promote transparency, which increases pressure on companies to comply with the laws. For example, a prominent international NGO grantee asserted that a NICFI-funded oil palm license review process in West Papua and Papua Provinces has become a gateway to further data collection and increased local government capacity; another example has been support to the development of an integrated database of production licences by the Ministry of Agriculture, bringing together a lot of district and

provincial data. Despite progress and efforts made thus far, full compliance remains a challenge.

- The two countries vary in terms of high-level commitment to D&D.

In *Brazil*, the current central government appears not to support preservation of the Amazon as important to Brazil or the planet, and rather asserts that conservation of the Amazon is incompatible with economic or development objectives. Therefore, NICFI does not enjoy high-level support under the current administration. Recent experience shows that interventions focused on D&D can be highly sensitive and vulnerable to central government policies/views.

In *Indonesia*, there is high-level political support currently. The current presidential administration and the Ministry of Forests and Environment (especially the minister herself) recognise the potential of NICFI's PSIs for combating D&D, although other ministries may be less supportive. For example, there is uneven understanding and acceptance of the "No Deforestation, No Peat, No Exploitation" (NDPE) approach on the part of relevant ministries

and politicians, with some saying the approach goes against national development priorities.²⁸

- Multi-layered government structures can facilitate or constrain progress. On the one hand, these systems can provide multiple entry points to work with the government. On the other, they increase system complexity and make progress rather dependent on political stability and the re-election of supportive local government leaders.

In *Brazil*, forest conservation efforts have made better headway when organised at the state than the federal level. State governors in Brazil are both highly autonomous and more amenable to addressing the challenges posed by D&D and taking up potential

²⁸ The evaluation team would remiss if it did not acknowledge that as this report was prepared for submission the Indonesian Government approved the Omnibus Law which includes provisions that promote economic growth at the expenses of the environment. This refers particularly to the weakening of Environmental Impact Assessment (AMDAL) requirements (Box A12.6). See: Draft Text of the law: <https://www.google.com/amp/s/amp.tirto.id/isi-omnibus-law-terbaru-download-draft-ruu-cipta-kerja-pdf-f5z2> Tempo 07-10-2020.article: <https://www.google.com/amp/s/bisnis.tempo.co/amp/1393615/uu-omnibus-law-cipta-kerja-hak-masyarakat-memprotes-dokumen-AMDAL-dihapus>

²⁷ See <http://www.car.gov.br/#/>



opportunities related to the Amazon in their regions. As a consequence, the views and approaches taken by the states may not be aligned with the central government, allowing NICFI-funded initiatives to work with regional governments directly and thereby overcome or bypass the central government.

In *Indonesia*, province-level governors and district-level mayors have considerable local governance and policy influence. For example, they are able to design and implement local regulations that are vital for creating a level playing field for sustainable land use and minimising leakage, at least within a jurisdictional area, although leakage may occur to a neighbouring area.

Other relevant policy and framework differences and similarities include:

- Both countries have successful experiences with moratoria.

In *Brazil*, the Soy Moratorium has been regarded as successful by multiple parties including a number of respondents, although some respondents argue that the area covered by the moratorium was too limited and that the moratorium was successful because

it was in areas where deforestation was seen to be relatively less profitable. A moratorium in other parts of the country where deforestation is more profitable would not be possible, and this is indeed indicated by the failed efforts to secure this type of commitment elsewhere in Brazil. The Round Table for Sustainable Soy (RTSS), the largest producer of soy and responsible for 85% of worldwide production, notes that only 3.3% of soy produced in Brazil today can be certified as deforestation-free (equivalent to 3.9 million tonnes).²⁹

In *Indonesia* both the forest moratorium and oil palm moratorium were regarded by most respondents as “generally effective”, although a problem has been continuing deforestation in concession areas and with licences issued prior to the moratoria.

- A key legislative oversight pertains to ensuring equity regarding resource distribution (equity and poverty reduction), an important issue for Norwegian development assistance policy (Section 7.2.1).

In *Brazil*, social issues and community reinvesting appeared to be neglected. Some respondents noted that deforested areas where cattle or soy production has taken place have seen little of the profits and remain among the least developed in the country. This has been highlighted during the COVID-19 pandemic, with multiple reports of limited access to healthcare in areas close to the Amazon. Representatives for soy production stressed, during interviews, that their industry supported local development but they were unable to provide any verifiable measure of such support.

In *Indonesia*, labour legislation and protection of indigenous land rights were mentioned as important legislative issues. The main concerns here pertain to land tenure and protection.³⁰ The PSIs, especially those using the jurisdictional approach, were seen by most respondents as likely to lead to positive equity effects. For instance, one authoritative source said that NICFI had a positive “social ecology” approach.

²⁹ See <https://www.canalrural.com.br/projeto-soja-brasil/noticia/cresce-a-producao-responsavel-de-soja-no-brasil-diz-entidade-internacional/>

³⁰ It is noted that NICFI does support work in this area as part of other initiatives, although not as part of the PSI portfolio.



7.1.2 NICFI'S OVERALL APPROACH IN BRAZIL AND INDONESIA

Alignment between NICFI and national/sub-national legislative and policy frameworks

NICFI's support to both countries, where and/or when possible, is well aligned with national/sub-national policy frameworks. Specifically, the efforts at the country level have been characterised by the following:

- *Brazil:* until 2019, NICFI ensured policy alignment with the Brazilian central government through the funding of the Amazon fund.³¹ This funding was additional to individual interventions funded directly through Norad, NICFI and the Embassy (Annex 4). However, Norwegian support to the Amazon fund was halted in 2019 due to important policy disagreements between the Norwegian and Brazilian central governments.

The current central government in Brazil does not have a forest preservation policy, which makes any form of joint work difficult. *However, NICFI has*

continued to support government activities by funding projects that engage with government actors. These include CSO projects that serve as conduits to support the prosecutor's office responsible for following up deforestation violations. This type of support comes through bilateral agreements between CSOs and government actors. The Norwegian Embassy noted that the nature of the agreement in Brazil allows it to engage directly with provincial governments and thereby support local initiatives that are aligned with NICFI objectives. The different views regarding D&D at the different government levels (Central and Provincial) was generally welcomed as there was limited, if any, hope that the central government will change its views fundamentally in the foreseeable future.

- *Indonesia:* *NICFI's strategy, in general, has been to adhere to Indonesian policy and to follow the government's lead.* For example, NICFI has engaged mainly with companies that are already engaged with the Indonesian government. However, the Embassy admitted that it was *less easy to work with the Ministry of Agriculture than with the Ministry of Environment and Forests due to conflicting land use objectives inherent in climate change mitigation efforts.*

NICFI's desire to be aligned with the government has probably resulted in some trade-offs. One of these relates to national sovereignty attitudes: the government introduced the ISPO standard in preference to the stronger RSPO standard, which was labelled by some as "foreign-owned". Respondents noted that in an effort to reduce potential clashes with the government, NICFI has been less supportive of RSPO than the NGOs would have liked.

Alignment between NICFI's overall approach to support the country and support to PSI

This subsection focuses on the perceived alignment between NICFI's overall approach to support the country and its funding to PSIs. At the overarching level, it was noted that *although PSIs were not mentioned in country agreements, PSI efforts were broadly aligned with the country-level partnerships.*

- *Brazil:* The support provided to Brazil through the Amazon fund did not focus on PSIs. However, PSIs in Brazil funded through Norad, directly by NICFI or through the Embassy are perceived as well-aligned with Brazilian policy and legal frameworks.

³¹ See <http://www.amazonfund.gov.br/en/amazon-fund/>

– *Indonesia: The Letter of Intent*³² framing the support provided by Norway to Indonesia presents a three-stage partnership, which is called the Indonesia-Norway REDD+ Partnership. The first of the three stages is preparation (2011); the second is transformation (2011-2013); and the third is contribution to verified emission reductions (from 2014). The Letter of Intent focused mainly on support at the policy and strategic level for the effective implementation of REDD+. It made no mention of PSIs or work on commodity supply chains, as it was designed well before the 2014-2015 international agreements that shaped NICFI's PSI focus (Sections 2.1 and 5.2.1). The Letter of Intent did, however, place a strong emphasis on stakeholder participation, transparency and monitoring as well as jurisdictional REDD+, including a commitment to select a province as a "REDD+ pilot". These have been important elements of the PSI approach.

³² It is noted that a new agreement between the governments of Indonesia and Norway on forests seems to be in the pipeline – see <https://news.mongabay.com/2020/05/indonesia-norway-redd-payment-deforestation-carbon-emission-climate-change/>. However, it is noted that these agreements have a 10-year lifespan and ten years is too long a period of time given the rapid pace of change.

Some respondents alluded to a good alignment between the support provided to PSIs and government policies and said NICFI overall has worked closely with key ministries (especially the Ministry of Environment and Forests) and the President's Office. Other respondents found it difficult to fully answer this question given their limited knowledge of the NICFI PSI portfolio, but there was general agreement that work on commodity supply chains has a key role to play in reducing D&D, which is a fundamental Indonesia policy. It appears that there is currently a close alignment and/or relationship between NICFI and the Ministry of Environment and Forests.

Alignment between NICFI's support to PSIs and national policies

Although respondents felt that *NICFI-funded PSIs were well aligned with existing legislation and political features*, it was noted that the proposals and project reports reviewed generally made limited, if any, mention of how the suggested intervention will or has aligned with national needs and priorities at a policy or legislative level. Nor do these documents highlight policy or legislative challenges in detail.

– In *Brazil*, at a broad level, alignment between NICFI's PSIs and the Forest Code remains intact. Moreover, some PSIs actively pursued opportunities to engage with local authorities (at provincial and communal levels) in support of their objectives. Indeed, interviews revealed that some NICFI grantees actively engage with state governors as a way to ensure their efforts are known to local governance structures and regarded as furthering local objectives. However, there was no evidence that discussions with local government had preceded the design of interventions.

– In *Indonesia*, the emphasis on jurisdictional-based PSIs represents considerable alignment with the multi-government and decentralisation characteristics noted in Section 6.2. Some respondents noted that the jurisdictional approach is also the most logical way of operationalising PSIs, due to the complementarity with a regulatory approach to promote a more level playing field and minimise leakage, and also for building in civil society participation and meeting social safeguards (Lambin et al., 2018; Climate Focus, 2020). There was also a general consensus that the jurisdictional approach, which some respondents credit to Norway and NICFI to a considerable degree, is a key tool to ensure



alignment between legislation, policies and different actors at multiple levels, and is essential to the achievement of REDD+.

Availability of information is key to verify legislative compliance and measure progress. *Data availability and transparency have been a challenge in both countries.*

- In *Brazil*, the current central administration permits, but frowns upon, the disclosure of deforestation data. Disclosure in 2019 by the National Institute for Survey (INPE), the Brazilian Agency that monitors the Amazon, led to the dismissal of its director for, among other reasons, making the data available to the public as was done in previous years. The central government understood release of information as potentially inflammatory and subsequently restricted it.
- In *Indonesia*, some parts of government (with the support of vested interest groups) have tried to push back on PSIs that have focused on increasing transparency (e.g., PSIs implemented by World Resources Institute and other NGOs), due partly to the national sovereignty attitudes noted in Section 7.2.1. In 2019, following efforts by the CSO

Network to obtain more transparency on agricultural concessions, the Food and Agriculture Coordination Section of the Coordinating Ministry for Economic Affairs announced that it would no longer release concession data to third parties.³³ Behind this resistance to transparency are vested interests in business as usual. This also explains other examples of policy or regulatory pushback: for example, restrictions on using peatland (as opposed to strict protection) were relaxed in July 2019, favouring P&P concessionaires in particular.³⁴

Although clear legislative progress has been made, the development *and further support of legislation remain important*. However, the role that the private sector can play in legislative development appears limited.

³³ This was as noted by two NGO respondents. See also <https://www.mongabay.co.id/2019/05/10/surat-edaran-kemenko-perekonomian-soal-larang-buka-data-sawit-tuai-protas/>

³⁴ Until July 2019 all areas with a peat layer of 3 meters were subject to strict protection; the new regulation only requires concession holders to protect "peat domes", defined as landscapes where the peat layer is so thick that the centre is topographically higher than the edges. According to Monga Bay, this change opens up previously protected peat forest to exploitation. See <https://news.mongabay.com/2019/07/dangerous-new-regulation-puts-indonesias-carbon-rich-peatlands-at-risk/>

- In *Brazil*, NICFI appears not to have focused on supporting government mechanisms to ensure PS compliance with existing legislation. These government mechanisms are extremely weak and under-resourced, according to respondents familiar with the system. In addition, there has been a focus on working with the private sector as a way to drive legislative development. These efforts have emphasised securing a consensus between participating PS actors, which in turn has meant that the most conservative actors have tended to drive the agenda. In this sense, the *argument was made by CSO and private sector actors alike that policy needed to be driven by government and not by private sector entities*.

In relation to Europe more generally, and Norway in particular, it is also worth noting that multiple respondents highlighted that the European market provides key opportunities for policy and legislative alignment. Indeed, some respondents went as far as noting *real headway will only be achieved when buyers in Europe are willing to change market dynamics through paying a price premium for legal or sustainable products*. A very promising recent development (April 2020) is the commitment by the European Commissioner for Justice, Didier Reynders,



to introduce mandatory due diligence requirements for companies importing products linked to human rights abuses and “environmental damage”. The commitment is to introduce the due diligence requirements, similar to those required for the European Union Timber Regulation, in the European Commission’s 2021 workplan and also as part of the proposed European New Green Deal.³⁵

7.2 Coherence Between Norwegian Development Assistance and NICFI PSIs in Brazil and Indonesia

These subsections focus on the degree to which the PSI work funded by NICFI in Brazil and Indonesia is coherent with Norwegian development goals.

³⁵ See <https://www.euractiv.com/section/global-europe/news/new-human-rights-laws-in-2021-promises-eu-justice-chief/>

Main finding

- From a *high-level* perspective, NICFI PSIs aim at climate change mitigation or adaptation and hence can be understood as indirect poverty reduction efforts, as climate change typically disproportionately affects the most vulnerable/disadvantaged. From a *granular level* perspective, however, among the PSIs that directly engage with vulnerable groups or can impact wealth levels, *the majority do not make a specific mention of poverty reduction as an objective or even a concern*. This is problematic because available data suggest that some PSIs can reduce poverty but some may also exacerbate it. Therefore, it is crucial that NICFI funding to PSIs be scrutinised not only for their ability to achieve their own objectives, but also for their ability to contribute to decreased poverty.

7.2.1 OVERARCHING NORWEGIAN DEVELOPMENT ASSISTANCE GOALS

Norwegian development assistance is guided by the Sustainable Development Goals (SDGs), adopted by United Nations (UN) member states in 2015 along with the 2030 Agenda for Sustainable Development. In line with these global agendas, Norwegian development cooperation lists its objectives³⁶ as:

- eradicating extreme poverty by 2030
- ensuring good governance and respect for human rights for all by 2030
- contributing to rights-based implementation of the SDGs
- ensuring that people in need receive the necessary assistance and protection
- contributing to sustainable development and help to make countries independent of aid.

³⁶ These objectives are available at the “Norway in the UN” website at www.norway.no.



More specifically in relation to this assignment, the 2019 Annual Report from Norad (in Norwegian) delineates NICFI's overall role in pursuing Norwegian objectives, noting that *"Norad must make sure that NICFI's activities contribute to sustainable development in the countries where Norad is involved under this initiative"*.³⁷

7.2.2 COHERENCE BETWEEN FUNDED INTERVENTIONS AND NORWEGIAN DEVELOPMENT GOALS.

The relationship between NICFI's PSIs and poverty reduction can be considered on two levels:

- From a *high-level* perspective, one could argue that all climate change mitigation or adaptation activities are indirectly poverty reduction efforts, as climate change typically disproportionately affects the most vulnerable/disadvantaged. Hence, it can be argued that all PSIs are inherently aligned with Norway's poverty reduction principle through their climate change focus.

- On a granular level though, several PSIs engage directly with groups who are economically vulnerable or engage in activities that can impact wealth levels of specific groups³⁸. These interventions are the focus of reflection in this Section. Most of the NICFI PSIs that can impact the immediate or short-term wealth level of local populations, do not make specific mention of poverty reduction as an objective or even a concern. However, this does not mean that efforts have not resulted in reducing poverty. Before assessing the degree to which activities funded have been compliant with Norwegian development goals, it is important to note the pertinence of poverty reduction in Brazil and Indonesia and how it relates to the commodity supply chains targeted.

In *Brazil*, national assessments have noted considerable achievements towards key SDGs, specifically poverty reduction. It has been noted that increasing economic prosperity and employment are now key priorities following the rise in unemployment and economic decline that marked the tenure of the previous administration. Overall, Brazil has consistently

underlined the need for equitable development in its policies, but the reality has not matched the rhetoric (R. dos Santos et al., 2017). Indeed, respondents consistently agreed that certain areas, specifically the Amazon region, are far less developed than others. The most recent development strategy (2020-2031) highlights the need for macro-level economic and social development. However, CSO representatives, journalists and researchers interviewed emphasised that both economic and social development must consider the needs of the most vulnerable in particular. This is not well reflected in the current development strategy.

Support to PSIs in Brazil falls into one of three categories: interventions that specifically target small producers and identify poverty reduction and securing the livelihoods of small producers as central to ensuring the protection of forests; interventions that may or may not support small producers, but do not recognise the importance of ensuring their livelihoods as central to protecting the Amazon; and interventions that do not focus on small producers, risk placing undue additional pressure on small producers and, by extension, may potentially increase poverty among the small producers. The data collected from grantees, and subject area experts in Brazil suggest that illegal deforestation is considerable and results from producers who feel

³⁷ The consultant's unofficial translation of Annex 4 of the Norad Annual Report from 2019.

³⁸ Whereas other PSIs by their nature do not have a direct impact on any population; hence examining their alignment with Norwegian Development Goals is inappropriate.



they lack alternatives. It was repeatedly highlighted that many small producers, most often part of the beef supply chain, lack the knowledge or technology to produce more efficiently and hence deforestation is the only alternative they know to increase productivity. Indeed, while there is a clear recognition, among certain circles, that the technology and/or knowledge are generally available it is also recognised that the knowledge and/or technology is not accessible to small producers. In order to ensure that poverty declines and does not either increase or stay at the same level, NICFI must ensure weaker producers are not placed at a disproportionate disadvantage by current laws or by larger actors who may or may not be direct or indirect beneficiaries of NICFI. It should also support efforts to provide the smaller actors have access to knowledge and technology (Box A12.4).

Indonesia has only recently developed its first national development plan (2020-2024). The plan pays special attention to poverty reduction as well as low-carbon, green growth objectives, both of which align with overarching Norwegian development cooperation objectives and NICFI's more specific objectives. More specifically for engagement in Indonesia to date and for future engagement, there is verifiable data showing that poverty reduction needs to be carefully considered

in efforts to reduce D&D. In Indonesia, deforestation as a way to alleviate poverty has been well documented, as have efforts to reduce deforestation through cash transfer schemes.³⁹ For example, a 2019 scientific study exploring the links between palm oil and poverty found that previous efforts to explore the links between palm oil and poverty were not academically rigorous and that “biophysical locations and baseline socioeconomic conditions of nearby communities” (Santika et al., 2019) played a key role in whether palm oil production alleviated or increased poverty.

The data collected for this assignment suggest that complementarity between the PSI work and NICFI's broader social, governance and rights-based agenda has been good in Indonesia. This complementarity is strongest in the more developed jurisdictional projects in which civil society actors have been brought into private-public partnerships or alliances, and where there has been an emphasis on creating community enterprises or other local businesses. Projects supporting palm oil smallholders can be regarded as

³⁹ <https://www.sciencenews.org/article/deforestation-trees-indonesia-cash-poor-families-programs>

pro-poor but documentation showing their confirmed impact is still lacking. It was also reported that the CSO Network has been able to apply some pressure on oil palm companies that come under the RSPO certification process around key social and governance issues like ‘land grabbing’ and labour rights. These apparent successful markers should not obscure, however, the need to ensure that any and all NICFI-funded effort needs to pay close attention to contextual factors and deliberately explore the degree to which the activities have a potential to increase or reduce poverty in order to ensure that these are well aligned with Norwegian development policy (see findings documented in Santika et al., 2019; see also Tyson, A. et al 2018).

This evaluation found that the opportunities to reduce poverty (SDG 1) through NICFI engagement with PSIs varied across commodities, which thus also impacts its ability to meet this SDG.

– *Beef*: The beef industry's supply chain in Brazil is very long and complex and often, although not always, includes smaller suppliers. Efforts to “clean” the supply chains of deforestation in Brazil disproportionately affect smaller suppliers. Indeed, some respondents noted that not paying attention to the smaller actors, either through PSIs or in other



ways, could lead to more poverty and hardship among populations that are already strained and have limited resources.

- *Soy*: In Brazil, not many smallholders cultivate soy as economies of scale favour large soy farms and the supply chain before export is relatively short. However local small holder farmers rent their lands to soy farmers which needs to be investigated in order to see if local farmers are benefiting equitably. Moreover, several respondents highlighted that soy farming could have a severe negative income impact on local communities because soy farmers rely heavily on local infrastructure (especially roads) and invest little in areas surrounding farms. In addition, the mechanisation of the industry means that soy generates little, if any, employment among the local population, apart from people engaged in the sale of machinery or other supplementary supplies. Representatives from the soy industry maintained that they do invest significantly in local communities. Neither position could be verified during this study. However, field visits conducted by a team member previously showed no evidence of investment by the soy industry in local communities. Overall PSI efforts engaging the soy sector must remain cognisant of the industry's side effects to ensure that NICFI is not

engaged in activities that increase poverty among local populations.

- *Pulp and paper (P&P)*: In Brazil, major P&P suppliers own their own forest and manage it directly. An example is Klabin, a beneficiary of a NICFI PSI and a major national P&P firm: 80% of its produce is from its own plantations. However, the firm still depends on some 2,000 smallholder suppliers for the 20% that it does not produce itself. How the economic progress of these actors has developed was not documented during this evaluation. As in the case of the soy sector, it would be important to explore the collateral impact of the P&P sector. In Indonesia, it has been documented that efforts to support local wood producers with Forest Stewardship Council (FSC) certification did not lead to overall positive outcomes (Box A12.5). In fact, small holding producers found their product was too expensive and buyers were not interested, which ultimately forced them into other sectors (commodities) (see Millard, AS, et al, 2017).
- *Palm oil*: In Indonesia, as noted, a recent in-depth study into the connection between palm oil and poverty suggested that earlier claims that palm oil did not impact poverty may have not been

consistently correct. This study notes that palm oil plantations in close proximity to villages where the forest cover is considered low or moderate, and where local community members already relied on market-oriented livelihoods, experienced more improvement in their socio-economic well-being than villages without palm oil. However, the opposite was found in more remote areas where forest cover was higher and reliance on subsistence economies more prevalent; when all areas were assessed jointly, palm oil seemed to affect development negatively (Sandika, et al., 2019; Tyson, et al., 2018). These findings suggest the importance of ensuring that engagement in the sector is counter-balanced with activities to mitigate the poverty-inducing effects of the industry.



Conclusions

This Section partly addresses:

- **Evaluation Question 7:** What are the key lessons learned from NICFI's support to PSIs and how could NICFI structure its support to PSIs for the next strategic period up to 2030?

The threats posed by climate change and the significance of D&D as a central contributor to these threats are no longer questioned by most stakeholders. This evaluation has not aimed to test the principle of engaging with the private sector as a way of mitigating the threat caused by D&D; rather it assumes that private sector actors have an important role to play in reducing the impact of climate change and specifically in reducing D&D. Therefore, this evaluation aims to apply the evaluation questions with a view to determine what NICFI can do to increase and/or improve its ability to engage with the private sector in the most meaningful way. The conclusions presented here, which are based on the available and verifiable data, pertain solely to NICFI's engagement with PSIs as defined in Section 2.2.2 and are guided by self-reflective

learning principles. The objective of highlighting these conclusions here is to provide some important points for reflection that can be translated into well-defined steps (Section 9) to help NICFI better harness the potential of its engagement with the private sector to achieve its overarching objectives, as delineated in its 2020 strategic framework.

8.1 Strategic Approach of NICFI's Support to PSIs

The strategic framework NICFI uses to guide its overall activity appears to be limited to only a summary chart of long-term objectives, and therefore the guidance that applies to its work on PSIs is limited⁴⁰. The most

⁴⁰ The evaluators recognise that the lack of a clear and detailed strategy and accompanying documents does not equate with a lack of strategic thinking. However, emphasis is placed on documentation because its availability serves to ensure a consistent focus, the identification of clear and jointly understood objectives, targets and goals, and ultimately permits the assessment and evaluation of objectives, targets and goals. The evaluators maintain that these activities are important to ensure that the investment made secures the best results possible.

detailed part of the first framework is the mention of a milestone – “Private sector working against deforestation” – with five indicators. While this milestone statement can serve as overall guidance, it is both overly broad and lacking in specifics. These features have some important implications, for instance that there is:

- Considerable scope for different interpretations of the strategic framework, over time and between actors
- No indication of relative priorities within the strategic framework
- Considerable scope for variation in what can or cannot be funded under any one indicator.

In addition, the *lack of a detailed ToC or detailed results framework* that covers the portfolio of PSIs means that monitoring of progress towards the outcomes and targeted impacts cannot be done systematically, as there are currently no SMART goals or indicators. This

also means that it is difficult for grantees to design interventions that are well aligned with NICFI's own expectations and objectives.

Within the PSI portfolio, NICFI has followed an approach that has mainly supported increasing transparency in supply chains; testing on a pilot scale, on-the-ground approaches to having companies reduce D&D and increasing third-party pressure on companies whose activities contribute to D&D. There is no evident rationale for either the prioritisation of these different models or for the overall allocation of funds to PSIs. NICFI has implemented most of its PSIs through grants to CSOs; again, the rationale for this has not been identified.

The lack of a detailed strategic framework has permitted a great degree of flexibility, which can be justifiable in the early days of an initiative such as NICFI and which can, for a short period of time, prove advantageous as it allows for engagements that a stricter strategic focus might not permit. However, the data collected consistently showed that, given the urgency of the climate threat, a more clearly defined strategic focus is now urgently required.

8.2 Effectiveness of NICFI's Support to PSI

Opportunities and challenges linked to funding of small-scale interventions: The strategic approach followed, in particular the *funding of multiple pilot or pilot-like interventions, presents some important challenges for NICFI. Specifically funding small (pilot or pilot-like) interventions limits NICFI's ability to meaningfully (to scale) contribute to the achievement of its overarching objectives, as summarised in its strategic framework. However, the wide range of activities funded also places NICFI in an advantageous position, as the interventions funded allow NICFI to tap into and capitalise on a considerable body of knowledge and experience to identify what has shown the best results and hence has the most potential (provided efforts are well documented, lessons identified, and results evaluated). The implication of this is that NICFI needs to now move away from supporting so many individual initiatives and focus its efforts to ensure the support it provides to PSIs has an impact at scale.* This finding is supported by the case studies in Brazil and Indonesia as well as the global data collection effort.

NICFI has funded a wide range of small-scale initiatives as models to test effective solutions for alternatives to

D&D. Some of these efforts, singly or in combination, can be increased in scale and lead to a contribution towards the NICFI objectives (Section 4.2). It is too early to know how successful many of these interventions have been, and the lack of independent reviews prevents the evaluation team from determining this here. However, after implementation of the significant improvements to MEAL that are needed, NICFI can be in a position to critically assess different intervention models, identify the best solutions or solution components, and move forward in a way that verifiably supports its objectives. Moreover, some projects that currently are not large scale on their own, and which demonstrate that they achieve intended results, could be scaled up to result in a more visible/noticeable contribution.

Envisioning and measuring progress: The lack of a detailed strategy, ToC and a full results framework means that *it is not possible to be definite about or to quantify the effectiveness of the PSI portfolio as a whole.* At the level of the individual initiative, there are limited objective *data that document the initiatives funded and would allow assessment of each initiative's achievements.* Therefore, it is not possible at this stage to effectively determine which activities have achieved their objectives or even have the potential to achieve their objectives.



Changes observed: Some data collected (by surveys) during this assignment indicate that some beneficial changes have resulted from these PSIs during the period under review. Some respondents stressed that each commodity has different needs and hence the approach taken to work with PSIs needs to be commodity specific. In commenting on the general state of D&D from specific commodities, respondents highlighted that:

- The *beef* industry has a complex supply chain, but awareness and greater availability of information are steps forward. This said, it was also mentioned that some markets (China and the Brazilian domestic market) lead in demand and are neither aware of nor concerned with the climate implications of this commodity.
- Soy has also come to be considered by consumers as a main driver of deforestation. A few respondents highlighted the value of the Soy Moratorium in Brazil as a positive step forward to reduce D&D.
- *Pulp and paper* products can be easily identifiable and hence suppliers are more responsive to consumer demands. Importantly, the PSIs funded by NICFI seem to focus mainly on other commodities

and not on P&P. At the same time, survey respondents appeared to be less familiar with P&P than other commodities due to the complexity and porosity of the supply chain, which resulted in limited positive progress.

- Most progress has been made in relation to palm oil. While some respondents felt that consumer pressure has played a key role, other research and opinion refute this view. There are little or no conclusive data to back up either view. Several respondents felt that palm oil has a relatively simpler supply chain⁴¹ than the other main commodities and that this has made progress easier to accomplish. Other respondents disagreed, however, and noted that palm oil is a composite product and hence can be obscured from consumers.⁴²

These responses illustrate that while there has been some progress, there is also a considerable amount of

41 Although research would seem to dispute this assertion, for example: <https://wri-indonesia.org/en/blog/achieving-palm-oil-traceability-indonesia%E2%80%99s-complex-supply-chain>

42 See: <https://wri-indonesia.org/en/blog/achieving-palm-oil-traceability-indonesia%E2%80%99s-complex-supply-chain>

discussion regarding where progress has been made and how meaningful it is.

The overall role of NICFI and its future: The shortcomings of some initiatives aside, NICFI has played an important role in the climate change, D&D reduction field, has been able to harness considerable convening power and is recognised as having played an important role in increasing data on and transparency of D&D.

In terms of the future, some respondents noted that *NICFI now needs to move away from testing models or pilots and towards support for those models that work at least acceptably well and to do so in a way that ensures outcomes at large scale.* NICFI must not assume that other parties will identify the NICFI-funded interventions that are successful and then roll them out at scale. NICFI could definitely help initiatives that have been successfully piloted to secure alternative funding for their rollout.

Moreover, engaging the private sector in commodities that cause D&D is not the only way to reduce D&D. In Brazil specifically, alternative services and commodities – such as eco-tourism in the Amazon and the commercialisation of crops that grow in and/or require



Amazon canopy – require attention, as they may come to play an important, complementary role to current efforts and may be particularly important to effectively meet overarching development goals (e.g. poverty reduction). Efforts to ensure that European (and other markets) are willing to pay increased production costs, if so required, is also an area that was highlighted as requiring attention.

The recommendations of this evaluation, presented in Section 9, address other implications for NICFI regarding its effectiveness, and in particular effectiveness in its internal operations. Our findings on these matters echo those of several previous evaluations.

8.3 Relevance of NICFI's Support to PSI

NICFI's support to PSIs in Brazil and Indonesia has been, where possible, aligned with national strategies and approaches. NICFI's work generally, and on PSIs specifically, has remained aligned with the overarching policy in both countries.

In *Brazil*, NICFI has been able to identify operational approaches for its support to PSIs that overcome

political challenges locally, when challenges arose. Indeed, there was no evidence that NICFI's support to PSIs has been directly negatively affected by political shifts or policy changes. However, the lack of reliable data at the country level has negatively impacted all efforts to assess the achievements of the PSIs.

In *Indonesia*, the NICFI PSI portfolio seems to be quite well aligned with government policies and strategies. The reason is that under the current presidential administration, Indonesia's policy objectives – for instance, the emphasis on sustainable palm oil production and in general the objective of reducing D&D – have moved closer to NICFI's priorities. These policy objectives have been quite consistent at the national level in recent years (although there have been setbacks such as the weakening of regulations on peatland conservation). However, at the local level, political and policy changes associated with the election of new governors and mayors have hampered the progress of jurisdictionally based PSIs.

NICFI's support to PSIs can serve to support Norway's overall development goals, but they do not automatically do so. Indeed, it is important that those overseeing and implementing PSIs carefully consider if the initiatives might negatively impact poverty. If it is determined

they could do so, it is crucial to adjust the initiatives to minimise the adverse impact and ensure they are effectively complemented with other activities that counter potential negative impacts.



Recommendations

This Section partly addresses:

- **Evaluation Question 7:** What are the key lessons learned from NICFI's support to PSIs and how could NICFI structure its support to PSIs for the next strategic period up to 2030?

The recommendations⁴³ recognise the period under review as one of exploration and learning, and this evaluation as a point of reflection that can inform operational changes to increase and improve NICFI's ability to achieve its overarching objectives.

At the overarching portfolio level, NICFI needs to:

- 1) Revise the strategy:** Develop, document, apply and fully implement a clear strategy, ToC and detailed results framework for its PSI portfolio. These will

serve to create a roadmap that not only details the goals being pursued, but also how they can be achieved and how progress can be monitored and measured. This detailed strategy could include commodity-specific "sub-strategies" and a ToC that could be nested into an overall PSI strategy. The ToC presented in Section 4.1 provides a solid point of departure from where NICFI can develop a results framework. This could also involve developing a generally accepted definition of "Private sector initiatives", potentially renaming the term, to make it less open to interpretation.

- 2) Strengthen its frameworks for MEAL and risk management:** This will serve to ensure that funded interventions are fully supported in their efforts to attain their intended objectives and that course correction can be made as soon as interventions do not develop as expected or are confronted with challenges that threaten their achievements.
- 3) Critically examine how NICFI funds within the PSI portfolio are allocated:** The selection of individual

projects to be funded and ensuring their effective implementation need to be assessed critically. In doing this, NICFI should investigate and consider established best practice, including those employed by other development agencies, when becoming engaged with private sector actors in the pursuit of developmental goals. The scope of this assessment will include identification, selection, design, procurement, administration and oversight and is directly tied to the fulfilment of Recommendations 1 and 2.

- 4) Consolidate its PSI portfolio:** NICFI should reduce the number of funded interventions in favour of a more consolidated set of activities that best capitalise on knowledge gained and that can achieve large-scale results.
- 5) Ensure coherence within the portfolio:** NICFI should invest in ensuring that initiatives funded learn from each other and support each other. This can be done by convening conferences and workshops that bring together NICFI grantees to share their experiences

⁴³ The recommendations are numbered for ease of referencing, not to suggest an order of importance.

openly and enable grantees to actively make use of lessons learned by others (see Recommendation 7).

6) Assess and progress towards scale: NICFI should critically assess the ongoing on-the-ground projects through strengthened M&E to determine whether they a) can provide positive results within a reasonable timeframe; if yes, it should then determine whether they b) can be realistically scaled up to ensure meaningful results. If the projects can fulfil both a) and b), NICFI should take steps to support the development of these activities. This process should include clear documentation (ToC and results frameworks; see Recommendations 1 and 2) that is able to trace the contributions to achieving NICFI's strategic goals. This process could include making clear links to the NICFI general PSI ToC (Section 4.1) and overall result framework. This process would allow NICFI to effectively monitor progress and ensure course correction when objectives are not being attained (see Recommendation 2).

7) Apply its convening power: NICFI has the opportunity to make use of its convening power to capitalise on the experiences of PSIs already funded; facilitate the active and critical discussion of efforts it is

already engaged in; and permit the development of revised interventions that make the best use of lessons learned, meet assessment criteria and provide results. To this end, NICFI must bring together experts and grantees to engage in an open discussion of successes and failures and then support the development of projects that are based on verifiable successes. This can be done for each individual commodity to ensure that the dialogue is specific. Such an effort would support an adaptive management approach that can be important, given the complexity of the subject and the time pressure to achieve meaningful results.

At the level of the individual PSI, NICFI and Norad need to:

- Ensure that all funded interventions are designed and implemented so they *can contribute to NICFI's overarching objectives* as described in a detailed ToC (see Recommendation 1 and Section 4.1).
- Ensure that funded interventions *have clear goals, milestones and indicators that are SMART* (specific, measurable, achievable, realistic and time-bound). This will require developing the right incentives.

- Be aware of the *significant risks attached to management with the currently unclear strategy, over-generalised theory of change and weak MEAL system.*
- *Ensure strict application of a revised and more detailed strategy, Theory of Change and results framework.*
- Ensure that *grantees are actively sharing lessons learned* with other grantees and subject area experts (see Recommendation 7).
- Ensure that *grantees are also willing to share their results – positive and negative – with other actors* that may support an increased scale of their actions.



Annex 1. Terms of Reference

Evaluation of Norway's International Climate and Forest Initiatives' Support to Private Sector Initiatives

TERMS OF REFERENCE

Norad's Evaluation department will evaluate NICFI's support to private sector initiatives aimed at reducing deforestation and forest degradation. Initiatives targeting the private sector has received increasing traction in NICFI, particularly since 2013 onwards, and the support to private sector initiatives continues to be high on NICFI's agenda. The purpose of the evaluation is to contribute to strengthening NICFI's support to private sector initiatives for the new strategic period up to 2030.

BACKGROUND: NICFI AND SUPPORT TO PRIVATE SECTOR INITIATIVES

Norway's International Climate and Forest Initiative (NICFI) was officially launched by the Norwegian Government at the 13th meeting of the Conference of the Parties (COP-13) in 2007 and established as a project in the Norwegian Ministry of Climate and Environment (KLD) in spring 2008. The initiative was – and still is – a central part of Norway's efforts to ensure cuts in global greenhouse gas emissions to limit global

temperature rise to no more than two degrees. The initiative pledged up to three billion Norwegian Kroner per year to be allocated from the aid budget through NICFI to reduce emissions from deforestation and forest degradation in developing countries (REDD).⁴⁴ Three overarching goals are formulated for the NICFI strategic framework for 2015–2019:⁴⁵

- 1) Contribute to the international climate regime as an effective means for reducing CO₂-emissions from deforestation and forest degradation.⁴⁶
- 2) Contribute to cost-effective, early and measurable reductions in GHG emissions.

- 3) Contribute to conservation of natural forests' capability to store carbon.

For the period 2008–2018 more than 23 billion Norwegian kroners have been invested in programs and projects in partner countries across Latin America, Asia and Africa, as well as in multilateral initiatives and civil society organizations.

The funding of NICFI from the aid budget means that NICFI also should contribute to the general goals of Norwegian development policy: sustainable development and combating poverty. It is therefore imperative that NICFI's efforts are coherent with Norwegian development policy.⁴⁷

NICFI states that its goals, as laid out in the strategic framework, cannot be reached without getting the private sector engaged in the fight against deforestation and forest degradation,⁴⁸ a view shared among experts

44 St. Prop 1 om Utenriksdepartementet (2008-2009): https://www.regjeringen.no/contentassets/92c6893a58ce412eba9a37b3532ffbb/no/pdfs/stp200820090001_udddpdfs.pdf. For evaluations of the first 10 years of NICFI, see <https://norad.no/en/front/evaluation/planned-and-ongoing-evaluations/real-time-evaluation-of-norways-international-climate-and-forest-initiative/>.

45 St. Prop 1 om Klima – og miljødepartementet (2015-2016): <https://www.regjeringen.no/no/dokumenter/prop.-1-s-kld-20152016/id2455649/>

46 his goal was revised in 2016 after the agreements reached at the Paris Summit in December 2015.

47 See NICFI's grant scheme rules: <https://www.regjeringen.no/en/topics/climate-and-environment/climate/climate-and-forest-initiative/kos-innsikt/tilskudd-fra-klima-og-skoginitiativet/id2565438/>

48 See <https://www.regjeringen.no/no/tema/klima-og-miljo/klima/klima-og-skogsatsingen/kos-innsikt/regnskogen-og-naringslivet/id2345594/> and <https://www.regjeringen.no/globalassets/departementene/kld/kos/statusrapport-2015-norges-internasjonale-klima-og-skoginitiativ.pdf>



and key stakeholders in the field.⁴⁹ Particularly since 2013/2014, the private sector has received increasing attention in NICFI, and private sector engagement was one of the key focus areas in the 2015 NICFI strategic framework with the milestone "Private sector working against deforestation".⁵⁰ This mirrors efforts at the international arena such as The New York Declaration on Forests (NYDF) of 2014, which pledged to halve deforestation by 2020 and eliminate deforestation by 2030, with a goal to support the private sector to eliminate deforestation from agricultural supply chains by 2020.⁵¹ The Declaration was endorsed by more than 50 companies and 41 governments, including Norway. Other efforts at the international level include the Amsterdam Declarations, currently signed by seven European governments to support private sector initiatives for deforestation-free value chains, the establishment of the industry network Consumer Goods Forum of 2009 and the Tropical Forest Alliance

2020, a public-private partnership set up to eliminate deforestation from beef, soy, palm oil and paper and pulp. NICFI's efforts are thus part of a larger global effort to engage the private sector in efforts to reduce deforestation and forest degradation.

NICFI reports to have spent 814, 4 million NOK on support to private sector initiatives by the end of 2018. The support has been channeled to different projects and activities from predominantly 2013 onwards. The biggest recipient is the &Green-fund, which co-finances deforestation-free business models in the agricultural sector. The fund received 500 million NOK from 2017–2018.⁵² In addition to this comes NICFI's funding to civil society organizations that work to secure deforestation free supply chains and promote green growth, channeled through Norad's civil society department.⁵³ Most of these projects run for five years, from 2016–2020, but some new project agreements

were also made in 2018 and 2019.⁵⁴ A new round of project applications will be decided upon by Norad's civil society department in spring 2020.

NICFI is currently drafting a new strategic framework for the period up to 2030, and support to private sector initiatives is foreseen to be high on the agenda. The evaluation is therefore timely considering both the past upscaling of activities and the foreseen continued high activity level.

PURPOSE OF THE EVALUATION

The purpose of the evaluation is to contribute to strengthening NICFI's support to private sector initiatives for the new strategic period up to 2030. To achieve this, the evaluation will assess the strategic approach, effectiveness and relevance of NICFI's support to private sector initiatives and provide recommendations about how to improve the support for the new strategic period up to 2030.

USERS OF THE EVALUATION

Primary users of the evaluation include the Ministry of Climate and Environment, the NICFI secretariat,

49 Hsu, A. et al. (2015) Towards a new climate diplomacy, *Nature and Climate Change*, (5): 501-503; Climate Commitments of Subnational Actors and Business: A Quantitative Assessment of Their Emission Reduction Impact (UNEP, 2015);

50 <https://www.regjeringen.no/contentassets/c2c15072d804414d8f9147c74916c72c/nn-no/pdfs/prp201620170001kldddpdfs.pdf>,

51 <https://nydfglobalplatform.org/>

52 See <https://www.regjeringen.no/no/tema/klima-og-miljo/klima/klima-og-skogsatsingen/kos-innsikt/regnskogen-og-naringslivet/id2345594/> and Klima og miljødepartementet, «Klima- og skoginitiativets strategi for avskogingsfrie forsyningskjeder for råvarer», saksnr. 18/904, 22.03.2018

53 <https://www.regjeringen.no/no/tema/klima-og-miljo/klima/klima-og-skogsatsingen/kos-innsikt/regnskogen-og-naringslivet/id2345594/>

54 See <https://norad.no/en/front/funding/climate-and-forest-initiative-support-scheme/grants-2013-2015/projects/#&sort=date&theme=19529>



embassies in partner countries and Norad's civil society department, the former being responsible for the overall strategic direction of NICFI and the latter deciding upon which projects to fund and/or administering projects. However, the evaluation also speaks to a broader set of actors that aim at getting the private sector more involved in the fight against deforestation and forest degradation, not least private sector actors themselves, hereunder individual companies and industry networks, other ministries, other development assistance agencies, development funds, civil society organizations and the public at large.

EVALUATION OBJECTIVES AND SCOPE

The evaluation objectives are the following:

- 1) Document NICFI's strategic approach to its support to private sector initiatives and assess whether the approach is well integrated in NICFI's overall strategy.
- 2) Assess whether the support to private sector initiatives are contributing, or likely to contribute to achieving postulated objectives.
- 3) Assess the alignment of NICFI's support to private sector initiatives with needs and priorities in the

local context, NICFI's country partnerships, and the general goals of Norwegian development assistance.

- 4) Provide lessons learned and recommendations for NICFI's support to private sector initiatives for the strategic period up to 2030.

The evaluation object is NICFI's support to private sector initiatives from 2008–2019. As briefly described above, NICFI's private sector initiatives concern mainly projects that “nudges”, supports or facilitates for private sector commitments to reduce deforestation, in order to achieve the milestone “private sector working against deforestation”.⁵⁵ The main targets of these projects are companies or agricultural producers involved with the production, distribution or sales of commodities associated with high risks of deforestation, hereunder palm oil, beef, soy, cocoa and coffee. It is an integral part of the evaluation to clearly define what falls within the scope of the evaluation, and to map NICFI's support to private sector initiatives accordingly.

⁵⁵ See Klima og miljødepartementet, «Klima- og skoginitiativets strategi for avskogingsfrie forsyningskjeder for råvarer», saksnr. 18/904, 22.03.2018

The mapping exercise of NICFI's support must, at a minimum, cover:

- NICFI-administered disbursements to private sector initiatives.
- Relevant projects funded over the NICFI budget and administered by Norad's civil society department, such as projects working to secure deforestation-free supply chains and promote green growth.
- NICFI's efforts to engage the private sector through means that go beyond disbursements to projects and funds, such as working through diplomatic channels.

By strategic approach is here understood both the strategy and/or theory of change underlying NICFI's support to private sector initiatives, but also the organization and management of the support.

The evaluation should assess whether the chosen strategic approach is contributing to achieving postulated objectives, i.e. the effectiveness of NICFI's support. The evaluation is not supposed to assess the effectiveness of individual projects or disbursements. An initial mapping of NICFI's support to private sector initiatives should lead to a categorization that would lift



the assessments of effectiveness (EQ2) from the level of projects to a thematic level.

By alignment is here understood the extent to which NICFI's support to private sector initiatives is suited to the priorities and policies of the target group, recipient and donor, commonly referred to as relevance.

For the purposes of assessing the extent to which NICFI's support to private sector initiatives are aligned with local contexts, NICFI's country partnerships and with the general goals of Norwegian development assistance, it is necessary to look more closely into two case countries. For this purpose, the evaluation should look to Brazil and Indonesia. These two countries stand out as particularly relevant cases both due to their long-term partnerships with NICFI and the scale of commodity-driven deforestation.

The general goals of Norwegian development assistance refer to poverty reduction and sustainable development.

EVALUATION QUESTIONS

The following evaluation questions shall guide the evaluation.

Strategic approach and effectiveness:

- EQ1: What has been NICFI's strategic approach to its support to private sector initiatives, how has this approach come about, and is the approach well integrated in NICFI's overall strategy?
- EQ2: Based on a mapping exercise, to what extent has NICFI's support to private sector initiatives achieved its objectives, or is likely to achieve its objectives, as set forth in NICFI's strategy and/or theories of change?
- EQ3: Which types of NICFI-supported initiatives have shown the most positive results or show the most potential, and which have been less successful? What have been the key factors that help explain these results?

Relevance:

- EQ4: To what extent are NICFI's support to private sector initiatives aligned with local needs and priorities regarding private sector engagement against deforestation in Brazil and Indonesia?

- EQ5: To what extent are NICFI's support private sector initiatives aligned with NICFI's country partnerships in Brazil and Indonesia?
- EQ6: To what extent are NICFI's support to private sector initiatives in Brazil and Indonesia coherent with the general goals of Norwegian development assistance?

Recommendations:

EQ7: What are the key lessons learned from NICFI's support to private sector initiatives, and how could NICFI structure its support to private sector initiatives for the next strategic period up to 2030?

METHODOLOGY

The evaluation team will propose an outline of the methodological approach to address the evaluation questions in the inception report as follows from the enclosed Evaluation Guidelines. It is expected that the evaluation draws on a variety of sources, to be elaborated on in the inception report. The following issues require specific attention:



Clarity and consistency of definitions

The evaluation team is expected to define key terms relevant for the evaluation in the inception report, and to be clear about which projects and initiatives are included in the mapping-exercises of the evaluation. It is important that the definitions employed by the evaluation team reflects how they have been employed and understood by the evaluation object.

Case countries

The evaluation will explore the evaluation questions on relevance (EQ4,5,6) in the contexts of Brazil and Indonesia. These case countries are not meant to represent the situation in other partner countries but are supposed to illustrate the extent to which NICFI's support to private sector initiatives are aligned with NICFI's country strategies and local contexts and coherent with the general goals of Norwegian development assistance.

It is expected that the evaluation team visits relevant locations in Brazil and Indonesia in their efforts to answer EQ4,5,6.

Triangulation

Triangulation will be an integral part of the methodological approach, to assess the quality of the evidence collected and to increase the accuracy and

robustness of findings. The evaluation team is to be explicit about how they intend to apply triangulation, and to describe in the evaluation report the type of triangulation and methods employed.

It is particularly important that the evaluation team addresses the possible bias in information stemming from NICFI-funded projects and proposes ways to overcome this.

Ethics

The evaluation shall be carried out according to the OECD DAC's evaluation quality standard as well as recognized academic and ethical principles.

The evaluation process itself should be conflict sensitive. The evaluation process should show sensitivity and respect to all stakeholders. The evaluation shall be undertaken with integrity and honesty and ensure inclusiveness of views. The rights, dignity and welfare of participants in the evaluation should be protected. Anonymity and confidentiality of individual informants should be protected. An introductory statement to the evaluation report may explain what measures were or were not taken to ensure no harm/conflict sensitivity of the evaluation itself, as well as the security of the interviewees.

Data availability

Data collection is the responsibility of the evaluation team. Access to archives in KLD and Norad will be facilitated by KLD/Norad. Statistics are available on www.norad.no.

Standards

All parts of the evaluation shall adhere to recognised evaluation principles such as the OECD DAC's quality standards for development evaluation. Similarly, the evaluation is to adhere to relevant guidelines from the Evaluation department.

ORGANISATION

The evaluation will be managed by the Evaluation department. The evaluation team will report to the Evaluation department through the team leader. The team leader shall oversee all deliveries and will report to Norad on the team's progress, including any problems that may jeopardise the assignment, as early as possible.

All decisions concerning the interpretation of these Terms of Reference, and all deliverables are subject to approval by the Evaluation department.



The team is expected to consult widely with stakeholders pertinent to the assignment.

Quality assurance shall be provided by the institution delivering the services prior to submission of all deliverables.

DELIVERABLES

The evaluation shall be conducted within a maximum of 250 work days.

The deliverables consist of the following:

1. Participation in meeting with stakeholders in Oslo after contract award, including presentation of approach.
2. Draft inception report not exceeding 15 pages, excluding annexes, following the guidelines from the Evaluation department. After circulation among the stakeholders the Evaluation department will provide feedback.
3. Final inception report not exceeding 15 pages, excluding annexes, to be approved by the Evaluation department.

4. Desk report presenting draft strategy/theory of change and mapping of NICFI's support to private sector initiatives, to be discussed with stakeholders

5. Draft evaluation report not exceeding 45 pages, excluding annexes, following the guidelines from the Evaluation department. All underlying data, such as the quality assessments and transcripts shall be made available to the Evaluation department upon request. After circulation among the stakeholders the Evaluation department will provide feedback.

6. Final main report not exceeding 45 pages, excluding summary and annexes.

7. Up to two policy briefs presenting relevant topics from the evaluation, not exceeding two pages. Topics to be decided upon in collaboration with the Evaluation department.

8. Availability to participate in dissemination activities such as the production of shorter audio/video summaries of the evaluation for the purposes of social media dissemination of results.

9. Presentation of the main report in Oslo.

10. Availability to present data from the desk report in the context of the Oslo Tropical Forest Forum 22.-23. June 2020.

See the tender document for an elaboration on deliverables and deadlines in section 3.2.

All reports shall be prepared in accordance with the Evaluation department's guidelines (norad.no/evaluationguidelines) and shall be submitted in electronic form in accordance with the progress plan specified in the tender document or later revisions.



Annex 2. References

Document title	Author	Project ID (if applicable)
2011–2015 Framework Agreement Final Report	Meridian Institute	205
2015–2018 Global Facilitation Contract Final Report	Meridian Institute	205
Annual evaluation of Project	-	103
Annual report 2018	Green Fund	207
Appraisal of the IDH Programme Document: Connecting Production Protection & Inclusion. Final Report – September 15th 2016	NCG	116
Boyd, W. et al. 2018. “Jurisdictional Approaches to REDD+ and Low Emissions Development: Progress and Prospects.” Working Paper. Washington, DC: World Resources Institute	Boyd, W. et al.	-
Centre of International Policy Annual Progress Report to Norad for Grant MMR – 17/0017 Year 2 (January to December 2019)	Centre of International Policy	118
CERES baseline data	CERES	112
Climate Smart Microfinance Fund for Indonesia. Arthur Stetteberg and Elsin Ersdal, NMI	Nordic Microfinance Initiative	202
Comments and questions on CDP`s 2017 narrative report	NORAD	105
Connecting Production, Protection and Inclusion. Annual Report Covering 2018	IDH	208
Connecting Production, Protection and Inclusion. Progress Report covering the period July – December 2017	IDH	208
Contract meeting	NORAD	-
Cooperation on reducing greenhouse gas emissions from deforestation and forest degradation (REDD+) and developing Liberia’s agriculture sector	Governments of Norway and Liberia	-



Document title	Author	Project ID (if applicable)
Cooperation on reducing greenhouse gas emissions from deforestation and forest degradation (REDD+) and developing Liberia's agriculture sector	Governments of Norway and Liberia	-
Daniel Popov, "Cresce a produção responsável de soja no Brasil, diz entidade internacional", 2019, Soja Brasil	Daniel Popov, Soja Brasil	-
EII Follow-up – Mid-term Evaluation.	Earth Innovation Institute	107
End-review of the Norad-supported project INS-16/0003 "Production and Protection Approach to Landscape Management (PALM)" by the Climate Policy Initiative (CPI) in Indonesia	Rodd Myers and Made Sudana	105
FAO and UNEP. (2020). The State of the World's Forests 2020. Forests, biodiversity and people. Rome. https://doi.org/10.4060/ca8642en	FAO and UNEP	-
Final Report #9: Production-Protection Peatlands in Indonesia	McKinsey & Company	203
Final Report TuK Indonesia 1 June 2016 – 30 November 2017	TuK	110
Finance for the Forests. Sustainable bank financing for the palm oil and pulp and paper sectors in Indonesia. Norad/NICFI funding scheme for Civil Society 2016–2020 Project Proposal	TuK Indoneisa & Profundo	110
Forest Declaration Goals, https://forestdeclaration.org/goals (reviewed on September 22, 2020)	New York Declaration on Forests (NYDF)	-
From Risk to Revenue: The investment opportunity in addressing corporate deforestation	CDP	104
Henders, S., M. Persson, and T. Kastner. 2015. "Trading Forests: Land-Use Change and Carbon Emissions Embodied in Production and Exports of Forest-Risk Commodities." Environmental Research Letters 10 (12): 1–13. http://iopscience.iop.org/article/10.1088/1748-9326/10/12/125012/pdf	Henders, S., M. Persson, and T. Kastner	-
Megan Sever, "How giving cash to poor families may also save trees in Indonesia", 2020, Science News https://www.sciencenews.org/article/deforestation-trees-indonesia-cash-poor-families-programs	Megan Sever, Science Neww	-
Incubator governance and processes. Sourced from meetings in Jakarta on the 6th of March and 10th of April 2017	Badan Restorasi Gambut	203



Document title	Author	Project ID (if applicable)
<p>"Indonesia Adopts Its First-Ever Sustainable Development Plan"</p> <p>https://www.wri.org/our-work/top-outcome/indonesia-adopts-its-first-ever-sustainable-development-plan</p>	World Resources Institute	-
<p>Integrating REDD+ objectives in investment decisions of institutional investors active in agriculture, forestry and other sectors that affect tropical forest. Project Report 2018</p>	Aidenvironment	101
<p>Integrating REDD+ objectives in investment decisions of institutional investors active in agriculture, forestry and other sectors that affect tropical forests</p>	Aidenvironment	101
<p>IPBES (2019): Global assessment report on biodiversity and ecosystem services of the Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services. E. S. Brondizio, J. Settele, S. Díaz, and H. T. Ngo (editors). IPBES secretariat, Bonn, Germany</p>	IPBES	-
<p>Klima- og skoginitiativets strategi for avskogingsfrie forsyningskjeder for råvarer</p>	NICFI	-
<p>Kroeger, A. et al. 2017. Forest- and Climate-Smart Cocoa in Côte d'Ivoire and Ghana: Aligning Stakeholders to Support Smallholders in Deforestation-Free Cocoa. Washington, DC: World Bank.</p> <p>http://documents.worldbank.org/curated/en/317701513577699790/pdf/12208615122017145354-ForestandClimateSmartCocoaFinal.pdf</p>	Kroeger, A. et al.	-
<p>Lash et al – Norway's International Climate and Forest Initiative: A Strategic Evaluation – Feb 2014.</p>	Norad	-
<p>Matos B., Santos M. 2017. "From Brazilian Comprehensive Growth Strategy to Sustainable Development Goals" Published by Heinrich Böll Foundation https://www.boell.de/sites/default/files/e-paper_international_politics_g20_from_brazilian_comprehensive_growth_strategy_to_sustainable_development_goals.pdf</p>	Heinrich Böll Foundation	-
<p>Mid term review (internal)</p>	CDP	104
<p>Midterm Evaluation of Norad/NICFI funding scheme for Civil Society 2016-2020. Grantee: Transport & Environment – Project code: QZA-0469 GLO-16/0070</p>	California Environmental Associates (CEA)	108
<p>Mid-Term Review</p>	Martin Dellavedova	106
<p>Mid-term Review</p>	INDUFOR	109



Document title	Author	Project ID (if applicable)
Mid-Term Review: Integrating REDD+ objectives in investment decisions of institutional investors active in forestry and other sectors that affect tropical forests project (RISC)	Anna MacGillivray, Halina Ward, Liza Lort-Phillips	101
Monitoring, Evaluation, and Learning (MEL) Framework	BioCarbon Fund	204
Muhyiddin, Muhyiddin, 2019/09/17, "Challenges in Indonesia's Development Planning (RPJMN 2020-2024), 10.36574/jpp.v3i2.79, Jurnal Perencanaan Pembangunan: The Indonesian Journal of Development Planning	Muhyiddin, Muhyiddin	-
NICFI 2018 Aidenvironment. Commodity Supply Chains and Green Growth. 1) Accelerating Data into Action: A Global Rapid-Response Deforestation Monitoring System 2) Domestic Market Transformation: Promoting transparency, accountability and sustainability in the domestic palm oil industry of Indonesia. NICFI funding scheme for Civil Society 2018-2020. Project document proposal	AIDENVIRONMENT	103
NICFI funding scheme for Civil Society 2018-2020 Project document proposal	Aidenvironment	102
NICFI-IDH Partnership Program. Connecting Production Protection & Inclusion. Conserving and restoring forests and peatland in commercially productive landscapes. Phase 2 (2017-2020)	IDH	208
NICFI-IDH Partnership Program. Connecting Production Protection & Inclusion. Conserving and restoring forests and peatland in commercially productive landscapes. Phase 2 (2017-2020). Annex B: Results Framework	IDH	208
Norad - Norway's International Climate and Forest Initiative: Lessons learned and recommendations. Evaluation Synthesis Report - Report 8/2017 - downloaded 24 July 2020 https://norad.no/contentassets/0a94d37d6a614b44a5e91f15223a8b67/8.17-nicfi_lessons-learned-and-recommendations.-evaluation-synthesis-report..pdf	Norad	-
Norad - Real-Time Evaluation of Norway's International Climate and Forest Initiative - Synthesising Report - 2007-2013. Report 3 / 2014	Norad	-
Norad - Real-Time Evaluation of Norway's International Climate and Forest Initiative: Contributions to National REDD+ Processes 2007-2010 - Executive Summaries from Country Reports - Evaluation Report 18/2010	Norad	-



Document title	Author	Project ID (if applicable)
Norad Progress report	TFT	115
Norad/NICFI funding scheme for Civil Society 2016–2020. Project document proposal	Climate Policy Initiative	105
Norad's recommendations for the revised project document	NORAD	110
Norway requests for changes to programme document	NWF	109
NWF 2018 progress report	NWF	109
NWF's 2019 Implementation plan	NWF	109
Organizational review of CERES	Swedish Development Advisors	112
PALM Project (2016–2020): Results Framework	Climate Policy Initiative	105
Porteføljoversikt sivsa juni 2019	NICFI	-
Program Document. Climate Smart Microfinance Fund for Indonesia	Nordic Microfinance Initiative	202
Program framework document for a proposed grant in the amount of USD 150 million to the government of Liberia and in the amount of USD 10 million to the World Bank for a Liberia REDD+ Investment Program	World Bank	209
Project Document	-	106
Project document proposal Revised April 2016	European Federation for Transport & Environment	108
Project implementation plan for the year 2019	European Federation for Transport & Environment	108
Project list 2009–2018	NICFI	-
Project Report (Norad)	Solidaridad	114
Proposal	CERES	112
Proposal	-	113



Document title	Author	Project ID (if applicable)
Proposal / Application	-	111
Proposal to the Norwegian Ministry of Climate and Environment	-	201
Public Private Dialogue on Deforestation (Notes)	CDP, GCP, Fundacion Natura, Sociedad Peruana de Ecodesarrollo	104
Real-Time Evaluation of Norway's International Climate and Forest Initiative (Evaluation Report 12/2010)	NORAD	-
Real-Time Evaluation of Norway's International Climate and Forest Initiative (RAPPORT 7/2017)	NORAD	-
Real-Time Evaluation of Norway's International Climate and Forest Initiative (REPORT 2/2016)	NORAD	-
Real-Time Evaluation of Norway's International Climate and Forest Initiative (REPORT 2/2016)	NORAD	-
Real-Time Evaluation of Norway's International Climate and Forest Initiative (Report 5/2012 Evaluation)	NORAD	-
Real-Time Evaluation of Norway's International Climate and Forest Initiative (Report 5/2013)	NORAD	-
Real-Time Evaluation of Norway's International Climate and Forest Initiative (REPORT 8/2017)	NORAD	-
Renata Callaça Gadioli dos Santos, Luiz Fernando de Macedo Bessa et Magda de Lima Lúcio, 2017. «The Brazilian National Policy for Regional Development and the RIDE-DF Management opposite the Governance vs Brasília's Metropolitan Area », EchoGéo	EchoGéo	-
Report from Norad's visit to CPI in Central Kalimantan and Jakarta – February 2018	NORAD	105
Request for early termination and handover of NORAD contract with CPI Indonesia	NORAD	105
Result framework-revised	Aidenvironment	101
Revised outcome document	Revised outcome document	114
Revised risks	CDP	104



Document title	Author	Project ID (if applicable)
Riksrevisjonen – The Office of the Auditor General of Norway's investigation of Norway's International Climate and Forests Initiative. Document 3:10 (2017-2018) – downloaded 22 July 2020 – https://www.riksrevisjonen.no/globalassets/reports/en-2017-2018/norwayinternationalclimateandforestinitiative.pdf	Norad	-
Rothrock, P. and Weatherer, L. 2019. Targeting Zero Deforestation: Company Progress on Commitments that Count, 2019. Forest Trends and Ceres. https://www.forest-trends.org/publications/targeting-zero-deforestation/	Rothrock, P. and Weatherer, L.	-
St.prop.2015–2016	NICFI	-
Statusrapport-2015-norges-internasjonale-klima-og-skoginitiativ	NICFI	-
Stickler C, David O, Chan C, Ardila JP and Bezerra T (2020) The Rio Branco Declaration: Assessing Progress Toward a Near-Term Voluntary Deforestation Reduction Target in Subnational Jurisdictions Across the Tropics. Front. For. Glob. Change 3:50. doi: 10.3389/ffgc.2020.00050	Stickler C, David O, Chan C, Ardila JP and Bezerra T	-
Strategic framework post 2020 English	NICFI	-
Strategic Partnership Green Growth: Achieving forest conservation in commercially productive landscapes in Indonesia, Liberia and Brazil. Final Report covering the support period 1 January 2016 – 30 June 2017	IDH	116
Strategisk rammeverk ENG	NICFI	-
Schwartz, et al., 2002. The Leakage problem. Publisher: Nature concervancy	Schwartz, et al.	-
Taylor R. and Streck, C. 2017. The Elusive Impact of the Deforestation-Free Supply Chain Movement. Working Paper. Washington, DC. World Resources Institute. https://www.wri.org/publication/ending-tropical-deforestation-elusive-impact-deforestation-free-supply-chain-movement .	Taylor R. and Streck, C.	-
The BioCarbon Fund Initiative for Sustainable Forest Landscapes – Annual report 2019	BioCarbon Fund	204
The Private Sector in the REDD+ Supply Chain: Trends, challenges and opportunities	Bernard, F., McFatrige, S. and Minang, P.	-



Document title	Author	Project ID (if applicable)
The role of supply-chain initiatives in reducing deforestation	Lambin, E.F., Gibbs, H.K., Heilmayr, R. et al.	-
Tropical Forest Alliance 2020: An Impact Review	Blue Maia Ltd.	206
Understanding Key Terms and Modalities for Private Sector Engagement in Development Co-operation	OECD	-
Working with the private sector on REDD+	EFI, Proforest	-
World Economic Forum application to the Norwegian Ministry of Climate and Environment for Grant Support to TFA 2020 Secretariat Phase 2	World Economic Forum	206

Source: Evaluation team



Annex 3. List of Institutions and Persons Consulted

List of people interviewed (global and case study level)

Global Interviews

Date	Position/Affiliation
15/04/2020	Executive director, Tropical Forest Alliance/ World Economic Forum
17/04/2020	Senior Fellow, WRI, Climate and Land Use Alliance
25/05/2020	Former head of sustainability at Asian Pulp and Paper
17/04/2020	Director of Commodities and Finance, WRI
27/05/2020	ex-CSO of Unilever
18/05/2020	Senior Advisor at DFID, responsible for UK gov policy and funding on deforestation
22/05/2020	Environmental Researcher and Writer – and lead with “REDD Monitor”
25/05/2020	Head of Forest Investments Division, Unique Forest and Land GmbH
09/06/2020	Professor of economics, Norwegian University of Life Sciences (UMB); Senior associate at CIFOR
03/06/2020	Founder, New Africa Advisors
09/07/2020	Head, Climate Finance Unit, UNEP Ecosystem Division
09/07/2020	President, Forest Trends
09/07/2020	Senior Advisor, Public Private Co-Finance Initiative, Forest Trends
16/09/2020	Senior Advisor, Norad, Department for Civil Society and the Private Sector, Section for Civil Society, Natural Resource Management and Financial Flows



List of people interviewed (global and case study level)

Global Interviews

Date	Position/Affiliation
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Indonesia Case Study

08/07/2020	Executive Director; Indonesia project manager, Aidenvironment
10/07/2020	Director, Bentang Kalimantan (NGO)
14/07/2020	Deputy Director, Badan Restorasi Gambut – Peatland Restoration Agency
06/07/2020	Ex-CIFOR staff
06/07/2020	CIFOR staff
08/07/2020	Director; Head, Tropical Forest Champions Program; Earth Innovation Institute (EII)
09/07/2020	Forest Officer, UN-REDD
13/07/2020	Senior Policy Advisor Forest Peoples Programme (of which he is the founder); on the board of several certification programmes (RSPO, HCV, FSC)
07/07/2020	Deputy Director for program development with focus on permit release; Head of the forestry and land governance division; and Researcher on Forest and Land Governance Division, Indonesian Center for Environmental Laws (ICEL)
10/07/2020	Indonesia Country Director, IDH
03/07/2020	Senior Program Manager, Indonesia, IDH
02/06/2020	Program Director, Climate Smart Fund; Biologist working on natural resource management, sustainable palm oil, technical assistance (previously with Unilever, SNV)
29/06/2020	Counsellor – Climate and Forest (in post since 2015)



List of people interviewed (global and case study level)

Global Interviews

Date	Position/Affiliation
01/07/2020	Director, Profundo
17/07/2020	Director; and Communication manager, PT Alam Bukit Tigapuluh (one of the few Indonesian companies which own an Ecosystem Restoration permit).
03/07/2020	Director Indonesian Office, RSPO
13/07/2020	Director; and Deputy director, Sawit Watch (Indonesian NGO)
06/07/2020	Long-time advisor/consultant SISTEMIQ
08/07/2020	South East Asia Coordinator for Palm oil and P&P; and Deputy Coordinator, Tropical Forest Alliance
03/07/2020	Executive Director, TUK (NGO) Transformasi Untuk Keadilan Indonesia
08/07/2020	Head of Environment Unit and other staff members, UNDP Indonesia
07/07/2020	UNEP lead in Indonesia, responsible for REDD+ and supply chain work; Head, Climate Finance Unit, UNEP Ecosystem Division; global UNEP lead on deforestation free supply chains
16/07/2020	Sustainable Sourcing Manager, Unilever (Asia Private Ltd.)
11/07/2020	Director WALHI. The Indonesian Forum for Environment
10/07/2020	Sustainable Commodities and Business Manager, WRI Indonesia; Global Engagement Manager for Commodities and Finance WRI Indonesia



List of people interviewed (global and case study level)

Global Interviews

Date

Position/Affiliation

Brazil Case Study

08/06/2020

Director Business Unit Landscapes; Director Landscape Programme Brazil; IDH

09/06/2020

Vice-Director Public Policy; Researchers; Chief Finance; Executive director and other staff, IPAM (Instituto de Pesquisa Ambiental da Amazônia)

09/06/2020

Staff of the soy beef programme, The Nature Conservancy (TNC)

10/06/2020

Staff of the National Wildlife Foundation/Amigos da Terra

10/06/2020

Embassy staff

12/06/2020

Founding President and CEO, Climate Advisers

12/06/2020

External Consultant, Round Table on Sustainable Soy (RTSS)

12/06/2020

São Paulo University, ex Director INPE – National Institute for Space Research

12/06/2020

Manager partnership development; Director Policies and Interinstitutional relations; BVRio

15/06/2020

Director Technical Development; President; Manager Institutional Relationships; Technical Manager; Secretary to the president; CEBDS – Conselho Empresarial Brasileiro para o Desenvolvimento Sustentável/Brazilian Business Council for Sustainable Development

15/06/2020

Head of Brazil Office; Norad grant manager; Earthworm Foundation

16/06/2020

Coordinator bilateral projects; Programmatic Superintendent; FUNBIO



List of people interviewed (global and case study level)

Global Interviews

Date	Position/Affiliation
16/06/2020	Associate, Food & Forests Associate, Foundation Development Program Director Food & Forests Director Food & Forests Senior Manager Foundation Development President* Program manager** Director** Consultant** (CERES; * Meridian Institute; ** Forest Trends)
17/06/2020	Executive Director L-America; Sr. Manager Corporations and Supply Chain Latin America; CDP
17/06/2020	Director; Senior Consultant; WRI
18/06/2020	Senior Analyst Researcher* Executive Secretary** (AidEnvironment; * Agribusiness Watch; ** Repórter Brasil)
18/06/2020	Rep GTA/WCS Brasil/OELA; Rep GTA/Fundação Vitória Amazonense; Coordinator GTA
18/06/2020	Brazil Country Director, Solidaridad
18/06/2020	Manager climate and agriculture and livestock supply chains and chair of the board of the Climate Observatory; Imaflora
19/06/2020	Founder – Director; Senior Researcher Sustainable Supply Chains; Profundo



List of people interviewed (global and case study level)

Global Interviews

Date	Position/Affiliation
19/06/2020	President, Global Round Table on Sustainable Beef
19/06/2020	Executive Director of WWF in Brazil
19/06/2020	Assistant Director; Executive Director; Instituto Centro de Vida
29/06/2020	Director and founding member of &Green Fund
29/06/2020	Assistant Director; Assistant Director; Proforest
29/06/2020	Manager Climate Change and Environmental Services, Instituto de Conservação e Desenvolvimento Sustentável da Amazônia – IDESAM
30/06/2020	Executive Director and Researcher, Earth Innovation Institute
30/06/2020	Superintendent Innovation, Fundação Amazonas Sustentável – FAS
30/06/2020	Technical Coordinator Value Chains; Policy and Environmental Rights Advisor; Researcher; Instituto Socioambiental
01/07/2020	Corporate Sustainability Coordinator; Sustainable Development Partnerships Analyst; Klabin
07/07/2020	Sustainability Coordinator, Confederação Nacional de Agricultura
07/07/2020	Sustainability Communication Compliance Director, Amaggi



List of people invited for the focus group discussions (* indicates effectively attended)

Focus Group 1 – Norad

Name	Date	Position/Affiliation
Ivar Jørgensen*	20/05/2020 – 08/06/2020	Norad, Department for Climate, Energy and Environment
Lars Andreas Lunde*	20/05/2020 – 08/06/2020	Norad, Department for Climate, Energy and Environment
Kristine Hauge Storholt	20/05/2020 – 08/06/2020	Norad, Department for Civil Society and the Private Sector
Maria Melby	20/05/2020 – 08/06/2020	Norad, Department for Civil Society and the Private Sector
Kim Morten Smedby*	20/05/2020 – 08/06/2020	Norad, Department for Civil Society and the Private Sector
Heidi Bjørkto Bade	20/05/2020 – 08/06/2020	Norad, Department for Civil Society and the Private Sector

Focus Group 2 – NICFI

Name	Date (date extended due to low response)	Position/Affiliation
Andreas Dahl-Jørgensen	20/05/2020 – 08/06/2020	NICFI secretariat – Managing Director
Ane Graver	20/05/2020 – 08/06/2020	NICFI secretariat
Mads Lie	20/05/2020 – 08/06/2020	NICFI secretariat
Hege Ragnhildstveit*	20/05/2020 – 08/06/2020	Policy Director NICFI
Arild Skedsmo*	20/05/2020 – 08/06/2020	NICFI secretariat
Stig Traavik	20/05/2020 – 08/06/2020	ex ambassador to Indonesia, now NICFI special envoy
Vedis Vik	20/05/2020 – 08/06/2020	NICFI secretariat
Dan Zarin	20/05/2020 – 08/06/2020	Climate and Land Use Alliance



List of survey respondents

Name	Date	Position/Affiliation
	31/07/2020 – 16/08/2020	Managing Director, Sail Ventures/&Green
	31/07/2020 – 16/08/2020	Managing Director, World Economic Forum
	31/07/2020 – 16/08/2020	Head – Drivers of deforestation programme, Rainforest Foundation Norway
	31/07/2020 – 16/08/2020	Fund Manager for the Forest Carbon Partnership Facility (FCPF), World Bank
	31/07/2020 – 16/08/2020	Senior Advisor, Rainforest Foundation Norway (RFN)
	31/07/2020 – 16/08/2020	Senior Manager, Rainforest Alliance
	31/07/2020 – 16/08/2020	Fund Manager, World Bank
	31/07/2020 – 16/08/2020	Director Natural Resources, Ford Foundation
	31/07/2020 – 16/08/2020	Director Sustainability, Orkla
	31/07/2020 – 16/08/2020	Director, Mekon Ecology
	31/07/2020 – 16/08/2020	Chief Investment Officer, SAIL Ventures
	31/07/2020 – 16/08/2020	Director, Global Solutions for Commodities and Finance, WRI



List of Annexes

Annex 4: Portfolio mapping (separate excel-file)

Volume II of the report:

Annex 5: Evaluation Matrix

Annex 6: Interview Guides

Annex 7: Embassy Survey Questionnaire

Annex 8: Survey Questionnaire

Annex 9: NICFI Strategic Frameworks

Annex 10: ToC Narrative

Annex 11: Example of Elaborated Supply Chain

Annex 12: Boxes

Both documents can be found at

<https://www.norad.no/evaluation> together with this report.



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Acronyms and Abbreviations

ADE	Aide à la Décision Économique	NHO	Confederation of Norwegian Enterprises
BME	Blue marble evaluation	NICFI	Norway's International Climate and Forest Initiative
BRG	National Peatland Institute	NOK	Norwegian kroner
CIFOR	Center for International Forestry Research	Norad	Norwegian Agency for Development Cooperation
CSO	Civil society organisation	NYDF	New York Declaration on Forests
D&D	Deforestation and forest degradation	P&P	Pulp and Paper
EQ	Evaluation question	PS	Private sector
FGD	Focus group discussion	PSI	Private sector initiative
FLEGT	Forest Law Enforcement, Governance and Trade	QCA	Qualitative comparative analysis
FSC	Forest Stewardship Council	REDD+	Reducing emissions from deforestation and forest degradation-plus
GHG	Greenhouse gas	RTE	Real-time evaluation
GTF	Governors' Task Force	RSPO	Round Table for Sustainable Palm Oil
ISPO	Indonesian Sustainable Palm Oil	SDG	Sustainable Development Goal
MCE	Ministry of Climate and Environment (Norway)	SMART	Specific, measurable, achievable, realistic and time-bound
MEAL	Monitoring, evaluation, accountability and learning	SME	Small and medium-sized enterprise
MFA	Ministry of Foreign Affairs (Norway)	ToC	Theory of Change
MRV	Monitoring Review and Verification	ToR	Terms of Reference
NCG	Nordic Consulting Group	UNFCCC	United Nations Framework Convention on Climate Change
NDPE	No Deforestation, No Peat, No Exploitation	VPA	Voluntary Partnership Agreement
NGO	Non-governmental organisation	ZD	Zero deforestation



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11.2020	Country Evaluation Brief: Indonesia	7.2017	Real-time evaluation of Norway's International Climate and Forest Initiative. An Evaluation of Empowerment of Indigenous Peoples and Forest Dependent Local Communities Through Support to Civil Society Organisations	5.2012	Real-Time Evaluation of Norway's International Climate and Forest Initiative. Lessons Learned from Support to Civil Society Organisations
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8.2017	Norway's International Climate and Forest Initiative: Lessons learned and recommendations				



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