

EVALUATION DEPARTMENT

Report 2 / 2021



ANNEXES 5–12

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

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Table of Contents

TABLE OF CONTENTS.....	3
ANNEX 5: EVALUATION MATRIX.....	1
ANNEX 6: INTERVIEW GUIDES.....	3
ANNEX 7: EMBASSY SURVEY QUESTIONNAIRE.....	7
ANNEX 8: SURVEY QUESTIONNAIRE.....	14
ANNEX 9: NICFI STRATEGIC FRAMEWORKS.....	16
ANNEX 10: TOC NARRATIVE.....	19
ANNEX 11: EXAMPLE OF ELABORATED SUPPLY CHAIN.....	21
ANNEX 12: BOXES.....	22

Annex 5: Evaluation Matrix

Evaluation questions	Judgment criteria
EQ1. 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?	1.1. Historical roots of strategies and links to PS 1.2. Development/changes in strategic approach 2008-2019 (Key features, changes in ToC, Justification for changes) with a specific focus on PS 1.3. Coherence between PSI and other strategic objectives (evidence of complementarity and capitalization). 1.4. Responsiveness of strategic approach to contextual change 1.5. Forward-looking or innovative features of the strategy 1.6. Other
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?	2.1. Key inputs provided, e.g., PSI categories, capacity building (private and public actors), technology improvement, traceability systems/tools, M&E, engagement/awareness of stakeholders 2.2. Achievement (potential) (or not) of NICFI objectives ¹ by PSIs (e.g., responsible corporate practices, appropriate fiscal & trade policies, sustainable production; transparency and accountability; improved jurisdictional approaches; improved governance; co-benefits; tackling leakage; consumer discrimination) 2.3. Other
EQ3. 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?	3.1. Effectiveness heterogeneity: what has worked well (or less well), where, when and for who? 3.2. Key enabling factors and challenges to achieving results and how to capitalize upon / counteract them (e.g., leakage) 3.3. Complementarity between intervention/issue and context, including necessary conditions for results (beyond NICFI) 3.4. Other
EQ4. To what extent are NICFI's support to PSIs aligned with local needs and priorities regarding PS engagement against deforestation in Brazil and Indonesia?	4.1. Key features of the national policy, institutional, legal and cultural framework on deforestation in general and the PS in particular 4.2. Alignment (or not) of PSIs with abovementioned features + reasons thereof 4.3. Other

¹ NICFI objectives: "Reduced and reversed loss of tropical forests through production and extraction."

Evaluation questions	Judgment criteria
EQ5. To what extent are NICFI's support to PSIs aligned with NICFI's country partnerships in Brazil and Indonesia?	5.1. Key features of general support agreements between NICFI and Brazil/Indonesia 5.2. Responsiveness to change/context of NICFI country agreements 5.3. Alignment/complementarity (or not) of PSIs with NICFI country support + reasons thereof 5.4. Other
EQ6. To what extent are NICFI's support to PSIs in Brazil and Indonesia coherent with the general goals of Norwegian development assistance?	6.1. Norwegian development assistance (general) strategy goals, objectives and changes 6.2. Local priorities and needs regarding sustainable development and poverty reduction (e.g. smallholder income, tenure rights, basic services, ecosystem services, gender and other cross-cutting issues). 6.3. Integration of local priorities and needs in PSI design 6.4. (Potential) impacts of PSIs on sustainable development and poverty reduction. 6.5. Trade-offs between D&D, PS and sustainable development objectives 6.6. Other
EQ7. 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?	7.1. Key lessons NICFI experience 7.2. Key lessons (non-NICFI) experience and research 7.3. Forward-looking NICFI programme on PSIs 7.4. Important recent changes (institutional, policies, natural hazards, economic etc.) relevant to NICFI's future 7.5. Other

Source: Evaluation

Annex 6: Interview guides

Global Interview Guide

Question	Responses
General data (all respondents)	
Name	
Gender	
Position	
Organization	
Relation to NICFI (Staff, funded party, etc.)	
Date	
Place	
Interviewer	
Was the respondent provided with key information regarding how the interview will be conducted, and COVID-19 related precautions?	
Subject-specific questions (Respondent category dependent)	
Familiarity with NICFI is required to answer the questions below	
1.1. (If you are familiar with NICFI history) Can you walk us through the NICFI history/experience? If not familiar with NICFI, please ask for a walk through developments in the sector.	INDICATOR 1.1
1.2. (If you are familiar with NICFI history) Can you walk us through what precipitated the NICFI strategic approach – in particular its private sector / supply chain initiatives – and what precipitated the changes that have been experienced? If not familiar with NICFI, please ask for a walk through policy changes in the sector.	INDICATOR 1.2
1.3. (If you are familiar with NICFI history/implementation) How well do you think that NICFI's approach to work with the private sector / supply chains is complementary with / reinforces other NICFI strategies? If not familiar with NICFI, please ask for a walk through changes in approach/implementation in the sector.	INDICATOR 1.3

2.2. (If you are familiar with NICFI history/implementation) Do you think that NICFI's engagement with the private sector / supply chains has contributed to NICFI's overall goal (specifically Reducing CO2-emissions from deforestation and forest degradation (D&D)) and/or other (intermediary) objectives? If yes, how so? If not familiar with NICFI, please ask for a walk through general contributions in the sector.	INDICATOR 2.2
3.1. (If you are familiar with NICFI history/implementation) NICFI has engaged with the private sector / supply chains through different types of interventions, do you think that certain types of interventions have been more successful than others? If yes, why do you think this has been so? (alternate question for practitioners) Why do you think that interventions at the supply chain point where you work are important? What have been the demonstrated results? What do you think have been the intervention gaps in order to secure a more noted impact? If not familiar with NICFI, please ask for a walk through different types of approaches (what works/what doesn't/how do they complement each other etc. in the sector).	INDICATOR 3.1
3.2. (If you are familiar with NICFI history/implementation) What do you think have been/are the main factors that have enabled and/or hindered NICFI's private sector / supply chain interventions to obtain their objectives (specify by intervention type)? If not familiar with NICFI, please ask for a walk through main issues that hinder or promote private sector / supply chain interventions in the sector.	INDICATOR 3.2
3.3. (If you are familiar with NICFI history/implementation) Has NICFI ensured complementarity between different interventions in the sector? If yes, how if no why not? (alternate question for practitioner) How have you maximised on complementarity of interventions? If you have not been able to ensure complementarity/or if complementarity has been insufficient, what do you think would be needed to ensure further capitalization on available resources?) If not familiar with NICFI, please ask for a walk through issues of complementarity in the sector.	INDICATOR 3.3

Source: Evaluation team

Case Studies Interview Guide

Question	Responses
General data (all respondents)	
Name	
Gender	
Position	
Organization	
Relation to NICFI (Staff, funded party, etc.)	
Date	
Place	
Interviewer	
Were you given key information on how the interview will be conducted, and on COVID-19 related precautions?	
Subject-specific questions (adapted to informant roles and knowledge).	
Familiarity with NICFI is required to answer questions 1-7 below	
Do you know NICFI? What do you know about NICFI's work in Indonesia?	
1. (If familiar with NICFI in Indonesia) Can you walk us through or comment on the history or experience of NICFI in Indonesia?	INDICATOR 1.1
2. (If familiar with NICFI in Indonesia) Can you walk us through or comment on the rationale for NICFI's strategic approach, and what has caused any change to it?	INDICATOR 1.2
3. (If familiar with NICFI in Indonesia) How well do you think NICFI's PSI portfolio complements, or reinforces, other NICFI strategies in Indonesia?	INDICATOR 1.3
4. (If familiar with NICFI in Indonesia) Do you think NICFI's PSI portfolio in Indonesia has contributed to NICFI's overall goal of reducing D&D) and/or other/intermediary objectives? If yes, what types of project or intervention have been more successful? What factors have contributed to this success?	INDICATOR 2.2
5. (If familiar with NICFI in Indonesia) NICFI has funded a range of PSIs in Indonesia. Do you think certain project types have been more successful than others? If yes, why?	INDICATOR 3.1
6. (If familiar with NICFI in Indonesia) What types of NICFI funded PSIs have not been successful in Indonesia? What do you think have been the main factors preventing success?	INDICATOR 3.1
7. (If familiar with NICFI in Indonesia) Do you think there has been complementarity or synergy between NICFI's different interventions in Indonesia? If yes, please give examples. What more do you think could be done to increase synergy or complementarity between NICFI's projects?	INDICATOR 3.3

8. In your opinion what are the most important points of the supply chain in Indonesia for efforts to reduce D&D? As regards PSIs or supply-chain work, is there a key intervention gap as regards achieving better impact?	INDICATOR 3.1
9. What are the key features of Indonesia's political/legal/institutional/cultural frameworks as regards efforts to reduce D&D (and PS-related D&D in particular)?	INDICATOR 4.1
10. To what extent are NICFI initiatives aligned (or not) with these frameworks? Please explain how they are aligned/not aligned?	INDICATOR 4.2
11. For reducing D&D in Indonesia, is the REDD+ jurisdictional or landscape approach the best alternative? What factors have limited the success of REDD+ so far? Would a different approach to reducing D&D be better? If yes, what?	INDICATOR 4.3
12. Do you think Norad/NICFI diplomatic efforts in Indonesia have been useful in reducing D&D? If yes, why/how?	INDICATOR 4.3
13. Do you think NICFI PSIs have been aligned (or not) with Indonesia's priorities? If yes, how? If not, how not?	INDICATOR 5.3
14. Are NICFI's interventions in Indonesia aligned with local people's priorities? If yes, how? If not, how not?	INDICATOR 6.3
Do you think there are any big lessons from NICFI's approach or strategy of how to reduce D&D due to palm oil and P&P in Indonesia?	INDICATOR 7.1
Do you have any recommendations or suggestions for NICFI's future strategy in Indonesia of how to reduce D&D related to palm oil & P&P?	INDICATOR 7.3

Source: Evaluation team

Annex 7: Embassy survey questionnaire

Private Sector Working Definition: “Private sector initiatives” are 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.

UD - Oslo	Please select the interventions in which you are or have been involved.	Please select if this intervention falls under our Private Sector Definition (see above).	Please select if you have any documents regarding this intervention.
AFDB - African Development Bank	☐	☐	☐
BNDES - Brazilian Development Bank	☐	☐	☐
CBD - Convention on Biological Diversity	☐	☐	☐
CCI - William J. Clinton Foundation - Clinton Climate Initiative	☐	☐	☐
CI – Conservation International	☐	☐	☐
FCPF - Forest Carbon Partnership Facility	☐	☐	☐
IBRD - International Bank for Reconstruction and Development	☐	☐	☐
IDA - International Development Association	☐	☐	☐
IDI - INTOSAI Development Initiative	☐	☐	☐
ITTO - International Tropical Timber Organization	☐	☐	☐
Jean-Marie Samyn	☐	☐	☐
KLD - Klima- og miljødepartementet	☐	☐	☐

UD - Oslo	Please select the interventions in which you are or have been involved.	Please select if this intervention falls under our Private Sector Definition (see above).	Please select if you have any documents regarding this intervention.
LTS International Ltd	☐	☐	☐
Norsk Romsenter	☐	☐	☐
The Royal Institute of International Affairs (Chatham House)	☐	☐	☐
UNDP - UN Development Programme	☐	☐	☐
UNEP - UN Environment Programme	☐	☐	☐
UNFF - United Nations Forum on Forest	☐	☐	☐
UN-REDD - United Nations Reducing Emissions from Deforestation and Forest Degradation	☐	☐	☐

Source: Evaluation team

UD - Embassies	Please select the interventions in which you are or have been involved.	Please select if this intervention falls under our Private Sector Definition (see above).	Please select if you have any documents regarding this intervention.
AKJ - Associação Cultural indígena Kapot Jariná	☐	☐	☐
APIWA - Associacao dos Povos Indigenas Wayana Apalai	☐	☐	☐
ATIX - Associação Terra Indígena Xingu	☐	☐	☐
AWF - African Wildlife Foundation	☐	☐	☐
Baker Tilly DGP & Co	☐	☐	☐
Biome Services PLC	☐	☐	☐

UD - Embassies	Please select the interventions in which you are or have been involved.	Please select if this intervention falls under our Private Sector Definition (see above).	Please select if you have any documents regarding this intervention.
BMZ - German Federal Ministry for Economic Cooperation and Development	☐	☐	☐
BNDES - Brazilian Development Bank	☐	☐	☐
CARE International	☐	☐	☐
CESE - Coordenadoria Ecumenica de Servico	☐	☐	☐
CGY - Comissao Guarani Yvyrupa	☐	☐	☐
CIFOR - Center for International Forestry Research	☐	☐	☐
CIMI – Conselho Indigenista Missionário	☐	☐	☐
CIR - Conselho Indigena de Roraima	☐	☐	☐
COPING - Conselho do Povo Indígena Ingarikó	☐	☐	☐
CPI - Climate Policy Initiative	☐	☐	☐
CTI - Centro de Trabalho Indigenista, Brazil	☐	☐	☐
Development Associates Ltd	☐	☐	☐
DFID - Department for International Development	☐	☐	☐
Eat Foundation	☐	☐	☐
EDRI - Ethiopian Development Research Institute	☐	☐	☐
Ethiopia Ministry of Agriculture and Rural Development	☐	☐	☐

UD - Embassies	Please select the interventions in which you are or have been involved.	Please select if this intervention falls under our Private Sector Definition (see above).	Please select if you have any documents regarding this intervention.
Ethiopia Ministry of Finance and Economic Development	☐	☐	☐
Excellensia Consulting	☐	☐	☐
FAO - Food and Agricultural Organization of the United Nations	☐	☐	☐
Farm Africa	☐	☐	☐
Flyktninghjelpen	☐	☐	☐
FOIRN - Federação das Organizações Indígenas do Rio Negro	☐	☐	☐
Fundacion Gaia Amazonas	☐	☐	☐
Fundación Semana	☐	☐	☐
GGGI - Global Green Growth Institute	☐	☐	☐
HAY - Hutukara Associação Yanomami	☐	☐	☐
HTSPE Tanzania Limited	☐	☐	☐
IBRD - International Bank for Reconstruction and Development	☐	☐	☐
ICEL - Indonesian Center for Environmental Law	☐	☐	☐
ICRAF - World Agroforestry Centre	☐	☐	☐
IDB - Inter-American Development Bank	☐	☐	☐
Iepé – Instituto de Pesquisa e Formação em Educação Indígena	☐	☐	☐
INBIO - Instituto Nacional de Biodiversidad	☐	☐	☐
Indufor Oy	☐	☐	☐

UD - Embassies	Please select the interventions in which you are or have been involved.	Please select if this intervention falls under our Private Sector Definition (see above).	Please select if you have any documents regarding this intervention.
Instituto Raoni	☐	☐	☐
IPAM - Amazon Environmental Research Institute	☐	☐	☐
ISA - Instituto Socioambiental	☐	☐	☐
IUCN - International Union for the Conservation of Nature	☐	☐	☐
JGI - Jane Goodall Institute	☐	☐	☐
Kilimanyika Limited	☐	☐	☐
LPDS - Dr. Soetomo Press Institute	☐	☐	☐
McKinsey & Company	☐	☐	☐
MCP - Mpingo Conservation Project	☐	☐	☐
NCG - Nordic Consulting Group	☐	☐	☐
NFG - Norwegian Forestry Group	☐	☐	☐
NIRAS Gruppen A/S	☐	☐	☐
Njukulu HCL	☐	☐	☐
Norwegian Church Aid - local office	☐	☐	☐
OECD - Organisation for Economic Co-operation and Development	☐	☐	☐
OIBI - Associacao Indigena da Bacia do Icana	☐	☐	☐
OPAN - Operação Amazônia Nativa	☐	☐	☐
Partnership for Governance Reform, Indonesia	☐	☐	☐
Pattiro Institute	☐	☐	☐
Persada Multi Cendekia	☐	☐	☐

UD - Embassies	Please select the interventions in which you are or have been involved.	Please select if this intervention falls under our Private Sector Definition (see above).	Please select if you have any documents regarding this intervention.
RECOFTC - Regional Community Forestry Training Center for Asia and the Pacific	☐	☐	☐
Royal Norwegian Embassy, Bogota	☐	☐	☐
RRI - Rights and Resources Initiative	☐	☐	☐
Simon Milledge	☐	☐	☐
Sokoine University of Agriculture	☐	☐	☐
Tanzania Ministry of Finance	☐	☐	☐
Tanzania Vice President`s Office	☐	☐	☐
TaTEDO - Tanzania Traditional Energy and Environment Development Organization	☐	☐	☐
TFCG - Tanzania Forest Conservation Group	☐	☐	☐
The Sahara Forest Project AS	☐	☐	☐
Transparency International	☐	☐	☐
Transparency International - local office	☐	☐	☐
UGM - Universitas Gadjah Mada	☐	☐	☐
UiO - Universitetet i Oslo	☐	☐	☐
Undefined	☐	☐	☐
UNDP - UN Development Programme	☐	☐	☐
UNIVAJA - União dos Povos Indígenas do Vale do Javari	☐	☐	☐
Universitas Indonesia	☐	☐	☐
University of Dar-es-Salaam	☐	☐	☐

UD - Embassies	Please select the interventions in which you are or have been involved.	Please select if this intervention falls under our Private Sector Definition (see above).	Please select if you have any documents regarding this intervention.
University of Nebraska-Lincoln	☐	☐	☐
UNODC - United Nations Office on Drugs and Crime	☐	☐	☐
UNOPS - UN Office for Project Services	☐	☐	☐
UN-REDD - United Nations Reducing Emissions from Deforestation and Forest Degradation	☐	☐	☐
Utviklingsfondet	☐	☐	☐
WCS - Wildlife Conservation Society	☐	☐	☐
WCST - Wildlife Conservation Society of Tanzania	☐	☐	☐
World Bank	☐	☐	☐
WRI - World Resources Institute	☐	☐	☐
WWF - World Wildlife Fund	☐	☐	☐
Wyty-Cate Association of Timbira Communities of Maranhão and Tocantins	☐	☐	☐
YPBB - Yayasan Pengembangan Biosains dan Bioteknologi untuk Pembangunan	☐	☐	☐

Source: Evaluation team

Annex 8: Survey questionnaire

Section 1 – Explanatory text for respondents

Before starting the survey, please read how private sector initiatives are defined for the purpose of this study.

“Private sector initiatives” are activities which aim to **reduce deforestation and forest degradation** related to **commodity supply chains** by actors engaged in a profit-making activity.

The main commodity supply chains considered in this evaluation are **beef, palm oil, pulp & paper, and soy**. As their supply chains fundamentally differ, you will be able to specify your answers to the questions by commodity. We kindly ask you to provide answers for at least one of these principal commodities.

Section 2 – Questions on respondent features

Question	Answer options
First name	
Last name	
Email	
Current affiliation (e.g. Institution)	
Current professional position	
Experience with NICFI: tick all of the following that apply	• Past/current position at NICFI secretariat • Consulted for NICFI secretariat • Past/current involvement in implementation of NICFI-funded initiative(s) • Past/current involvement in designing / evaluating NICFI-funded initiative(s) • Past/current engagement with an organization/institution that received NICFI-funding • No direct involvement with NICFI, but knowledgeable about it • Not knowledgeable about NICFI
Please specify which NICFI initiatives you have knowledge of / experience with.	

Source: Evaluation team

Section 3 – Content-related questions

N°	Question as phrased for the respondent	Answer options for the respondent	(for internal use) Related to which EQ?
1a	In the last decade, there have been increasing efforts (from governments, NGOs, private sector) to engage the private sector with the aim of securing deforestation-free supply chains . On a global scale, how has the situation of deforestation and forest degradation related to commodity supply chains changed in the last decade?	Close-ended • Situation has improved considerably • Situation has improved a little • No change • Situation has deteriorated a little • Situation has deteriorated considerably	(EQ 1)
1b	What are the most important trends (positive and/or negative) you see that explain the change you indicated in the previous question? <i>(please provide sufficient detail in your answer)</i>	Open-ended	(EQ 1)
Skip code: "Are you to some extent familiar with NICFI's engagement efforts to support deforestation-free supply chains"? • If yes: go to question 2 • If no: go to question 6			
2	What has been NICFI's major achievement(s) in their efforts towards deforestation-free supply chains – if any? <i>(in general, or specific example(s) of what has worked well)</i>	Open-ended	EQ 2-3
3	What has been NICFI's major shortcoming(s) in their efforts towards deforestation-free supply chains – if any? <i>(in general, or specific example(s) of what has NOT worked well)</i>	Open-ended	EQ 2-3
4	What are the major opportunities and challenges for NICFI to contribute towards deforestation-free supply chains over the next 10 years? <i>(in general or specific example(s))</i>	Open-ended	EQ 2-3
5	Has NICFI's engagement with the private sector to secure deforestation-free supply chains been aligned with other initiatives and policy frameworks (international or national)? <i>(in general, or specific example(s) of alignment / non-alignment)</i>	Open-ended	EQ 1-6
6	Is there anything else that you would like to share on private sector engagement to secure deforestation-free supply chains (NICFI-related or more general)?	Open-ended; create separate answer fields for "NICFI-specific" and "In general".	

Source: Evaluation team

Annex 9: NICFI Strategic Frameworks

Figure A9.1 – First strategic framework of NICFI (presented in Annual State Budget Proposition S1 2015-2016)

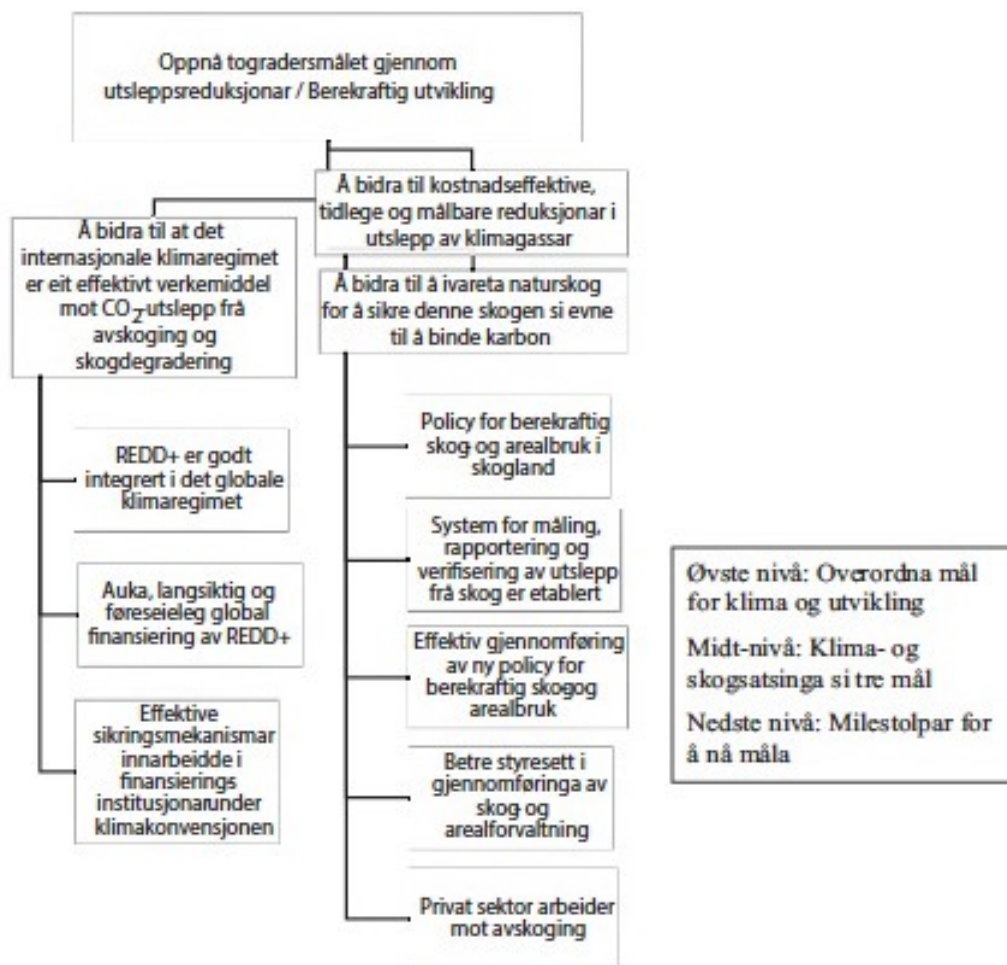


Figure A9.2 - More elaborate version of the first strategic framework of NICFI

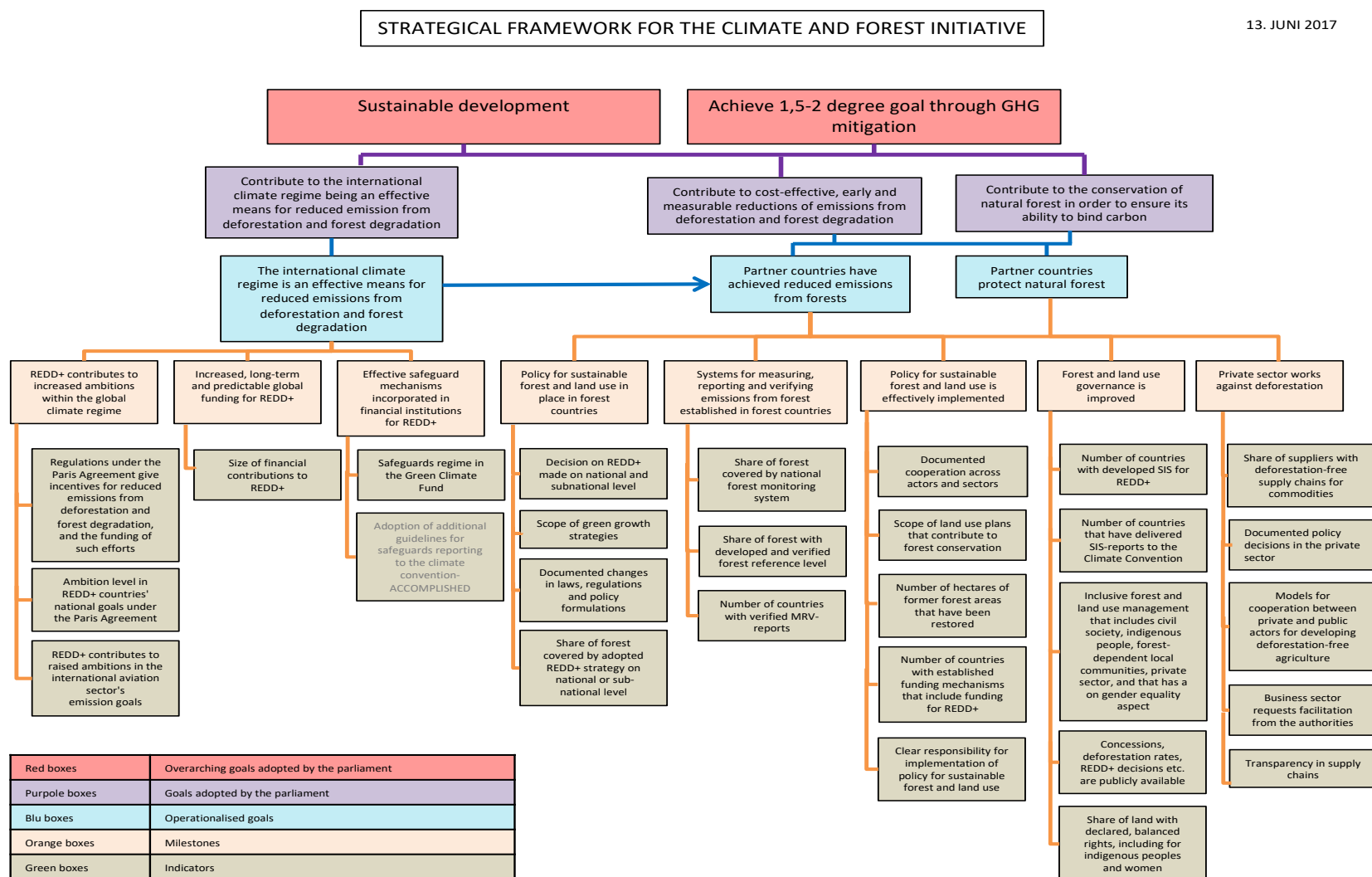
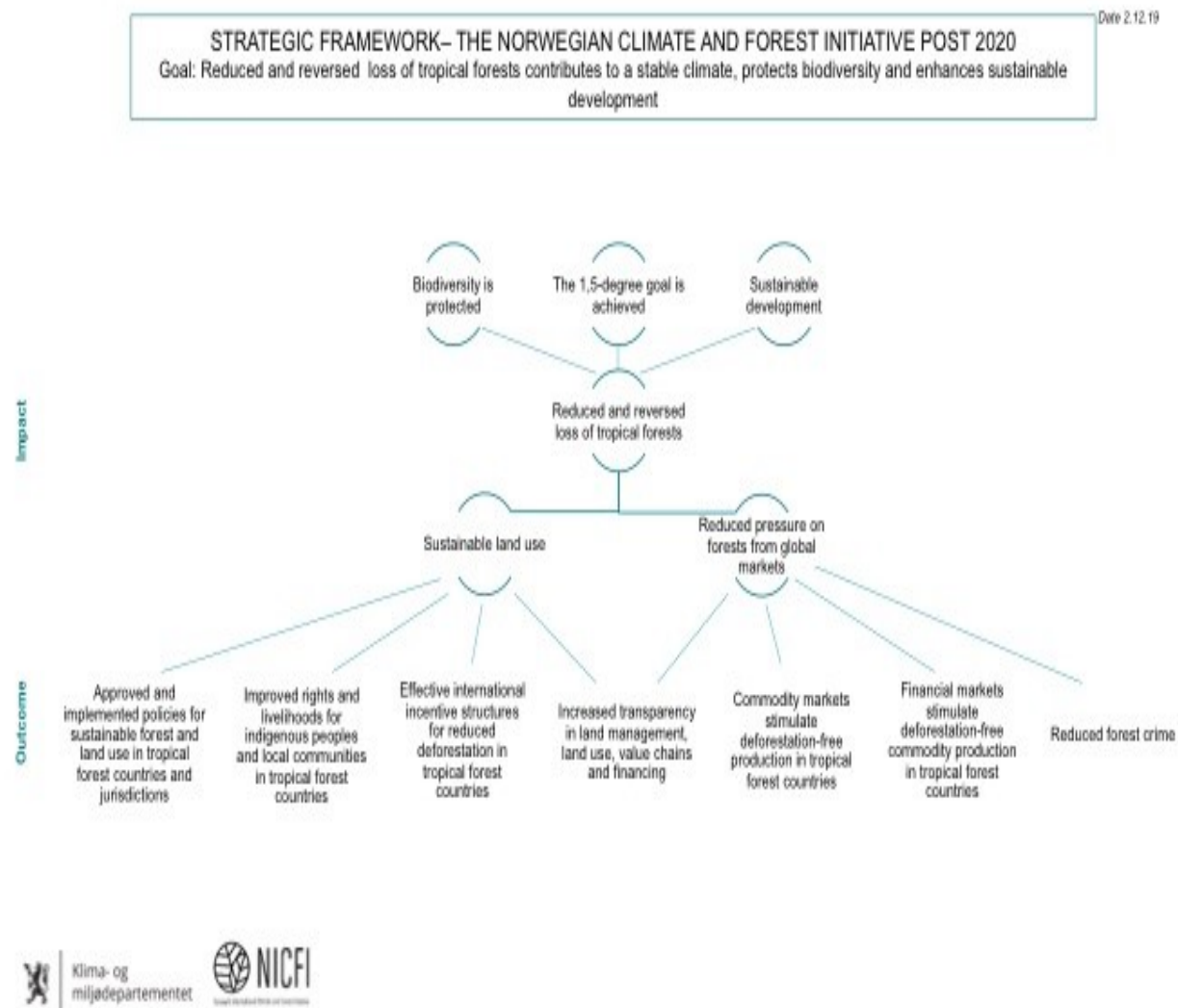


Figure A9.3 – Second strategic framework of NICFI (post 2020)



Annex 10: ToC Narrative

This annex constitutes the narrative of the Theory of Change (ToC) for NICFI's support to PSIs. This ToC has been reconstructed by the evaluation team based on documentary review, stakeholder consultations and portfolio mapping. It is in line with the PSI definition used by the evaluation team and aims to reflect the way in which NICFI appears to have worked in its support to PSIs. This reconstructed ToC can serve as a first step towards a ToC and Results Framework for PSIs in NICFI's next strategic period (2020-2030).

A Theory of Change is designed to outline programme progression, from inputs and intermediary outputs, to outcomes and impacts, showing the causal relationships between these various levels of results. We propose to "read" this ToC (i.e., its graphic representation) from left to right, as a chain of results which are not always linear due to the specificities and complexities of NICFI's interventions.

In addition to this horizontal interpretation, the ToC is characterized by **a vertical dimension representing the three institutional actor types** which are involved along the causal pathways: the commodity-owning companies along the supply chain, the organisations creating the business environment, and the companies providing supporting services and goods. A broad experience of work on supply chains has shown that a good understanding of the authority and real influence of each relevant organisation is essential for achieving the targeted outcomes and impacts.

Spill-over and unexpected effects from other NICFI activities along the result chain have also been included in this ToC.

The next sections detail the content of the ToC. We briefly describe the inputs which are directly producing the related outputs and explain how the latter produce outcomes then impacts.

Inputs

The three NICFI support types are the founding blocks of this ToC and constitute its three inputs: (1) and (2) NICFI's support in the form of project grants and bilateral agreements (disbursed through NICFI directly, through NORAD or through the Embassies); and (3) NICFI's advocacy and diplomatic efforts. Inputs may involve partnerships with local (civil society and allies) and international (academia, multilateral institutions) actors. The three inputs eventually aim at the same impacts, although the pathways through expected outputs and outcomes vary among them (this differentiation is not explicitly visualized).

Outputs to Outcomes

Business environment

NICFI places a principal focus on capacity building actions for public bodies and agencies (governmental and non-governmental, national and local), including through REDD-readiness initiatives. This aims to empower these actors, to the implementation and enforcement of improved jurisdictions, and to the development of incentivizing fiscal and trade policies (intermediary outcomes). In turn, this should lead to improved environmental governance, and increased transparency and accountability (long-term outcomes).

These long-term outcomes are also targeted through two other pathways:

- Support to supranational negotiations, hence contributing to effective international incentive structures (intermediary outcome).
- Development of M&E and traceability systems/tools, as well as appropriate standards, benchmarks and certifications. This facilitates establishing effective M&E systems for actors involved (intermediary outcome).

Supply chain actors

Increased awareness and engagement is also critical across supply chain actors, from land owners to final consumers (at domestic and international level). Together with support to new technology development and promotion, this should simultaneously increase the demand pressure for, and competitiveness of, sustainable land use systems, leading to increased commitments to these systems across the supply chain (especially upstream).

Service providers

Capacity building is also key for financial actors. It aims to progressively increase emphasis on responsible practices such as financial risk reporting, Corporate Social Responsibility (CSR), ethical investing and transparency (intermediary outcomes), eventually aiming to increase investments in sustainable value chains and decrease capital flows into unsustainable value chains (long-term outcomes).

Across the institutional axis

At output level, a key focus area of NICFI's support to PSIs underlying all its other outputs, lies in establishing effective partnerships among various actors involved.

At outcome level, the long-term outcomes for the three institutional actor types eventually all work together in incentivizing and increasing sustainable land use and compliance throughout the supply chain.

Outcomes to Impacts

In the long run, NICFI's support to increased sustainable land use should lead to reduced and reversed loss of tropical forests through production and extraction, in turn protecting biodiversity, achieving sustainable development and the 1.5-degree goal.

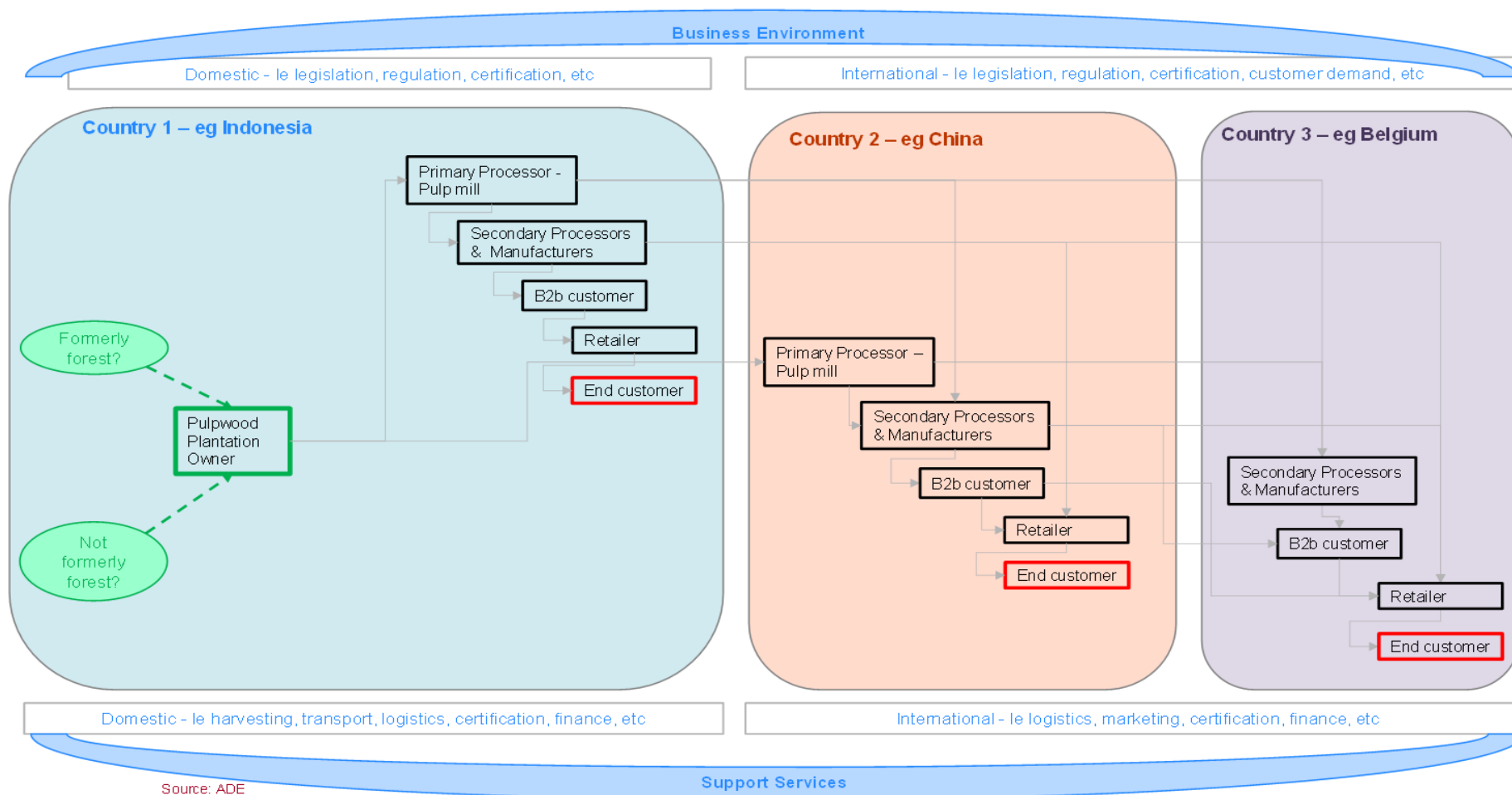
Key assumptions underlying the ToC

The causal paths in the ToC, as described above, are conditional on a set of implicit assumptions. Here we briefly present a set of key assumptions that broadly underlie the ToC as a whole.

- Sufficient space for multi-stakeholder partnerships and dialogue.
- Solid CSO organizational and thematic capacity.
- Effective, sufficient and sustained political and financial support to tackle D&D.
- The volume of financial support / flows to forest occupants required to counter the incentives for deforestation can be known and provided.
- Political and economic (opportunity) costs sufficiently outweighed by gains, for all stakeholders (business environment, supply chain actors and service providers) at all scales, to stimulate and maintain changed behaviour.
- Increased consumer demand for sustainable food and forest products.
- The proportion of commodity demand and industry supply that is susceptible to consumer and supplier pressure can be established, and is sufficient to lead to the impact desired.
- Alignment of NICFI goals with broader Norwegian development assistance policy.

More assumptions are implicit in this ToC, both broadly and pertaining to specific pathways. Identification (and quantification) of a more comprehensive and detailed set of relevant assumptions is critical to the development of a ToC for the next strategic period (2020-2030), as it will help understanding whether NICFI's PSI support, as a whole and its individual interventions, can be effective (or not), and in what circumstances. Those circumstances and necessary conditions can then be assessed and taken fully into account, in selection, design, review and evaluation of all interventions.

Annex 11: Example of elaborated supply chain



Source: Evaluation team

Annex 12: Boxes

BOX A12.1: Legislation and the implementation of the jurisdictional approach in Brazil

Many organisations in Brazil, including multiple ones funded by NICFI, work to reduce deforestation through the jurisdictional approach, supporting landowners to comply with legal requirements on forest cover and support the reduction of illegal deforestation to zero. The 2012 forest law defines forest liabilities, which include Permanent Preservation Areas (APP) and the Legal Reserve (RL), applies to all rural areas of Brazil.

In an effort to guarantee soil and water conservation, the APP demands that forests be preserved to ensure the cover along waterbodies, headwaters and on and above steep slopes. The RL governs the percentage of native forest cover that should be maintained standing on any rural property (in the Amazon Region the requirement is 80% for forest areas, while in the Savannahs the requirement is 35%, and 20% in the rest of the country). Current law permits the inclusion of APP in the RL. Compliance with these percentages is compulsory and demands that if there is a forest deficit restoration of forest be carried out. In specific cases exceptions may apply, e.g. limiting RL in Amazon Forest to 50% for areas which were deforested between 1989 and 1996.

Any forest cover in excess of the RL (2012 forest law; 80% – 35% – 20% respectively) is considered a forest asset, and can be legally cleared, or traded with properties that have liabilities to compensate for. The 2012 forest law also established the CAR (Environmental Rural Registry). The CAR works based on required self-declaration system that demands that all landowners define their APP and RL based on a satellite imagery. The information provided through self-reporting is then validated by state environment agencies. Non-compliance with CAR is expected to lead to inability/prohibition to access credit and to market produce. However, at present there is a lack of capacity within the State Environmental Agency to validate the information provided through self-declarations, the backlog could take as long as decade to catch up with. As such, compliance with legislation guarantees a certain amount of preserved natural vegetation on private properties. At the same time, however, any forest assets that are still standing may be legally cleared, which illustrates the limits of the jurisdictional approach.

BOX A12.2: Cattle laundering in Brazil

JBS, the largest meatpacker in Brazil, like other large beef producers operating in the Amazon region, has committed to not buying any cattle originating from farms interdicted by IBAMA (the federal environmental agency), illegal deforestation, protected areas, indigenous territories, or slave labour. To this end JBS signed agreements with the federal prosecutor's office which are legally binding.

Verifying compliance with the aforementioned is easy in relation to direct suppliers. However, a significant proportion of cattle does not spend its entire life on the same farm. Many of JBS's direct suppliers buy cattle from other farms (indirect suppliers). In Brazil, it is currently estimated that the number of indirect suppliers may be as large as five times the number of direct suppliers.

In Brazil today, it is common practice to move cattle from farms which are known to not comply with existing legislation to farms that meet do in order to facilitate sale to the meatpackers. This cattle laundering process is known as triangulation. Currently, JBS claims that it is impossible to eliminate this practice from its supply chain, due to the lack of an adequate traceability system. JBS further asserts that it is doing everything within its reach to minimise irregularities in its supply chain.

This is clearly contradicted by research done by Repórter Brasil (indirect beneficiary of NICFI through AidEnvironment), The Bureau of Investigative Journalism and The Guardian. Their work revealed that a triangulation process was effectively carried out with not only knowledge but even active JBS collaboration. Several thousand heads of cattle were transported between two farms owned by the same person using vehicles owned by JBS. It was also found that the where the cattle originated has been fined R\$ 2.2 million by IBAMA for illegally clearing 1,500 ha of forest, whereas the other farm fulfilled all requirements to be able to sell legally to JBS. Part of the evidence was obtained from a posting on Facebook by one of the drivers. There is no evidence that JBS is concerned about either their practices or the reputational costs associated with their practice. It is also worth noting that JBS itself was the indirect beneficiary of another NICFI funded project.

BOX A12.3: Blended Finance - The Brazilian experience

The proposal - Agropecuária Roncador Ltda ("Roncador") is one of the largest Brazilian companies producing cattle, soy and corn, in Mato Grosso state. It is described as "partnering with &Green to prove the commercial success of its production blueprint": recuperating degraded pastures and restoring certain native forest areas, thus building the credibility of this business model, for others to copy. Through integration of crops and livestock (ICL) Roncador will increase production and reduce greenhouse gas emissions. The environmental return claimed by the initiative is 71,184.61 ha of preserved native forest, 60,000 ha of ICL and 200 ha of reforestation. Roncador claims that ICL is the best option for balancing high economic returns with low levels of climatic and economic risk,

The &Green Fund has a total target for Environmental Return (ER) of 5 million hectares of tropical forest protected or restored, and for Social Inclusion (SI) of 500,000 smallholders/households benefiting from its investments. Social Inclusion of local communities and/or smallholders is essential for a robust Environmental Return.

The pitfalls - The Forest Code already requires that each farm should set aside a "Legal Reserve" (RL) of native vegetation, the size of which depends on region, biome and the periods in which deforestation occurred. The Roncador RL translates into 71,184.61 ha, exactly the same as the claimed "environmental return". In addition, the Code also requires the protection of vulnerable areas, such as slopes, water bodies and headwaters with native vegetation, the so-called Permanent Preservation Area (APP). Currently, Roncador has failed to protect 200 ha of APP, which is a threat to key vulnerable areas. Roncador is therefore legally required to restore these protection forests.

Since no further deforestation is allowed, any increase in production by Roncador is limited by the land available, and thus requires intensification. The degraded pasture to be recuperated owes its existence to unsustainable practices in the past, which are now corrected.

A footnote in the proposal (to &Green) mentions that Roncador has had a legal dispute with INCRA (the Federal Land Reform Agency) since 1994, related to an area of approx. 4,500 ha, an integral part of the farm's Legal Reserve. The likelihood of Roncador losing the dispute is high, which implies the RL will have to be increased.

Conclusion - The "climate smart agriculture" proposed by Roncador leads to a considerable net reduction of GHG emissions, and as such may be worth investing in. However, the so-called "blueprint" has nothing to do with preventing deforestation, as there is nothing that could be legally deforested on the farm. In essence, the conservation measures planned are an existing requirement for compliance with the law; may have no separate benefit for Roncador; create no additionality; and the effect of the ownership dispute does not appear to have been accounted for. It is neither logical nor credible to present them as an "environmental return", nor as a production blueprint/business model.

Given that use of ICL is mentioned as having the highest return / risk ratio, it is not clear why Roncador is unable to access one of the highly subsidized loans offered through the federal government (e.g. BNDES – National Development Bank). As &Green's social inclusion target is not addressed at all by Roncador, it is not clear why &Green has approved. It seems that &Green may have been rather too naïve and uncritical in providing a loan to Roncador.

BOX A12.4: Understanding the private sector in Brazil: challenges and opportunities.

Private Sector actors in Brazil constitute a very heterogeneous group. It is important to be aware that not all private sector actors face the same kind of challenge or need the same type of support. In this sense it is useful to categorise them according to size: small, medium, and large.

Small enterprises typically operate at the local level (community/village, often remote areas), e.g. processing local produce, usually with limited technology. Problems they face are often related to weak infrastructure (transport, communication, energy, potable water), access to information, lack of bargaining power, and may include limited access to credit. A specific group of small enterprises is made up of start-ups, operating on the higher end of technological inputs. These often-pioneer new roads and seek to establish links with larger enterprises.

Medium enterprises operate at a larger scale than the small ones, typically ranging from municipal to regional/state level. Often, but not necessarily, they are cooperatives who process and/or commercialise produce of many smaller actors such as smallholder farmers. They may operate in specific niches of the market, such as fair-trade labels. Restraints they face are often related to cash flow, market access and insecure supply of raw materials/produce.

The large players operate nationally and often internationally. Very often they deal with commodities. Their concerns often include legal compliance and traceability issues, often driven by the final buyers/market.

While supporting the private sector, the larger the actor, the higher the potential for large scale impact. At the same time, it can be said the smaller the actor the easier it becomes to effectively influence what actually happens on the ground. Importantly what the data suggests is that ensuring that NICFI achieves its overarching objectives, and is aligned with Norwegian development cooperation overarching objectives (poverty reduction), requires that different actors be engaged in a complementary manner.

BOX A12.5: P&P requires further attention in Indonesia

According to the PSIs analysed, there seemed to be very little engagement with P&P companies in the NICFI PSIs. That may be because many of the latter are overseas-based, and they hold very long concessions that can make it difficult to introduce changes in management practices. It could also be because NICFI does not have a clear strategy for engaging with P&P companies and reducing emissions through the P&P supply chain. This seems a major oversight since a large proportion of the mainly acacia plantations have been established on former peatland forests, and because P&P companies continue to expand their plantation areas, including into new peatland forest which is within their concession areas. Since their concessions pre-date the logging moratorium on peatland, this is legal. As pointed out by one respondent, there should be potential to work with these concessionaires, e.g., attempting to wean them off clearing areas that may be of marginal profitability, encouraging them to diversify into alternative forest products, and working with them to improve their fire control and management practices (fire being probably the main driver of deforestation in P&P areas, apart from expansion of the P&P areas).

BOX A12.6: Recent changes to Indonesian legislation

Changes to the Environmental Impact Assessment requirements include the following

1. Due Diligence Team

In Article 24 of the Environmental Law (PPLH Law), the AMDAL document is the basis for determining environmental feasibility decisions. In the Omnibus Law, AMDAL remains the basis for environmental feasibility tests and a number of new provisions have been added. First, the feasibility test was carried out by a team formed by the Central Government Service Testing Agency. This team consists of central, local government, and certified experts. The central and regional governments then determine the environmental feasibility decisions based on the test results. This joint decision is a requirement for a business to obtain a license.

2. Affected Communities

The government makes provisions in the AMDAL document more stringent. In Article 25 letter c of the PPLH Law, the AMDAL document contains suggestions and input from the community on the business plan. In the Environmental Law (PPLH Law), there are three criteria for society. Two of them are those affected and those affected by all forms of decisions in the AMDAL process. In the Omnibus Law, the criteria are increasingly clarified to become "the relevant directly affected people".

3. Role of Environmental Observer Omitted

In Article 26 paragraph 3 of the Environmental Law (PPLH Law), environmentalists are included in one of the three criteria for communities to be involved in drafting AMDAL documents. In the Omnibus Law, there is no longer a place for environmentalists to support AMDAL preparation. However, the government added a new paragraph in Article 26. It read, "Further provisions regarding the process of community involvement are regulated by Government Regulation (PP)."

4. Transparent Information

In Article 26 paragraph 2 of the Environmental Law (PPLH Law), community involvement in the preparation of AMDAL documents must be carried out based on the principle of providing information transparent and complete, as well notified before the activity implemented. In the Omnibus Law, this provision is crossed out.

5. Criteria for drafting the Environmental Impact Assessment (AMDAL)

In Article 28 of the Environmental Law (PPLH Law), the AMDAL document must be prepared by a person who has a professional certificate associated with AMDAL preparation. The criteria and competency certificates have also been regulated in the Environmental Law (PPLH Law). In the Omnibus Law, this rule has been removed and further regulated through a Government Regulation (PP).

6. Environmental Impact Assessment (AMDAL) Assessment Commission is Removed

One of the drastic changes in the Omnibus Law has been the elimination of the AMDAL review commission in the Omnibus Law. Articles 29, 30 and 31 in the Environmental Law (PPLH Law), governing this commission were crossed out. The assessment commission contains a combination of government, academia and society. In Article 30 of the Environmental Law (PPLH Law), there are six elements who are members of the commission. From the government side, it is represented by environmental agencies and related technology. From academics, experts are represented in the type of business carried out and experts in the field of impacts caused by the business. Potentially affected communities as well as environmental organizations were included in the assessment commission.

The points outlined above are basically a translation of the "Tempo" article UU Omnibus Law Cipta Kerja, Hak Masyarakat Memprotes Dokumen Amdal Dihapus" published the 07-10-2020 and indicated in the reference.

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