FINAL SYNTHESIS REPORT

Second Evaluation of the BioCarbon Fund Initiative for Sustainable Forest Landscapes (ISFL)

May 31, 2024

ADE
Evidence for better policy

Table of contents

Acronyms i

List of figures iv

List of tables v

Executive Summary vi

Management Response xxiii

Part I – Introduction & Methodology 1

1 Program background 1

2 Methodology 2

Part II – Findings 8

3 ISFL Relevance and Coherence 8

4 Effectiveness 23

5 Efficiency 59

6 ISFL governance & MEL system 63

7 Impact and sustainability 71

Part III – Conclusions & Recommendations 83

8 Conclusions 83

9 Recommendations and Lessons 92

Annexes 100

Acronyms

ADE	Aide à la Décision Economique
AFOLU	Agriculture, forestry and other land-use
ATR/ BPN	Ministry of Agrarian Affairs and Spatial Planning/National Land Agency
BCP	BioCarbon Partners
BSP	Benefit Sharing Plan
CAR	Regional Autonomous Corporations
CFM	Community Forest Management
CFMG	Community Forest Management Group
COMACO	Community Markets for Conservation
CONAFOR	National Forestry Commission of Mexico
COP	Conference of the Parties
CSA	Climate Smart Agriculture
CSO	Civil Society Organizations
DNP	National Planning Department (Colombia)
EM	Evaluation Matrix
EOC	Evaluation Oversight Committee
EQ	Evaluation Question
ER	Emission Reductions
ERC	Emission Reduction Credits
ERP	Emission Reduction Program
ERPA	Emission Reduction Purchase Agreements
ERPD	Emission Reduction Program Document
ESMF	Environmental and Social Management Framework
ET	Evaluation Team
FCPF	Forest Carbon partnership Facility
FGD	Focus Group Discussions
FMT	Fund Management Team
FPIC	Free, Prior, and Informed Consent
GEF	Global Environment Facility
GHG	Greenhouse Gas
GMA	Game Management Area
ICRR	Implementation Completion and Results Report
IDA	International Development Association
IDEAM	Instituto de Hidrología, Meteorología y Estudios Ambientales
IEF	Indonesia Environment Fund
IFC	International Finance Corporation

ILM	Integrated Landscape Management
INECC	Instituto Nacional de Ecología y Cambio Climático
IPCC	Intergovernmental Panel on Climate Change
ISFL	Initiative for Sustainable Forest Landscapes
ISPO	Indonesia Sustainable Palm Oil
ISR	Implementation Status Results Report
J-SLMP	Jambi Sustainable Landscape Management
KII	Key Informant Interviews
MADR	Ministry of Agriculture and Rural Development (Colombia)
MEL	Monitoring, Evaluation, and Learning
MGEE	Ministry of Green Economy & Environment
MoA	Ministry of Agriculture
MoEF	Ministry of Environment and Forestry (Indonesia)
MRV	Measurement, Reporting and Verification
MSP	Multiple stakeholder platforms
NDC	Nationally Determined Contribution
NDP	National Development Plan
NRM	Natural Resource Management
OFLP	Oromia National Regional State Forested Landscape Program
OFWE	Oromia Forest and Wildlife Enterprise
PAD	Project Appraisal Document
PES	Payment for Environmental Services
PFM	Participatory Forest Management
PIU	Project Implementing Unit
PMU	Project Management Unit
PPP	Public-Private Partnership
PRICCO	Orinoquía Region Climate Change Action Plan
PS	Private Sector
PSES	PS engagement strategies
RBP	Results-Based Payments
REDD	Reducing emissions from deforestation and forest degradation in developing countries
REM	REDD+ Early Movers
RSPO	Roundtable on Sustainable Palm Oil
SABP	Sustainable Agricultural Banking Program
SADER	Secretaría de Agricultura y Desarrollo Rural
SCALE	Scaling Climate Action By Lowering Emissions
SESA	Strategic Environmental and Social Assessment
SFM	Sustainable Forest Management
SIDAVI	Vichada Department Environmental System

SLM	Sustainable Land Management
SNMRV	Sub-National MRV System
SNPMU	Sub-National Project Management Unit
TA	Technical Assistance
TF	Trust Fund
ToC	Theory of Change
TSP	Technical Service Provider
TT	Task Team
TTL	Task Team Leader
UNFCCC	United Nation Framework Convention on Climate Change
VC	Value Chain
VCM	Voluntary Carbon Market
WWF	World Wildlife Fund
ZEMA	Zambia Environmental Management Agency
ZIDRES	Zones of Interest for Rural, Economic and Social Development
ZIFLP	Zambia Integrated Forest Landscape Project

List of figures

Figure 1: ISFL timeline xii

Figure 2: Evaluation objectives, scope, and users 2

Figure 3: Evaluation approach 3

Figure 4: Number of KIIs and FGDs conducted 4

Figure 5: E-survey sample 5

Figure 6: Triangulation, analysis & synthesis process 6

Figure 7: How well is the ISFL strategy aligned with host countries' national and subnational land use and forest development plans? 14

Figure 8: Based on your experience, to what extent are the ISFL activities contributing to: AFOLU management practices adopted by local communities/populations? 29

Figure 9: Respondents perception on contributions of ISFL funding (grant programs) 31

Figure 10: To what extent has the ISFL supported MRV capacities for AFOLU? 39

Figure 11: How much has the ISFL contributed to the transition towards broader AFOLU integrated landscape approaches? 42

Figure 12: To what extent has the ISFL contributed to establishing/implementing innovative and inclusive multi-stakeholder coordination platforms for sustainable land use in the countries? 46

Figure 13: Is the ISFL contributing to catalyze PS in working towards sustainable land use and mobilizing finances for emission reductions? 54

Figure 14: How much do you agree with the following statement: ISFL efforts on gender mainstreaming has enhanced the participation of women in ISFL programming. 57

Figure 15: ISFL program timeline. 59

Figure 16: How much do you agree with the following statement: The ISFL trust fund management and governance systems are efficient and effective. 65

Figure 17: Based on your experience, to what extent are the ISFL activities contributing to: the reduction of GHG emissions? 72

Figure 18: To what extent has the local ownership of the ISFL-related approaches become embedded in national planning and policies? 80

List of tables

Table 1. Key results supported by ISFL across country programs x

Table 2. Key results supported by ISFL, by country program xi

Table 4. ERPD, ERPA and Grant project status 60

Table 5. Operational risks identified in ISFL grant PADs 62

Foreword by the ISFL Evaluation Oversight Committee (EOC)

The Evaluation Oversight Committee (EOC) for the second ISFL Evaluation is delighted to support this important and high-quality final evaluation report. The EOC was established in October 2022, and aimed at overseeing and advising the independent evaluation process, helping to ensure the quality and timely implementation of activities, and supporting the dissemination and uptake of key findings throughout the evaluation implementation period (April 2023 - May 2024). The EOC consists of one ISFL contributor representative, two ISFL program country representatives[1], and one external expert.[2]

Over the course of the evaluation, the EOC reviewed key evaluation documents, such as Terms of Reference (ToR), inception report, and interim and final draft evaluation reports, and provided substantive feedback and guidance to ensure the evaluation is fit for purpose and relevant for operational learning, accountability, and decision-making. Committee members also coordinated the collection and reporting of feedback from other ISFL contributors and/or other relevant ISFL stakeholders. The committee held five virtual meetings together with ISFL FMT evaluation coordinators and the independent evaluation team (ADE), to discuss draft reports, provide updates, and inform ongoing adjustments. The EOC members are immensely grateful for the participatory evaluation process. This collaborative effort has significantly enhanced both the learning experience and the accountability of the evaluation process.

Overall, the EOC would like to congratulate the evaluation team on the impressive overview of a large, complex programme. The evaluation clearly evidences that the ISFL is playing a pioneering role in global climate finance, focusing on jurisdictional land use, GHG accounting, MRV capacities, and the innovative use of results-based climate finance. The evaluation has comprehensively documented ISFL's many achievements, including the advancement of AFOLU EPRDs and ERPAs, its contributions to political and legal frameworks, improved sustainable land use management, enhanced technical capacities of host countries, and significant livelihoods, biodiversity, gender, and other critical co-benefits. It is positive to see the evaluations findings regarding strengthening carbon market readiness, and emerging behavioral changes and plans for replication by host countries. The EOC also notes the several challenges and complexities raised by the evaluation, most notably the lengthy EPRD/ERPA timelines, coordination challenges including ensuring coherence with evolving carbon markets, and the need for continued capacity building and financing support, among others. These results, lessons, and recommendations are well-suited to strengthen the current ISFL program and the design of future programs.

We would like to again express our thanks to all individuals involved in the evaluation for facilitating a robust and participatory process for EOC guidance and inputs, concluding in a high quality and highly useful evaluation report. We look forward to continuing to work with ISFL and other stakeholders to build on the evaluation findings

[1] One prospective EOC members abstained from signing the foreword letter due to not being able to participate in a majority of the meetings.

[2] The selection of EOC members was conducted through a participatory process, with the submission of an expression of interested candidates. EOC composition followed guidelines in the approved ISFL MEL Framework.

and ensure their application in ISFL and other key program contexts going forward.

Evaluation Oversight Committee for the Second Evaluation of the ISFL Program:

Contributor Representative: Henry Parrin (United Kingdom - UK)
ISFL Program Country: Getu Shiferaw (Ethiopia)
External Expert: Soledad Bastidas

Executive Summary

Introduction

The Initiative for Sustainable Forest Landscapes (ISFL) represents a pioneering and ambitious effort launched in 2013 by the World Bank, targeting the development of low-carbon rural economies. By emphasizing jurisdictional Agriculture, Forestry, and Other Land Use (AFOLU) approaches across five countries since 2017, ISFL strives to reduce GHG emissions across sectors, facilitate results-based climate finance, and enhance livelihoods through integrated landscape management (ILM) and private sector (PS) engagement. The program represents a commitment by the World Bank, pilot countries, and Fund Contributors to using results-based climate finance as a key mechanism for advancing an integrated` land use model for forest protection and building capacity for carbon market engagement in order to generate additional financing towards these goals.

The Fund is piloting an innovative set of objectives and approaches with the goal of supporting the preservation of forested landscapes through expanding and improving existing REDD+ to jurisdictional land use approaches. ISFL is premised on the theory that, without fundamental change of land usage patterns, driven by economic motivations of forest-based populations and those in surrounding areas, it is impossible to preserve and protect forests and the critical nature, biodiversity and productive potential they hold over the long term. ISFL expands the boundaries of REDD+ by identifying and targeting land uses in addition to forestry that drive deforestation and land degradation and generate emissions. The program aims to transform behaviors across these sectors by providing upfront funding for readiness and sustainable land-use planning and practices, as well as results-based climate financing for verified emissions reductions, with the goal of achieving improved sustainable management and nature-positive outcomes throughout the landscape. The ISFL is also focused on building country capacities and experiences to implement the 2015 Paris Agreement, especially Articles 6 and 9, that regulate and aim to facilitate countries' ability to trade emission reductions and use the funding received for sustainable development.[3]

The ISFL has a funding commitment of over USD 355.8 million, of which USD 78.8 million have been disbursed since 2017 during the program's first stage, mostly as country grants. USD 222.2 million are slated for emission reduction purchases during a second stage. ISFL has also mobilized USD 120.7 million in co-financing for its grant projects. The initial country grant programs for readiness and investments are scheduled for completion by 2024, with the exception of Indonesia, which extends into 2026. In 2024, the program is poised to begin its second stage of implementing Emission Reduction Purchase Agreements (ERPA) across its pilot countries. The ISFL ERPA stage is projected to continue until 2030.

Undertaken at the program's mid-term, this second ISFL evaluation reviews six years of ISFL's journey, analyzing its achievements, challenges and lessons while looking forward to further refine its approaches, instruments and

[3] Article 6 of the 2015 Paris Climate Agreement regulates the transfer of carbon credits earned from emission reductions between countries. It aims to foster international cooperation, unlock financial support for developing countries, and accelerate the transition to a more sustainable future. Article 9 outlines the financial responsibilities of developed countries toward assisting developing country Parties in both mitigation and adaptation efforts and related mechanisms.

learning. The evaluation's methodology incorporated key informant consultations and documentation reviews in all five ISFL countries and globally, field visits to three of these countries, and an e-survey of country and global stakeholders. Information from different sources was analyzed and tri-angulated with valued support from the Evaluation Oversight Committee (EOC), the World Bank ISFL Fund Management Team (FMT) and country teams.

Evaluation findings

ISFL's strategic vision has carved out a critical niche in jurisdictional GHG accounting, emission reduction (ER) crediting, results-based climate finance, and ILM, showing resilience and adaptability in complex, evolving environments. Despite the ambitious nature of its goals and the challenging contexts of its operating countries, the program has demonstrated significant advancements.

Relevance and coherence

The ISFL pilot program has shown strong relevance across its pilot countries, aligning with national policies and global climate agendas, while learning from initial activities and adapting to challenges like the COVID-19 pandemic with flexibility and innovation. The ISFL pilot program has proven highly relevant in all its pilot countries, aligning with national policies and global climate agendas, including Nationally Determined Contributions (NDC) and climate change mitigation objectives. It has earned recognition for its innovative contributions to climate finance while remaining consistent with the United Nations Framework Convention on Climate Change (UNFCCC) and national REDD+ processes. The ISFL's activities have met the needs of national and local stakeholders, promoting jurisdictional emissions reduction approaches and complementing existing sub-national policies to address deforestation, forest degradation, and sustainable agriculture.

The ISFL has demonstrated adaptability to shifting climate priorities and evolving carbon market methodologies, learning from initial activities and similar programs to remain relevant. It has engaged in international learning events, sharing insights globally, and has shown flexibility in response to challenges like the COVID-19 pandemic, which caused some delays. Despite these challenges, the program-maintained momentum with innovative operations. However, competing government and sectoral priorities occasionally complicated implementation where social or agricultural growth objectives sometimes overshadowed climate mitigation goals.

The ISFL has shown varied levels of collaboration with similar projects across countries, while demonstrating effective collaboration within the World Bank Group and global initiatives like the Forest Carbon Partnership Facility (FCPF). The extent of coordination and collaboration with similar projects has varied across countries, influenced by factors such as the country program's stage, jurisdiction size, and the number of concurrent initiatives. While there have been instances of good collaboration, such as with other World Bank projects in Ethiopia, there were also cases of weaker collaboration with programs where this could have been beneficial, such as the "Vision-Amazonia" REDD+ initiative in Colombia, funded by three ISFL Contributors.

The ISFL FMT has been collaborating well with the World Bank's country teams across IBRD, IDA and IFC within the World Bank Group, creating synergies among these institutions. The program has also been fostering learning and joint country support with the World Bank Forest Carbon Partnership Facility (FCPF), globally and in pilot countries. It is well embedded in ongoing World Bank Initiatives, such as the Scaling Climate Action by

Lowering Emissions (SCALE) umbrella trust fund and the World Bank Engagement Road Map for Carbon Markets.

Country grant effectiveness

Despite some challenges, ISFL grant funding has significantly advanced jurisdictional AFOLU Emission Reduction Program Documents (ERPD), integrated land use planning at scale and sustainable land and forest management, enhancing readiness for the upcoming ERPA stage across diverse country contexts. ISFL country grants have actively promoted integrated land use planning, though progress varied across pilot countries due to planning capacities, regulatory mechanisms, and local contexts. Notable achievements include the development of integrated land use plans, especially in Colombia and Zambia (more than 12 million hectares), capacity building for local governments and the integration of sustainable land management criteria into regulations (28 reforms were initiated across the pilot countries) (Table 1). About 180,000 people benefited directly from ISFL contributions, among those close to 150,000 adopted new sustainable land management practices. A total of 141 partnerships and engagements were initiated with private sector and not-for profit organizations.

Table 1. Key results supported by ISFL across country programs

179,960 People benefiting from ISFL grant programs	**28** Reforms in forest and land-use policy, Legislation or other regulations
12,163,967 Hectares of land brought under sustainable management	**10,216** Hectares of land reforested or afforested
148,802 Land users who have adopted sustainable land management practices	**$116 million** Leveraged in public and private sector finance
67 partnerships and engagements with the private sector	**74** partnerships and engagements with not-for-profit organizations

Source: Data refers to information provided by country programs as of June 30, 2023. It does not include results from ISFL co-financing.

The Initiative has made significant progress in promoting sustainable land and forest management to reduce emissions. This includes overachieving grant targets for sustainable forest management, reforestation, and the adoption of sustainable land management practices by communities in several pilot countries. ISFL funding has also effectively supported activities to strengthen the legal and regulatory environment, facilitating the transition towards jurisdictional ER programs and sustainable land use. This includes support for policy reforms, legal frameworks, and capacity building. All country grants have mainstreamed support for the private sector, complemented through Private Sector Engagement Strategies (PSES) in Colombia and Ethiopia. Key ISFL results by country program are highlighted in Table 2.

Table 2. Key results supported by ISFL, by country program

Ethiopia	Indonesia	Colombia
▪ Signed ERPA for up to USD15 million for 1st phase ▪ 211,000 ha under SFM through 120 Participatory Forestry Management (PFM) cooperatives ▪ SLM practices adopted by 150,000 individuals ▪ Private sector engagement in forestry and coffee; sustainable practices to increase coffee tree productivity, reduce degradation ▪ Established MRV system for land use change; other GHG emissions factors (forest degradation, enteric fermentation) being developed ▪ 514 community-based organizations and 50,000 beneficiaries in forest dependent communities with revolving livelihoods funds	▪ Jurisdictional policy regulations on climate change mitigation and adaptation, and policy reforms related to peatlands, forest, and land fires ▪ SLM plans in over 467,000 ha, with improved practices on 242,000 ha ▪ Burning reduced by 80%, increasing incomes and biodiversity ▪ Certification for sustainable smallholder palm oil production and reduced crop dependency through agroforestry systems of local timber species and fruit trees	▪ Formulation of 30 new policies relevant to NDC targets and REDD+ strategy ▪ Adoption of subnational agricultural policy instruments for SLM ▪ Expected positive long-term livelihoods benefits through increased tenure security leading to longer-term investments and more sustainable farming systems ▪ Private sector partnerships and inter-institutional alignment in ER programs ▪ Biodiversity co-benefits through underlying landscapes projects, plus analyses of biodiversity in low-carbon production systems and biodiversity data

Zambia	Mexico
▪ Policy and institutional strengthening on community forest management (CFM), MRV and carbon market regulation ▪ 700,000 ha under participatory sustainable land use plans ▪ Adoption of CSA practices by 150,000 farmers on over 190,000 ha of land, resulting in increased yields ▪ Biodiversity protection through management, law enforcement, and reduced poaching in national parks/game management areas ▪ Land titles for 90,000 households, as basis for carbon trading	▪ Legal frameworks leveraged to participate in international agreements for Results Based Payments (RBP) ▪ National climate change and REDD+ agenda advanced through workshops in communities and community forest enterprises ▪ MRV capacity strengthened for methodological improvements, baseline accuracy, emission factors, transparency and participation ▪ Women's groups dialogues on food production, medicinal plants and other NTFP

The implementation of grants has faced several challenges, including the logistics of working in large and often sparsely populated areas, cross-sectoral collaboration, limited local government capacities, complex financial management and procurement processes, and political and security risks. These factors have varied by country and affected the pace and effectiveness of implementation to varying degrees.

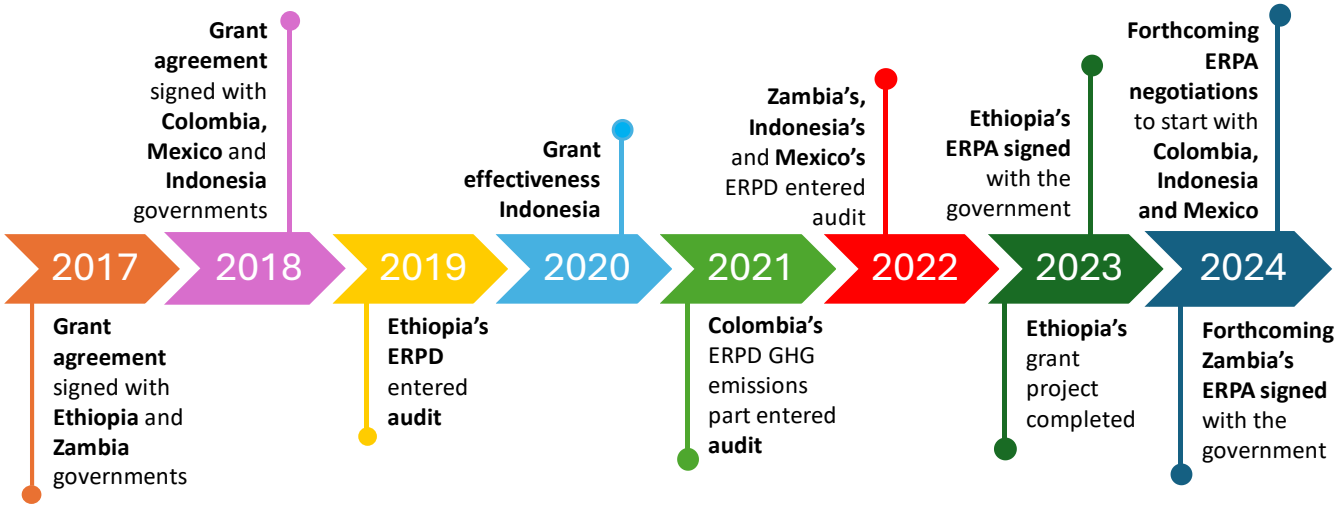
Program management and timeliness

The World Bank's management of ISFL has generally been effective, while some delays in ERPD development and ERPA negotiations indicate significant complexities and operational risks inherent in the Initiative, compounded by the impact of COVID-19. The World Bank's management of the ISFL is lauded for its effectiveness, particularly regarding operational performance improvements, disbursements, and handling of relationships with participating countries and ISFL Contributors, compared to the first ISFL evaluation in 2019. Despite these successes, the evaluation indicates that there is room for improvement in managing program complexity and expectations. This entails better alignment with program resources, contexts, and similar programs, as well as clearer expectation setting among beneficiaries, country governments, and ISFL Contributors. Improvements would be especially important in optimizing private sector operations and engagement.

The ISFL initiative has faced some significant delays, compared to program plans, primarily in the development and agreement of the ERPD and the negotiation and signature of the ERPA, across all pilot countries (Figure 1). The time-consuming nature of this process has been justified by the program's novelty and complexity of

jurisdictional AFOLU systems, country capacity development needs, audit requirements, and political and legal frameworks for carbon trading. Substantial technical and capacity support from the World Bank has been essential throughout the ERPD development process, with the iterative support process being seen by country stakeholders as a valuable learning opportunity. However, more upfront technical assistance and training could have streamlined the process to some extent.

Figure 1. ISFL timeline



Country grants have also required some extensions, in part due to COVID-19. All pilot countries have faced significant operational risks, including political, governance, sectoral policies, institutional capacity, and environmental and social risks, illustrating the complex operational contexts in which the Initiative has been implemented.

Innovative approaches to jurisdictional emission reductions

ISFL's innovative jurisdictional ER frameworks promise to enhance carbon market readiness, bolster institutional capacities, and contribute significantly to NDC implementation, with mechanisms like flexible carbon pricing and third-party carbon sales options being highly valued by pilot countries. ISFL's novel jurisdictional ER accounting and crediting frameworks (established through ERPD and ERPA) have marked a significant step towards enhancing countries' carbon market readiness, reflecting an innovative approach to addressing global climate challenges by raising climate finance in carbon markets. These frameworks represent a forward-thinking strategy that promises to bolster institutional capacities for future carbon market participation and revenues, and to make a significant contribution to NDC implementation in pilot countries.

The flexibility for countries offered by ISFL's innovative features such as a carbon floor price and the option for selling contract carbon credits to third-party buyers, as well as call options for selling excess carbon credits to the ISFL (via the World Bank), have been highly appreciated by ISFL pilot countries. These mechanisms are expected to allow for maximization of carbon revenues during the ISFL ERPA stage. Limited knowledge and experience in carbon markets among some countries have necessitated organized learning events by the World Bank to prepare for negotiations.

The Voluntary Carbon Market (VCM) and jurisdictional programs

The relationship between ISFL jurisdictional programs and other emission-reducing initiatives, like Voluntary Carbon Market (VCM) projects, is complex and often competitive, posing uncertainties particularly as VCM regulations are underway in ISFL pilot countries. The VCM sector is in a state of flux, with most ISFL pilot countries (Colombia, Indonesia, and Mexico) in the process of regulating national VCM projects, whereas only Zambia has finalized such regulations. VCM regulations could affect ISFL ER accounting, crediting and benefits sharing plans. Establishing "nesting" systems is vital to ensure coherence, align baselines, and apply comparable methodologies across jurisdictions and VCM and other ER projects. Such systems would also avoid double-counting and could encourage, or discourage, participation from the PS and CSOs in ER activities.

Advancements in Measurement, Reporting, and Verification (MRV)

The ISFL has achieved significant progress in developing thorough jurisdictional Measurement, Reporting, and Verification (MRV) systems, although challenges have remained. Notably, their dedicated focus on AFOLU MRV development has yielded substantial and innovative impact, serving as a blueprint for ER accounting and crediting at jurisdictional levels and facilitating countries' NDC implementation. Across pilot countries, significant progress has been observed in aligning MRV systems with rigorous international standards, accompanied by significant capacity development at the national level. The ISFL's contributions have integrated well with existing systems, enhancing methodological, technical, and institutional capacities. But moving from REDD+ activities to the entire land sector and from a land cover to a land use based approach has been challenging for most pilot country jurisdictions served by ISFL. Challenges persist as regards the complexity and intricacies of data requirements, particularly for the livestock sub-sector (enteric fermentation), the imperative for harmonizing systems with national frameworks, and developing capacity at the sub-national level where this tends to be low. Trade-offs between speed, costs, and quality of MRV systems have been evident, alongside challenges in developing, designing and using compliant MRV systems for ER reporting and for sub-jurisdictional performance-based allocations.

Transition from REDD+ to AFOLU Integrated Landscape approaches

ISFL has made strides in advancing AFOLU landscape approaches, fostering cross-sectoral cooperation, and encouraging the adoption of improved practices and technologies for integrated landscape management in multiple countries. It has also highlighted the need for supportive policies, effective decentralization, and overcoming adoption constraints to drive meaningful progress. Top of Form

The effect of future carbon payments as a primary motivator for behavioral changes is still uncertain. The ISFL has broadened the scope of REDD+ initiatives to encompass comprehensive AFOLU landscape approaches, marking a significant conceptual advancement, albeit with varied implementation across pilot countries. The program's efforts to foster cross-sectoral cooperation and encourage the adoption of emissions-reducing

technologies have signaled a positive shift towards sustainable land management, although challenges in farmer engagement, technology adoption and inter-sectoral coordination have persisted, with positive examples of overcoming these challenges in a few program locations. The full level of cross-sector policy cooperation and harmonization (e.g., involving recognition and negotiation of trade-offs between agricultural production and environmental outcomes) in the implementation phase remains to be seen.

Political will, supportive national policies, and effective decentralization have been crucial positive factors in the implementation of AFOLU integrated landscape management and behavioral change by farmers and government organizations. Close institutional cooperation and implementation arrangements between Forestry and Agriculture has influenced AFOLU effectiveness across countries. While there has been some progress in farmer adoption of sustainable land and low-carbon management practices, stakeholders identified adoption constraints related to costs (and opportunity costs) of low-carbon practices, high labor demand, and risk attitudes, particularly for smallholder farmers, that impeded more widespread adoption and scaling.

ISFL has contributed to behavioral change among government services, forest communities and farmers in several locations, mainly through incentivizing and working directly with farmers and communities, through capacity building and awareness raising, and establishing a stronger enabling environment for integrated sustainable land and forest management. The extent to which potential future carbon payments will be one of several key incentives for large-scale management practice changes remains to be seen, as much will depend on the scale and form of payments as well as their timing, their utilization at community levels and how they will be eventually related to actual ER performance of beneficiaries.

Design of inclusive Benefit Sharing Plans

ISFL has progressed with jurisdictional Benefit Sharing Plans (BSP), despite facing challenges in harmonization and stakeholder engagement, particularly in managing certain expectations for cash payments and planning for effective governance and accountability in BSP implementation. Despite encountering challenges in harmonization and engaging diverse stakeholders in Benefit Sharing Plans (BSP), ISFL's efforts in this domain have established a good foundation for future jurisdictional initiatives, while ongoing lessons continue to be learned. Participatory processes for developing BSP have been complex yet aimed at inclusivity.

BSP design has been complemented by rigorous safeguards management systems for ISFL jurisdictions, including risk analysis of potential negative social and biodiversity impacts. These safeguard management systems, building on the World Bank ESMF and SESAs and their adaptation to large jurisdictional programs were a positive and strong achievement of all country programs.

The BSP design processes have varied in smoothness, with Ethiopia and Zambia making the most progress in BSP negotiations and approval.[4] High expectations for cash payments among various BSP beneficiaries, especially from the private sector, have posed major challenges in stakeholder discussions and negotiations across several

[4] The evaluation reviewed advanced drafts of two country BSP, for Ethiopia and Zambia, and early drafts of the other three ISFL pilot countries. As of April 2024, an advanced BSP draft had also been made public for Indonesia (which was, however, not reviewed due to earlier evaluation cut-off dates).

countries. This has led to limited progress in finalizing BSP, with concerns over raising expectations prematurely and the need for careful management of stakeholder engagement. BSP implementation, once ER will have been credited, is anticipated to be complex, with significant implementation efficiency, governance and accountability challenges. These challenges underscore the need for robust management processes and local institutional capacities to ensure effective and equitable benefit distribution.

Private sector engagement and challenges

ISFL's collaboration with the private sector, including farmers, has successfully promoted sustainable agricultural practices and forest management, yet scaling engagement across whole value chains, and implementing Private Sector Engagement Strategies, have posed challenges, requiring improvements in implementation modalities and models. The ISFL's collaboration with the PS, including farmers themselves, has led to successes in promoting sustainable agricultural practices and forest management in various countries, particularly among semi-commercial and commercial farmers and cooperative forest management groups. Acknowledging their pivotal role in reducing deforestation and forest degradation, the program has witnessed early achievements, notably in Colombia's beef, rice, and cocoa sectors, as well as in Ethiopia and Indonesia through direct engagement with agricultural producers on sustainable technologies and practices. Various studies to improve the understanding of ER opportunities and constraints in specific commodity chains and PS engagement are ongoing, especially in Colombia and Ethiopia.

However, challenges have arisen in scaling PS engagement across entire value chains and in complementary private sector engagement strategies, incentivizing PS actions through conducive policies and regulatory mechanisms, and mobilizing PS contributions for ER programs and credit purchases. Limited presence of relevant value chains and PS firms in certain pilot jurisdictions, along with political concerns about stronger engagement among PS companies and adequate implementation modalities and models have hindered the implementation of ISFL's PSES in some pilot countries. Identifying effective implementing agencies and intermediaries, transitioning from conceptual studies to field implementation, and enhancing PS incentives like green finance for low-carbon production models are crucial areas for improvement. While the role of the International Finance Corporation (IFC) has been prominent in some locations, especially in Colombia, finding suitable modalities and implementation entities for wider PS engagement remains a broad challenge.

Coordination and collaboration

The ISFL and its country programs have demonstrated the ability to maintain policy coherence and foster collaboration among various partners through stakeholder platforms, yet inconsistencies exist across countries hindering their full potential and sustainability. The ISFL and country programs have shown their ability to maintain policy and institutional coherence and foster collaboration among various partners through the program's planning and implementation phases. The establishment of multiple stakeholder platforms (MSP) at policy and operational levels has contributed to fostering cross-sectoral dialogues and raising AFOLU awareness. For instance, the Zambia pilot program has demonstrated successful cross-sectoral coordination through its MSPs, particularly at district level and supported through a decentralized governance system. However, the performance of MSPs has been inconsistent across countries and national and jurisdictional scales, and many

have not evolved to be as empowered, incentivized, and inclusive as they were meant to be. Their sustainability beyond program completion, including into the ISFL ERPA stage, often remains uncertain. The ISFL's role in convening has not been fully utilized, especially in improving communication with comparable Contributor programs and other jurisdictional and national climate- and transformation-oriented projects. Governments and the World Bank have not yet taken on a sufficiently central role in convening all partners and bringing together stakeholders and programs with diverse interests in landscapes and carbon markets for common planning, a strategic division of labor and cooperation.

Emerging impact and co-benefits

The ISFL's initiatives have led to tangible impacts and co-benefits, including on improved livelihoods, biodiversity conservation and gender equity, highlighting the importance of sustained support and strategic partnerships for long-term success. Impacts of ISFL initiatives have gradually been emerging. While many activities are still ongoing, most country programs have already contributed to significant co-benefits, including improved livelihoods and biodiversity conservation in various program locations. Early signs of improved land use, integrated land use planning, and other benefits have also been observed in several countries as mentioned earlier. Most pilot countries have succeeded in enhancing human and institutional capacities that are favorable for future impacts. All country programs have made strong efforts in gender equity and mainstreaming. Activities include gender action plans, gender-focused community consultations, and ensuring participation and leadership positions for women in community decision-making. Yet, the sustainability of these impacts and co-benefits crucially hinges on continuous support and transition funding, which underscores the importance of strategic partnerships and funding mechanisms during the coming ERPA stage. As ISFL transitions into its next phase, ensuring the durability of its achievements will be paramount to its long-term success and impact.

The path to sustainability and replication

The ISFL has bolstered sustainability through policy improvements and partnerships, integration into national frameworks and evidence of early replication. Yet it faces ongoing challenges in adopting sustainable practices and securing transition financing. The ISFL has enhanced the sustainability enabling environment through policy improvements, institutional mechanisms for ER accounting and crediting, and fostering partnerships. It has contributed to developing carbon market frameworks, integrated landscape management, and sustainable land management practices. Challenges persist, including the ongoing need for support in adopting sustainable practices, cross-sectoral coordination, and retaining skilled staff.

The program has been well integrated into national and sub-national frameworks, with strong political support evident in most countries. However, stakeholder perceptions vary regarding incorporating ISFL experiences into broader national planning, such as NDCs or sector policies, suggesting room for increased policy dialogue by ISFL. Some aspects of ISFL approaches have already been replicated in other jurisdictions and programs, indicating the potential for broader adoption, including lessons from agricultural commodity chains and carbon accounting practices.

Transition financing gaps pose a significant risk to ISFL's sustainability. Although some measures have been taken by the program to address these gaps, external financing for the ERPA stage and sustainable ER investments

remains limited, emphasizing the need for mobilizing additional resources and partnerships to ensure continuity and expansion of ER.

Monitoring evaluation and learning (MEL)

The ISFL's Monitoring, Evaluation, and Learning framework has effectively balanced accountability and learning, yet has faced challenges in data collection consistency and measuring behavioral changes, requiring adjustments to better capture country-specific nuances and improve the clarity of impact pathways. The MEL has evolved to adequately monitor progress at both global and country levels, despite facing challenges in data collection consistency due to varied program systems and contexts. The framework has supported adaptive management and knowledge sharing, with updates improving its alignment with the program's ambitions. However, challenges have remained in measuring behavioral changes and ensuring the relevance of indicators to accurately reflect program impacts. Assumptions in the MEL framework in future programs will require adjustments to better capture the nuances of country-specific contexts. The Theory of Change (ToC) for both the program as a whole and its private sector strategy (which are different) are noted for broadly outlining the program's objectives and activities. However, they are critiqued for lacking in detailed descriptions of the relationships between these elements and clear impact pathways. Some of these are more clearly lined out at the country level, either in country specific ToC or in country results frameworks and country specific indicators.

ISFL communications

Given that few ISFL grants have been completed the ISFL is still in its early stage of external communication regarding achievements and lessons learned, but it is being prioritized for the ERPA stage. Enhancing external communication globally and in countries is considered crucial by the program for ISFL's visibility during the ERPA stage, reinforcing its role as a convener in country programs and reaching audiences and boosting opportunities for replication in pilot countries and beyond.

Concluding remarks

The ISFL program stands out for its unique and comprehensive approach, focusing on jurisdictional, cross-sectoral and integrated landscape management, along with results-based climate and carbon financing in the AFOLU sector. It recognizes the critical importance of providing up-front investments for carbon market readiness and to assist communities and the private sector in adopting more sustainable land use, while also using results-based climate finance to provide extra funding and potential incentives for stakeholders to adopt more sustainable behaviors. Through building capacities, and skills in other critical areas such as jurisdictional benefit sharing and conducive policy and regulatory environments, the ISFL enhanced overall understanding of carbon market building blocks and transactions. The program has proven to be important in helping countries to prepare for pilot transactions in the emerging carbon market ecosystem and put the necessary technical and regulatory infrastructure in place to participate more deeply, and more profitably, in evolving carbon markets in the future, in compliance with Articles 6 and 9 of the Paris agreement.

The inclusion of additional land uses has added considerable complexity and challenges to pilot country programs (compared to a standard REDD+ program), requiring substantially more time and effort from all stakeholders, particularly in terms of integrated land use and landscape management and the complex MRV needed to account for broader AFOLU carbon categories. Moreover, the Paris Rulebook is still not finalized, and significant work is needed to build the capacities, infrastructure, and evidence base required for Article 6 and Article 9 transactions once the rules are fully established. Nevertheless, this effort is widely regarded as essential for achieving long-term climate and environmental goals.

Despite several external and internal challenges, the ISLF program's integrated approach is beginning to yield positive results, particularly as seen from the perspective of the five pilot countries, and governments are showing interest in replicating the program or key parts of it. Emerging positive results signal that, going forward, AFOLU promotion and accounting for changes of land use management has the potential to make significant impact on the ground for protecting critical forested areas. This is also evidenced by all five pilot countries expressing an interest in replicating the ISFL approach to other provinces and geographies. Some other non-ISFL countries, like Costa Rica, are already drawing lessons from the ISFL in moving from REDD+ towards a stronger AFOLU approach (especially agricultural carbon) to meet their NDCs.[5] The World Bank's SCALE umbrella Trust Fund, specifically its Pillar 1 focused on Natural Climate Solutions, offers a potential entry point for demands to replicate and expand ISFL concepts and approaches.

Recommendations

The evaluation makes the following recommendations aimed at informing the next stage of the ISFL until 2030, and improving its overall performance.

1. Support the effective and sustainable completion of ongoing ISFL grant and PSES activities and the transition to, and implementation of, the ERPA stage.

Facilitating completion, reducing funding gaps and enhancing partnerships

- **Identify activities that are not likely to be finalized by the end of the grants and PSES**, such as the roll-out of private sector technical and business models in Colombia, activities related to ERPA phase II in Mexico (agriculture ER) and Benefit Sharing Plans (such as potentially required updates due to changing carbon market regulations, deferred decisions as a result of earlier expectations management and finalization of specific implementation arrangements).
- **Provide essential funding during the transition to and implementation of the ERPA stage**, for critical field activities that are incomplete (as identified above) or that are essential to continue generating ER, maintaining program momentum etc. (including basic support for continued MRV activities (such as preparing monitoring reports) and program management (PIU)).
- **Enhance the functioning, scope and effectiveness of jurisdictional decision-making of government-led ISFL multiple stakeholder platforms (MSP)** by clarifying their mandates and decision-making powers, ensuring their

[5] For more comprehensive conclusions, please see Chapter 8 of the main report of this Evaluation.

sustainability, and effective monitoring.

- **Foster collaboration of ISFL ERPA stage implementation with relevant country and jurisdictional initiatives** to promote coherent ER strategies, integrated landscape programs and MRV systems to support NDC implementation.

Managing uncertainties and risks

- **Monitor and support risk mitigation in pilot countries as ERPA implementation proceeds** to anticipate and mitigate potential risks. Specifically, monitor and manage uncertainties associated with global carbon markets and country carbon policies and regulations.
- **Support governments in developing nesting systems for VCM projects and non-public ER projects in jurisdictional programs**, addressing legal, MRV, BSP, accounting, and carbon market implications.
- **Strengthen government capacities in third-party ERC marketing** in alignment with the World Bank's Carbon Market Engagement Road Map.
- **Update country BSP implementation mechanisms and targeting gaps**, along with expanded GHG sub-category coverage and adapting to new policy regulations as required, while facilitating stakeholder consultations and agreements to manage expectations.
- **Monitor costs and benefits of jurisdictional MRV** for different GHG sub-categories and BSP implementation, expecting decreased costs and increased benefit-cost ratios over time, in collaboration with countries.

2. Enhance program learning and communication as well as replication of relevant ISFL program elements

- **Enhance ISFL's internal and external learning and communication efforts**, emphasizing ISFL AFOLU carbon accounting and ILM experiences, utilizing learning events and South-to-South exchanges.
- **Develop a communication strategy highlighting ISFL's AFOLU experiences** as a pioneering REDD+ program for integrated Natural Climate Solutions, aiming to boost visibility and contributions in World Bank publications and international fora.
- **Distribute ISFL's merits and lessons widely to facilitate replication requests**, particularly emphasizing its relevance for National Determined Contributions (NDCs) implementation.
- **Explore and support replication of proven ISFL elements in other contexts**, focusing on raising awareness for ILM, ER, and ERC, supporting integrated land use planning, enhancing MRV capacity, and mobilizing technical and financial resources for these activities.

Lessons from ISFL for other programs

The following lessons are oriented towards future programs, such as those under the SCALE Trust Fund and other (including non-Bank) initiatives aimed at utilizing jurisdictional landscape planning with AFOLU accounting. These lessons are further expanded in Chapter 9 of the main report. Depending on country and other contexts, some lessons may also be relevant for ISFL program implementation during the ERPA stage.

Lesson 1: Future programs could benefit from adopting ISFL's integrated AFOLU approach for forest and broader jurisdictional landscapes,

a. Program complexity, expectations, and ambitions in such programs should be managed by focusing on activities that best align with country readiness, addressing readiness gaps, risks, and complementary programs.
b. Political economy analysis could help to understand stakeholder interests, relationships, and broader country risks associated with cross-sectoral collaboration, ER commitment, and inclusive transformation and benefits sharing.
c. Recognizing the long-term nature of Integrated Landscape Management (ILM) and ERPD/ERPA development and planning for it would be useful. Programs should be designed to ensure sufficient overlap between their grant (readiness/investment) and their results-based payments phase.
d. Private sector engagement should be integrated across the readiness, investment and RBP phases under a single design and programmatic Theory of Change.
e. Experience from the ISFL for future replication of ISFL approach elements shows that decisions on replication sites should consider critical readiness factors such as jurisdictional capacities, and commitment from all country stakeholders.

Lesson 2: Program support for carbon market readiness and developing ERPDs and ERPAs should be designed and implemented considering the following experiences and lessons from the ISFL program:

a. It could be useful to determine the duration of ERPD/ERPA development based on previous experiences, among others in the ISFL, and the scope of sectoral and jurisdictional program coverage. Options for accelerating delivery time could be explored, such as increased awareness building, technical assistance, and training for all relevant stakeholders from the start-up.
b. Emission reduction programs with two stages—an initial readiness/investment stage and a subsequent results-based payment (ERPA) stage—should have enough overlap between these stages to maintain program continuity and momentum during the ERPA stage. If sufficient overlap is not possible, transition financing should be considered to bridge the gap between the end of the readiness/investment funding and the start of results-based payments, ensuring the continuation or completion of program operations.
c. Awareness generation and capacity development for ER crediting and carbon marketing should consider the regular rotation of political and technical officials and operators, and preempt it to the extent possible for instance as through using adaptable training-of-trainer models.
d. Expectations about the timing and completeness of BSP should be well formulated and managed, particularly regarding early participatory processes.

e. It would be useful for future jurisdictional programs to consider and support government efforts at the earliest opportunity to develop nesting systems for VCM and other non-public ER projects in jurisdictional programs.

Lesson 3: The transition from REDD+ to AFOLU integrated (forest) landscape management (or REDD++) can be challenging as it is a holistic and complex endeavor that requires multiple technical, social and communication skills.

a. It can be particularly helpful to clarify the understanding and expectations of the integrated (forest) landscape management (ILM) concept and principles among all stakeholders early on.
b. It would be optimal to link any (REDD+ originating forest) landscape programs with national and sub-national platforms, while aligning them with broader country and regional ILM ecosystems of the World Bank and non-government programs by other donors/ Contributors, GEF, GCF etc.
c. To facilitate inter-sectoral collaboration, particularly between Forestry and Agriculture, the ISFL experience has shown that involving relevant sectors in planning and field execution from the outset can be highly beneficial. Using decentralized, well-coordinated joint execution approaches has been especially helpful, while securing high-level political and policy support from relevant line ministries.
d. While developing and disseminating low-carbon technologies in agriculture and forestry, innovative firm business models, and alternative livelihoods among farmers and communities it can be critical to integrate participatory on-farm research, pilot testing, and micro-economic constraint analysis into program activities and investments.
e. Replication and scaling up can be facilitated by regularly communicating lessons and experiences from the field bottom-up to inform the formulation and revisions of sectoral and cross-sectoral policies to support ER.
f. Ensure sufficient financial and other incentives for farmers and forest guardians to encourage behavioral change.

Lesson 4: Engaging the private sector for emission reductions depends on the right incentives, support programs and enabling policies for various PS players in critical commodity chains, implemented through skilled and competent agencies.

a. Private sector engagement requires attention to whole commodity chains, including outgrowers, processors and aggregators, in addition to producers, as well as rural service delivery firms.
b. It is helpful to focus on instruments and interventions that are most appealing to broader private sector engagement in targeted countries and jurisdictions.
c. Program ambitions should be well aligned with available program resources and constraints. Priority categories and impact pathways of targeted private sector actors should be well defined, in global and country-specific program Theories of Change and more specific interventions.
d. The ISFL has shown the benefits of utilizing experienced international and national companies and service providers to help develop and execute private sector strategies, preferably building on prior and continuous country and regional activities in support of green and low-carbon technologies.

Lesson 5: Given the integrative nature of AFOLU approaches and ILM, paying attention to developing and incentivizing cross-sectoral and cross-scale coordination and cooperation is a high priority.

a. Effective convening of relevant stakeholders through Government-led multiple stakeholder platforms (MSP) at different scales depends on clear mandates and Terms of Reference (TORs), real decision-making powers, and incentives.
b. It is helpful to acknowledge and address the different interests in landscapes and carbon markets across sectors, scales, and social communities and groups within MSPs heads on. Utilize soft skills such as professional facilitation, mediation, and negotiation to bridge different interests.
c. The World Bank can play a critical role of convening and technical assistance in countries and globally, in support of governments, by mobilizing and deploying technical expertise and other capacities on climate mitigation and ER programs.

Lesson 6: Monitoring, evaluation and learning are most effective when they include specific and dynamic elements.

a. Ensure that program Theories of Change (ToC) include clear impact pathways, particularly regarding behavioral change in target groups, including governments and ultimate beneficiaries.
b. To keep ToCs relevant, it can be helpful to regularly adapt and update them, including embedded impact pathways, based on emerging learning.

Lesson 7: Certain program analyses and activities could be useful for accountability and learning. Some of these could also be considered for the ISFL ERPA stage in the context of learning from the program.

a. Impact evaluations could help to learn about the benefits and incentive effects of emission reduction programs, including BSP implementation, as well as their benefits distribution and constraints among particular target groups. They could be particularly useful in pilot programs.
b. Emission reduction programs could benefit from piloting beneficiary payments early on (e.g., payments for ecosystem services), even before results-based BSP payments are expected. This could also help to evaluate their effectiveness as incentives and uphold confidence and momentum before BSP payments will be coming in.
c. Before initiating programs similar to ISFL, it could be beneficial to review ISFL's experiences in several key areas. Such assessments could also be conducted during ISFL's ERPA stage 2.
    - Opportunities and constraints of designing and implementing coherent and feasible strategies to engage the private sector.
    - Experiences with implementing ISFL's emission reduction program requirements to improve and simplify them, drawing on insights from ISFL pilot countries, auditing firms, and World Bank technical experts, ideally after about two years of ISFL ERPA implementation.
    - Implementation of MRV systems for livestock (enteric fermentation), considering diverse contexts of animal husbandry, data availability, and the integrity and cost-effectiveness of livestock MRV.

Management Response to the Mid-Term Independent Evaluation of the BioCarbon Fund Initiative for Sustainable Forest Landscapes (ISFL)

Introduction

The BioCarbon Fund Initiative for Sustainable Forest Landscapes (ISFL) was established to build on the work of the Forest Carbon Partnership Facility (FCPF) and the experience gained in piloting Jurisdictional REDD+ (JREDD+) programs by adding elements that could ensure permanent, long-term changes. ISFL does so by promoting sustainable agriculture and other more sustainable economic activities that enhance livelihood opportunities in communities, while also reducing land-based emissions. Five contributor countries (Germany, Norway, Switzerland, the United Kingdom, and the United States) provided approximately USD350 million that has been used to support integrated land-use planning programs in five countries (Colombia, Ethiopia, Indonesia, Mexico, and Zambia).

Under ISFL, emission reduction crediting was expanded to move past an exclusive focus on forests to include other major land uses within the jurisdiction. This approach ensures that host countries that seek to receive results-based climate finance payments/payments for emission reductions would adopt a holistic approach to addressing the drivers of land-based emissions. This move anticipated the continuation of the programs through to 2030, based on the recognition from the outset that these programs, due to their complexity and the need for cross-sectoral, multistakeholder engagement, would take time.

The ISFL was attempting something new and challenging: incentivizing people to adopt more sustainable land-use practices and implementing a comprehensive accounting methodology and crediting framework to reward these behavior changes. As such, ISFL Contributors invested significant preparatory resources (in the form of grants) in the programs, in addition to the resources for results-based climate finance payments. Out of the total financing amount of USD350 million, USD220 million was committed to emission reduction payments, with USD130 million dedicated to supporting countries in designing and preparing their programs. The grant financing of USD130 million enabled readiness programs to expand beyond the primary focus on Emission Reductions Program Documents (ERPDs) and the development of measurement, reporting, and verification (MRV) systems to also cover on-the-ground activities involving the adoption of sustainable economic models of land use.

Recognizing the uniqueness of the ISFL approach, the founding Contributors requested the implementation of three independent evaluations throughout the program's lifetime. This is the second of the three evaluations; it comes at an opportune moment — with the preparatory grant programs ending and the emission reduction programs commencing. The timing of this evaluation therefore allows for an adequate consideration of the experiences of the grant programs — especially the development of the MRV systems, the establishment of the ERPDs, the design and structuring of the Benefit Sharing Plans (BSPs) for future emission reduction purchases,

and the move to adopt more sustainable land-use practices through both government action and private sector engagement.

This Management Response outlines the reactions of the World Bank Climate Change Group Global Practice to the key findings and recommendations of the evaluation report by ADE. We are committed to using these helpful findings and recommendations to inform the future programming strategy of not just ISFL but also for forthcoming World Bank-supported results-based climate finance operations. These recommendations will be particularly relevant for the new World Bank umbrella trust fund, Scaling Climate Action by Lowering Emissions (SCALE), which includes a pillar for natural climate solutions that will continue the support of low-carbon, climate-resilient development in forested landscapes.

Management's response to findings

Management welcomes the opportunity to learn from an independent evaluation of ISFL and is very grateful for it. The forthcoming SCALE operations will also benefit from the insights generated through this evaluation. Specifically, management appreciates the wide range of data collection methods used, including extensive document review, field visits, multiple in-person interviews, and digital surveying. Through these data collection methods, the evaluation team explored the program and its impact from the perspectives of not only those actively involved in the pilot, but also the Contributors, international experts, and others working in the field of integrated land-use planning.

Management would also like to give thanks and express appreciation to the members of the Evaluation Oversight Committee – a group consisting of independent experts, Contributors, and host country representatives – who provided tireless input and direction throughout the year-long evaluation process. Management would also like to extend its gratitude to the in-country personnel across the World Bank, the relevant government ministries and agencies, and the Project Implementation Units. Last but certainly not least, we would like to thank the stakeholders and communities in the jurisdictions who have been so critical to the development of these integrated land-use programs. Without the efforts of all of these actors, the evaluators could not have undertaken such a thorough and detailed evaluation and derived such comprehensive and insightful findings and recommendations.

We only wish that the evaluators had been able to interview more stakeholders in the jurisdictions covered by ISFL, which could have enhanced their insights and further validated their findings. However, we also recognize the time and resource constraints faced by the evaluation team, given the size and complexity of the ISFL program, not to mention the extensive mandate of this evaluation.

Strong mid-term indicators

The evaluation found several promising signs that important capacities are being built, with impacts emerging across all five ISFL countries and jurisdictions. The evaluation noted that, because the program is currently at its midpoint, it is not possible to state whether these programs will lead to the long-term adoption of sustainable practices and the generation of ongoing results. This will be detailed in the third and final independent evaluation of ISFL by 2030.

Notable results

Management appreciates the finding that despite significant challenges, including the COVID-19 pandemic occurring during the implementation of these programs, the five ISFL pilot programs could still implement their land-use programs in a highly effective and impactful manner. Notable results achieved by the program include: establishment of jurisdictional land-use emission baselines; development of sustainable land and forest management plans; passage of legislation related to emission reduction titling (at times alongside land titling); engagement of the private sector in supporting the widespread adoption of improved productive practices, thereby enhancing incomes and productivity while reducing emissions; improvement in assistance rendered to countries for building their institutional capacity and regulations needed for accessing the evolving carbon markets; and facilitation of access to future carbon and climate finance.

Ensuring a just transition

Management is highly appreciative of the findings that all of ISFL's work has been effectively implemented in a socially inclusive manner. Essentially, the development of the program interventions and, to a large extent, BSPs has ensured that all voices and viewpoints were heard and represented. This reflects the World Bank's commitment from the outset to put communities at the center of all programs, understanding that doing so is not only *just* but also *critical* to the long-term adoption of sustainable practices.

Facilitation of timelines

Management notes, and will reflect on, the perception that initial expectations regarding timelines were significantly at odds with actual timelines in all five programs. The evaluation suggested that the complexity of full agriculture, forest, and other land use (AFOLU) accounting and measurement, as well as the increased effort and time needed to develop emission reduction program documentation and plans, was not fully recognized. Management acknowledges that moving forward with future AFOLU-integrated land-use programs, the World Bank should streamline requirements to facilitate speedier delivery.

Looking forward

Management notes that, as future integrated land-use emission reduction programs move forward (supported by the World Bank's operations and donor funding, especially through SCALE), host countries will need further support and guidance on the optimal means for nesting additional emission reduction programs (both existing and future) to maximize climate mitigation and development benefits. This will require managing expectations about the extent of future benefits, as the evaluation pointed out.

In addition, the evaluation highlighted some concerns regarding challenges identified in maximizing private sector engagement in specific contexts (especially the pilot jurisdictions where medium and large enterprises are not prevalent). The report noted that the greatest challenges to effective private sector engagement were encountered in landscapes where formal larger-scale private sector entities were typically absent. This raises the need to better tailor private sector engagement strategies and expectations to the reality of enterprises on the ground. Management acknowledges the concern that relying on the World Bank's International Finance Corporation (IFC) to support firm-level engagement when only smaller enterprises are present in a landscape is

a challenge, due to IFC's inability to work with small-scale enterprises. Management understands that it will be necessary to identify and secure the involvement of other entities that can work with smaller-scale firms.

Replication

Management is pleased to acknowledge that the evaluators found excellent evidence of a path to the sustainability and replication of this program. They found that all country programs were well-integrated into national and subnational frameworks, garnering political support from multiple ministries. Evaluators found that all five pilot countries are now seeking to replicate their jurisdictional integrated land-use programs in other provinces and regions. This development highlights the positive impact that the programs have exerted on political decision making within the countries.

Minding the Gap

Perhaps, the most notable of the findings was the "gap" between the preparation of the emission reduction programs and the financing flow from the payment for the emission reductions. Specifically, the report showed that it would have been ideal for the financing of the preparation of the grant-based programs to overlap with the emission reduction programs. This would have ensured that sufficient resources were in place to maintain supportive operations until the first emission reduction payments were issued. In addition, the evaluation noted that the emission reduction programs themselves contain gaps in financing, and work is required to support countries in securing additional resources to maximize emission reduction generation. Management is working to explore ways that resources can be provided to assist countries in filling these identified gaps, and will continue to do so, going forward.

Management's response to recommendations

Facilitating completion, reducing funding gaps, and enhancing partnerships

Management agrees that the program should continue to identify all activities that are unlikely to be finalized by the end of the grant and private sector engagement strategies, and work to identify opportunities to support their completion and delivery, wherever possible and practicable. At the same time, management notes the financing has already been provided to support ongoing program management (including the continuation of Project Implementation Units) and MRV — both critical to delivering the elements and activities of the emission reduction programs.

Furthermore, management concurs that value could be derived from the jurisdictional programs, if a means for continuing the government-led multistakeholder platforms could be identified. However, with the conclusion of the grant programs, the means for operationalizing this recommendation are unclear. As such, management shall investigate opportunities for both direct and third-party support; however, it cannot commit to implementing this recommendation with confidence.

Finally, management agrees that fostering collaboration with relevant country and jurisdictional initiatives throughout ERPA implementation is critical. Such an approach is expected to continue going forward through

the work of the World Bank's emission reduction program Task Teams and the oversight of the relevant World Bank Country Management Units.

Managing uncertainties and risks

Management agrees that managing risks and uncertainties is critical, given the complexity of country contexts and the nature of the issues ISFL is seeking to address. However, it respectfully notes that risk management is central to all current and forthcoming emission reduction programs, with risk management and mitigation strategies being a standard component that is integrated into all World Bank projects. Therefore, while management believes that this recommendation is largely already met, it agrees to continue to prioritize the implementation of such strategies, particularly as new issues or developments unfold. Similarly, the ISFL Fund Management Team and Task Teams will continue to support the programs once all the grant programs have ended and moved into the emission reduction stage, which includes risk management.

Management concurs with the recommendations relating to supporting governments to build their capacities to market their ERCs to third parties, based on the goal of maximizing monetization. ISFL has been focused on revenue maximization to expand incentives for land-use change, fully concurring that support in this area might add value and assist in promoting the long-term adoption of sustainable practices. The World Bank will continue to investigate opportunities to provide additional support in this area.

Regarding updating BSP-implementation mechanisms, management respectfully notes that the emission reduction program Task Teams will continue throughout the operations to work to ensure that BSPs are fit for purpose and implemented and utilized efficiently. The objective is to ensure that the flow of funds to stakeholders and communities is prompt, transparent, and consistent with expectations. Achieving this objective is an existing pre-requisite of all programs; however, management acknowledges that effective implementation has been a challenge.

Finally, management shall investigate opportunities for monitoring the costs and benefits of jurisdictional MRV for various greenhouse gas subcategories. However, management notes the significant difficulty in gathering such granular data, given the holistic and interrelated nature of MRV, BSP implementation, and overall land-use change. Bearing in mind that data may only be fully available by the end of this program (once payments have been generated and disbursed as part of the BSP process), one option is to consider conducting a cost-benefit analysis as part of the third and final ISFL independent evaluation at the end of the ISFL program.

Sharing knowledge, expanding communication, and facilitating replication of relevant ISFL program elements

Management fully concurs with all the evaluation recommendations relating to maximizing program learning and communication to internal and external audiences. It notes that communication to date has been limited, as the programs have focused on implementing grant activities and final results are not yet available from which to learn. However, with the grants concluding, on-the-ground activities ramping up, and emission reduction programs going live, the coming years will offer prime opportunities for securing knowledge and sharing it as widely as possible to encourage the replication of the innovations piloted and designed by ISFL.

Indeed, ISFL is already ramping up activities in this area, holding its first global cross-program learning event — involving government representatives, Task Teams, the World Bank, and Contributors — to discuss key lessons and the findings from this evaluation, and how these lessons can inform future programming stages. Management will consider options for developing a dedicated knowledge and learning plan over the next period.

Applying lessons of ISFL to future programs

Management concurs with the lessons learned presented for future integrated land-use programs, including SCALE. However, commenting on the specific adoption of recommendations and lessons by others is beyond the scope of this management response. Management does, however, acknowledge that the lessons from ISFL are directly supporting the development and implementation of programs under the SCALE multi-donor trust fund and will continue to do so. This will promote integrated land-use planning and emission reduction crediting with countries via World Bank support.

Part I – Introduction & Methodology

1 Program background

The BioCarbon Fund Initiative for Sustainable Forest Landscapes (ISFL) is a pilot program established in 2013 as a multilateral fund under the trusteeship of the World Bank and financed by several donor countries.[6] The program aims to foster low-carbon development by simultaneously reducing greenhouse gas (GHG) emissions from agriculture, forestry and other land-use (AFOLU) activities, and promoting climate-smart agriculture, livelihoods and sustainable land use planning and landscape management. The ISFL operates with four main design elements: working at scale, leveraging partnerships, incentivizing results, and building on experience. The program starts with country grants for readiness and emission reductions (ER) support during which agreements and capacities to purchase carbon credits are developed. Implementation of these agreements follows during the second stage of results-based ER purchases (ERP). Country Private Sector Engagement Strategies (PSES) and global support activities complement the program. The ISFL aims to be a knowledge and learning hub for its innovative programs and activities to replicate and scale its approaches.

The ISFL core program activities were financed by two funding instruments: the *BioCFplus* and the *BioCF Tranche 3 (T3)*. The *BioCFplus* (USD 133.6 million pledged) is financing the country grant programs and cross-cutting activities (e.g., the PSES and technical advisory work), while the *BioCF Tranche 3* (USD 222.2 million pledged) is financing verified ER purchases and MRV processes during the ERPA stage. By June 30, 2023, the ISFL had received USD 122 million from its Contributors, of which slightly over half (USD 78.8 million) was spent (ISFL Annual Report 2023). Additional funding of USD 120.7 million was mobilized through project co-financing (loans and grants) from public and private sector sources, to varying amounts in each country. The ISFL country grant programs financed technical assistance, capacity building, and activities contributing to enabling environments for ER and integrated landscape management in each country. Private sector engagement and support were funded through country grants and several PSES. In parallel, the ISFL helped the five pilot countries to develop their Emission Reduction Program Documents (ERPDs) and build capacities for the instruments and systems needed for the transition towards the ERPA stage. Generated emission reduction credits (ERC) will be distributed through Benefit Sharing Plans (BSPs) to communities, host-country governments, and other country stakeholders.

Several country grant programs were near their end at the time of this evaluation or already completed (Ethiopia), and four of five ERPDs had been approved by early 2024 (except Mexico). Ethiopia was the first country that signed its ERP Agreement (ERPA) in 2023, with ERPA negotiations with Zambia being almost completed, and those with Indonesia planned to start in the first part of 2024. The ERPA stage for country programs is expected to last until 2030.

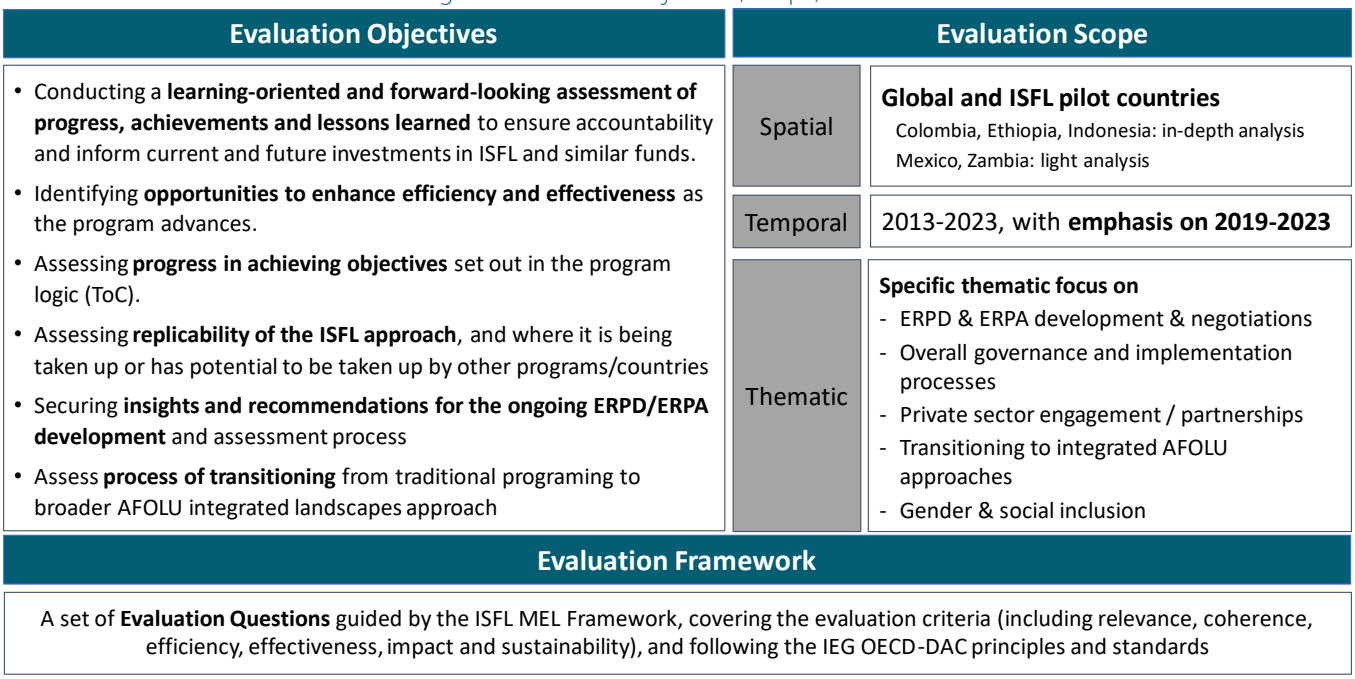
[6] Germany, Norway, the United Kingdom, the United States, and Switzerland. All donors have been contributing to BioCFplus, while the UK and Norway are the largest Contributors for the BIOCF Tranche 3 (USD 116.5 and 95.7 million respectively) joined by the US and Switzerland (USD 7.0 million and 3.0 million).

2 Methodology

2.1 Objectives and scope of the evaluation

The primary objective of this evaluation was to examine progress, achievements and key lessons learned to guide ongoing and future investments or strategic decisions of the ISFL in similar funds/programs. The evaluation covered the entirety of the ISFL across its global activities and five country pilot programs since inception (2013-2023), paying particular attention to the period after the first program evaluation (2018). Although the evaluation examined all five pilot countries, it adopted a two-pronged approach – it carried out in-depth case studies for Colombia, Ethiopia and Indonesia, involving a country visit by an ADE international consultant (working with a national consultant), and face-to-face interviews with field-level stakeholders, and a 'lighter touch' approach to the case studies in Mexico and Zambia[7], where national consultants conducted the work, but without a field mission to the program area. Data derived from the five countries and global-level analysis were combined and triangulated with global data analysis and interviews and utilized to generate aggregate-level findings and lessons for the ISFL and similar programs.

Figure 2: Evaluation objectives, scope, and users



Source: ADE

Evaluation objectives for this second independent evaluation of the ISFL, its scope and users are summarized in Section 2.1. The evaluation had a summative and formative focus. The *summative* focus on progress since the first program evaluation in 2018, covers mainly the ongoing grants' capacity development and technical

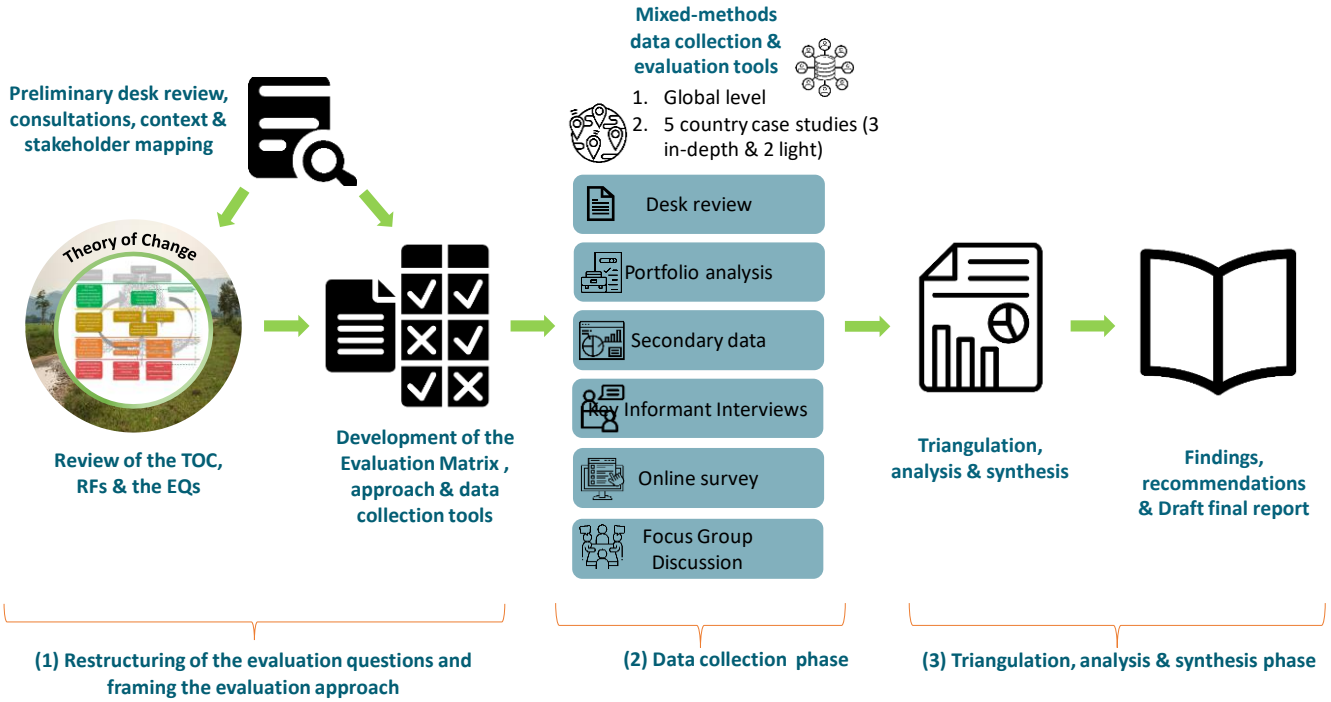
[7] The selection of in-depth and light case studies was determined in concertation with the FMT, prior to contract award. Based on available resources, three countries were selected for in-depth analysis, one in each region, and with preference for countries with the most advanced status in the program (Indonesia, Ethiopia and Colombia). Two light-touch case studies were conducted in Zambia and Mexico.

assistance for ERPD and ERPA development and on-the-ground investments in public and private sector (PS) pilot activities, as well as private sector engagement strategies. The *formative* focus of the evaluation is on the future stage of ERPA implementation, and the adequacy of generated capacities, awareness, mechanisms, and incentives to achieve the program's overall transformative vision in the years to come. The evaluation took place at a time of program transition from its early capacity-building and investment stage to the ERP phase, and when several activities were on-going and therefore without outputs or outcomes to evaluate. Activities relating to the ERPA stage were only subject to formative analysis. This and other limitations are described in Section 2.3.

2.2 General approach

The methodology for the evaluation consisted of a convergent mixed method, non-experimental design that combined conventional and participatory quantitative and qualitative methods to answer the key evaluation questions (EQs) that framed the evaluation. A range of qualitative and quantitative data was collected at the aggregated global level and through case studies in ISFL pilot countries. The general evaluation approach is described below in .

Figure 3: Evaluation approach



Source: ADE

The detailed methodology is available in Annex 1. The evaluation approach was operationalized through three phases:

Phase 1: Inception Phase

Inception phase activities allowed the evaluation team (ET) to restructure the EQs and fine-tune the methodological approach in light of the evaluation objectives and underlying program Theory of Change (ToC).

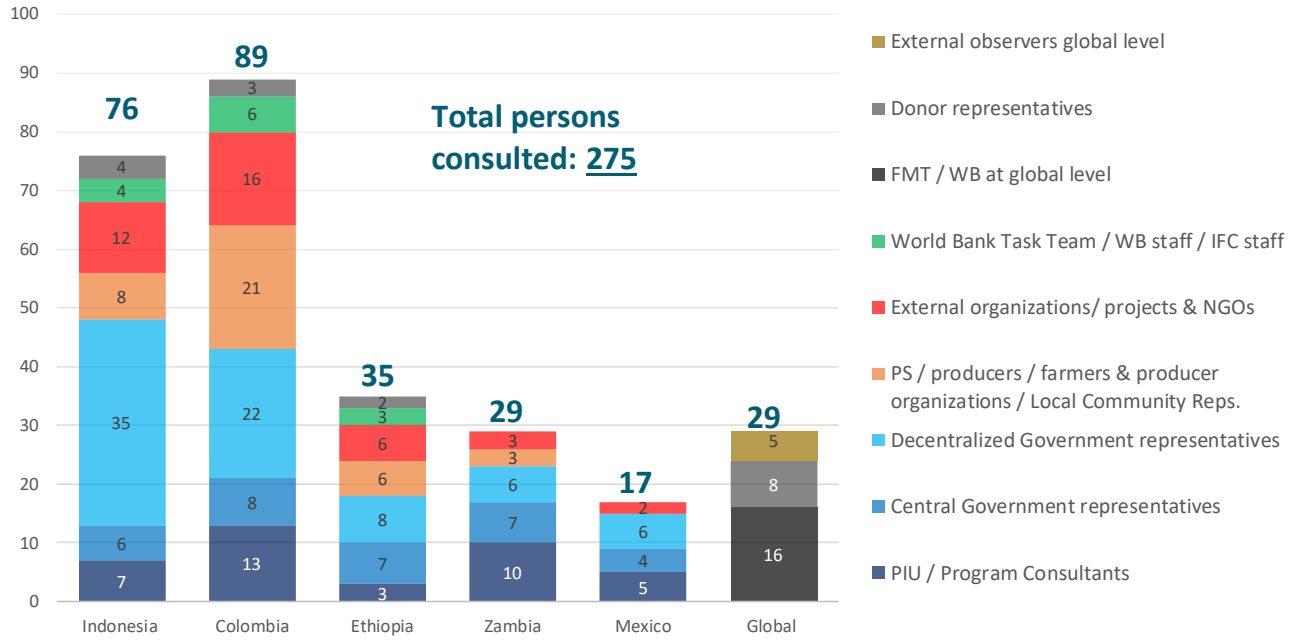
The EQs were prioritized, regrouped, and refined, reducing them to 21 EQs which formed the basis of the evaluation. An Evaluation Matrix (EM) was developed, linking each EQ to a set of indicators, data sources and data collection tools (see Annex 2).

The ET conducted a series of remote consultations with key internal stakeholders, and reviewed program documentation and MEL framework. Discussions were held with the Fund Management Team (FMT), the Evaluation Oversight Committee (EOC), Trust Fund Contributors, World Bank Task Teams and included a two-day in-person working session with the FMT and Contributors in Vienna[8].

Phase 2: Data collection

Data collection took place at the global level and country level through five case studies, three of which were in-depth (Colombia, Ethiopia, and Indonesia), including country visits, and two were lighter touch (Mexico and Zambia) which consisted of remote interviews.

Figure 4: Number of KIIs and FGDs conducted (excluding numerous exchanges with FMT, Country TTs, and EOC)[9]



Source: ADE

The ET conducted stakeholder consultations through KIIs and FGDs with a broad range of stakeholders at the global, national, and jurisdictional levels. A total of 275 stakeholders were consulted throughout the evaluation. (see Figure 4) and Annex 3 for the full breakdown of the sample). This included community members and representatives in four countries. In Indonesia, the team met with four community groups in different locations, also including local CSOs and other community representatives. In Colombia, the team visited several locations in two departments and value chains where most work had been done (mainly livestock meat, dairy, cashew,

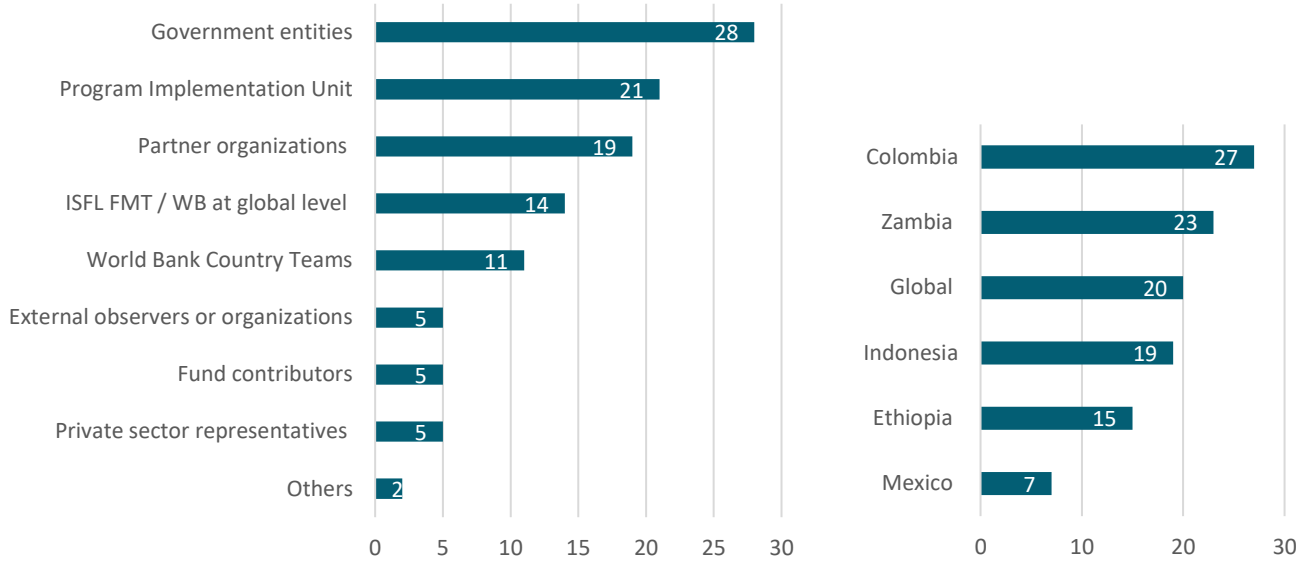
[8] The Workshop took place in at the ISFL Annual Meeting in Vienna, on May 1st, 2nd and 3rd, 2023. The sessions served to validate the revision and restructuring of the EQs together with the FMT; present the evaluation objectives and scope to the ISFL Contributors; conduct preliminary consultations with the FMT, ISFL donors and Colombia Task Team.

[9] Regular meetings with FMT during the entire evaluation process; At least four workshops with the country TTs per country (remote and in-person); Three EOC meetings.

rice, and oil palm[10]), guided by PIU and WB task team. Evaluators met among others with 27 medium-scale farmers and representatives from farmer organizations and the PS as well as officials from decentralized jurisdictional administrations. In Ethiopia, no travel was allowed outside the capital for security reasons, but 6 community and cooperative representatives and 3 project colleagues travelled to Addis Ababa to meet with the evaluation team. In Zambia, at least 6 local community and CSO representatives were interviewed remotely.

Moreover, an e-survey was implemented to identify and quantify stakeholder perceptions on various dimensions related to the EQs. It targeted representatives of all relevant ISFL stakeholder groups except for local communities. A total of 111 respondents completed the e-survey (see Figure 5 below and Annex 4 for more details on the sample).

Figure 5: E-survey sample



Source: ADE

Phase 3: Triangulation, analysis, and synthesis

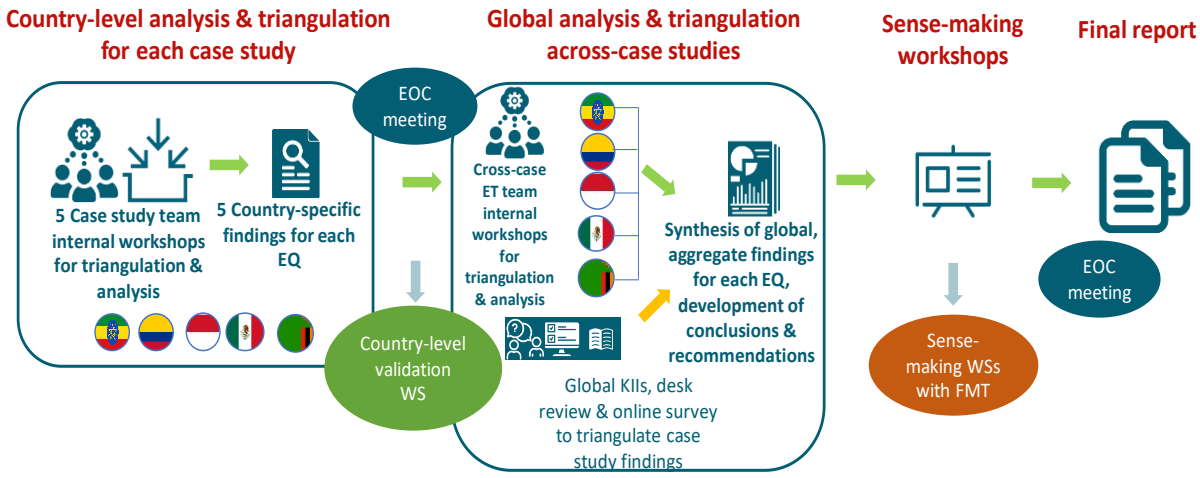
The data gathered from the various data collection tools and different stakeholder sources were triangulated to synthesize observed findings, as described in Figure 6. This triangulation and synthesis process was first undertaken at the country level and then across countries, considering the global remote consultations, the e-survey and global document reviews. Country and global information and triangulation informed the preparation of 5 country presentations with main findings and conclusions for each country, by evaluation question. Preliminary country findings and conclusions were then reviewed by FMT and World Bank country task teams (TT) and the World Bank's comments were discussed in five separate country case study validation workshops with FMT and country TT. This allowed the Evaluation Team to explain and clarify its findings, obtain feedback and additional inputs, correct factual errors, and identify points of agreement and disagreements for further research and analysis (during the remote workshop sessions and through written feedback).

The five sets of country findings and conclusions, together with other information from the global analysis, were

[10] Logistical/time constraints meant the team was unable to meet with cocoa farmers when in Meta Department.

then brought together in the evaluation synthesis report. Based on written and verbal comments by the FMT and other World Bank global experts during a sense-making workshop the synthesis report was revised and presented to the EOC and country task teams for further review and comments. Consultations at this stage also were designed to come up with actionable and operationalizable recommendations.

Figure 6: Triangulation, analysis & synthesis process



Source: ADE

2.3 Limitations

Most ISFL country grant and other activities were on-going at the time of the evaluation, which meant that there was limited quantitative information available about certain outcome results, such as from program completion surveys (farm, household, or perception surveys) or Implementation Completion Results Reports, except for the useful monitoring information from the MEL that focused mainly on certain outputs and outcome proxies and the supervision reports. This is of course due to the stage of most of the program. The evaluation team collected much qualitative information from key respondents, documents, and observations.

Given the highly leveraged nature of the program and multiple initiatives and projects in the ISFL jurisdictional areas, it was often difficult to make attributional statements and to explain ISFL objectives to interview partners in terms of the program's leverage and boundaries. The ISFL was designed to catalyze and leverage financing and interventions from many public and private sector partners (e.g., co-financed projects such the Zambia ZIFLP and the Mexico PROFOEM, IFC private sector work in Colombia, FCPF in Indonesia, underlying projects in Ethiopia). The program also complemented other ongoing initiatives (e.g., REDD+ readiness processes, GHG reporting etc.). The ET focused on plausible contributions by the program to observed results.

E-survey responses were lower than hoped, despite efforts by the ET to ensure a short and user-friendly survey format and coordination with TTs, PIU and FMT to send periodic reminders. The sample size was considered as reasonable and sufficient for at least 4 of 5 countries (possible exception of Mexico). The e-survey data and its quantitative and open-ended qualitative responses were useful for triangulation, to identify patterns and trends in stakeholder perceptions that were compared and matched with key informant interviews and other data.

There were also various limitations while conducting the fieldwork during the country case studies due to:

- **Ethiopia security:** Following the World Bank heightened risk guidance, the ET was not allowed to travel outside Addis Ababa, which greatly limited the inputs of subnational and local stakeholders. The PIU helped arrange a meeting with some subnational and local community representatives (e.g., heads of Sustainable Forest Management (SFM) cooperatives and OFLP (Oromia National Regional State Forested Landscape Program) field workers).
- **Logistics and time constraints in Colombia and Indonesia:** in Colombia, the large geographical size of the Orinoquía jurisdiction constrained the number of meetings with beneficiary producers to some extent, and security concerns in Arauca department restricted access. In Jambi Province of Indonesia, distance and time constraints meant that the jurisdiction's peatland areas were not visited.
- **Agreed methodologies in Zambia and Mexico:** the agreed methodological approach did not include field visits in these countries. Instead, subnational and local level stakeholders were interviewed remotely.

To address these limitations, the ET used triangulation across different data sources and data collection tools to identify points of convergence. Preliminary findings from the case studies were discussed with the PIUs and TTs in debriefing sessions, and with the FMT and TTs during case study validation workshops for each country.

Part II – Findings

3 ISFL Relevance and Coherence

3.1 Relevance and program adaptation

To what extent does ISFL's pilot approach, activities and expected benefits respond to the context and needs of national and local counterparts, beneficiaries, and stakeholders in ISFL countries?

How has the program learned and adapted itself to remain relevant and resilient to changing circumstances and factors that affected its relevance and implementation?

National context and needs

Finding 1: The ISFL's pilot approach, activities and expected benefits are highly relevant and responded to the context and needs of national and local counterparts, beneficiaries, and stakeholders in the ISFL countries. Private sector needs were also well considered in the design of the country programs.

The ISFL is highly relevant for national policies and programs in all ISFL countries and is aligned with the countries' National Determined Contributions (NDCs), REDD+ and climate change mitigation agendas, as well as national restoration targets[11]. Moreover, the ISFL is aligned with countries' ambitions to implement robust jurisdictional ER approaches and methodologies, thereby enhancing the rigor of AFOLU ERs. Most e-survey respondents thought the ISFL programs were responding very well to country contexts and needs.

In Ethiopia, forestry is high on the government agenda and the ISFL is relevant to national policies such as the Ethiopia Climate Resilient, Green Economy Strategy, and its land use change objectives, as well as the 2021 NDC. The ISFL/OFLP approach is highly relevant for its support for the forestry and agricultural (including livestock) sectors, especially advancing their policies and sectoral ER strategies, although the strategy of generating ERCs appears less relevant to the current agricultural sector policies than the forestry sector policies.

In Indonesia, the ISFL is relevant as regards supporting its efforts to improve the enabling environment for ERs and access results-based finance and thereby contribute to its NDC and National REDD+ Strategy, and broader green growth agenda.

In Colombia, the ISFL responds to the new (2022) government policies on climate change and sustainable development (e.g., the 2022-2026 National Development Plan (NDP). The ISFL has supported the formulation of about 30 new policies and is relevant to the country's NDC targets and formed part of the national REDD+

[11] Land Degradation Neutrality targets in Ethiopia and Zambia: https://knowledge.unccd.int/sites/default/files/inline-files/ethiopia-ldn-country-report-final.pdf;https://www.unccd.int/sites/default/files/ldn_targets/2019-10/Zambia%20LDN%20TSP%20Country%20Report.pdf

program under the Ministry of Environment.

In Zambia, the ISFL is aligned with the government's dedication to enhancing carbon markets, green bonds, and other climate finance sources. The program is relevant to government priorities and policies and has helped implement several policies: the National Climate Change Policy of 2016; the REDD+ strategy (2015); the Environmental Management Act (2011); Wildlife Policy (2018); the NDPs; the NDCs; the Guidelines for Mitigation Activities under Article 6 of the Paris Agreement launched in 2023; and interim guidelines on handling of carbon markets and trading.

In Mexico, the ISFL contributes to the country's NDC targets and various national plans and strategies linked to RBP mechanisms for REDD+. The program is relevant to and supports the recent development of the national legal framework for carbon markets, including the modification of the General Law on Sustainable Forest Development in 2022, which empowered the government to enter into international agreements for RBPs derived from ERs.

The ISFL is relevant to the subnational policies and programs of the jurisdictions where it was being implemented.

In Indonesia, the ISFL supported design and implementation of the Jambi Green Growth Plan (2019-2045) and the Jambi Development Plan, which included SFM and conservation. The program complemented the Natural Resource Management (NRM) program and other programs in their support of buffer zone villages and other remote villages. It was also relevant to sustainable landscape initiatives launched by the palm oil sector via the Roundtable on Sustainable Palm Oil (RSPO) and ISPO (Indonesia Sustainable Palm Oil) certification program.

In Colombia, the jurisdictional approach fits well with the new government's policies for climate change mitigation. The ISFL supported and coordinated with several jurisdictional level policies and programs, including the Orinoquía Region Climate Change Action Plan (PRICCO) and the GEF-WB-WWF Orinoquía Integrated Sustainable Landscapes Project.

The ISFL programs respond well to national contexts and the needs of stakeholders and beneficiaries. The landscape approach of the program is relevant to addressing the challenges faced by local populations and smallholders in the targeted jurisdictions characterized by high levels of deforestation and forest degradation, and growing rural populations that are highly dependent on natural resources.

In Ethiopia, the ISFL is relevant for the Oromia jurisdiction, which has a large part of Ethiopia's forest landscapes (41%), high levels of degradation and many endangered endemic species. The program addresses the needs of a growing rural population that is highly dependent on natural resources. It also considers the needs of various private sector entities of relevance especially in forestry and coffee production.

In Indonesia, the ISFL is relevant to the Jambi jurisdiction which has experienced significant negative land-use and forest cover changes in recent years, largely due to the expansion of palm oil, pulpwood, rubber, coffee, and other commodities (involving both large concessions and smallholders). Deforestation and forest degradation are also perpetuated by weak governance of land use and natural resource extraction. The ISFL responds to the needs of the population in these areas with initiatives such as raising awareness of and promotion of sustainable agricultural practices. The program is relevant to PS development and Private-Public-Partnerships (PPP) in Jambi Province through its work with small and medium scale farms and plantations that are the main

drivers of deforestation and degradation.

In Zambia, the ISFL has helped implement the EP Vision statement on "improving rural livelihoods by reducing deforestation and forest degradation using a low emission pathway through local community participation by 2030". The program is relevant for the Eastern Province, which has among the highest poverty levels, and where livelihoods are strongly dependent on natural resources and agriculture. The region faces deforestation and degradation, biodiversity, and ecosystem services losses due to agricultural growth, and increasing charcoal production and timber extraction to sustain livelihoods. In this context, the ISFL responds to the needs for improved livelihoods, conservation, and resilience to climate change.

In Colombia, Component 1 of ISFL is highly relevant to addressing the capacity needs of stakeholders of various national and regional authorities, especially NORECCO, the departmental and municipal governments, and the two regional autonomous corporations (CARs). The needs of various private sector clients and partners were also addressed well in this pilot country. However, it is less clear how relevant Component 2 activities are to community-level stakeholders' needs: in Vichada and Meta Departments, many activities are oriented to medium and large-scale farmers reflecting dominant production systems in the savanna region and the potential for emission reductions. However, some activities also have high social co-benefit potential, such as the work in Meta Department with three dairy processing supply chain initiatives and small cocoa farmers.

Adaptation and learning

Finding 2: The ISFL has adapted to changing global climate priorities and methodological developments in the carbon market context. The program also adapted with changes in government priorities and policies (as in Colombia and Zambia). The program learnt from its initial activities and experiences, as well as from other national and international programs, to remain relevant and anticipate future challenges and changes. In terms of learning, the ISFL carried out a large range of international learning events convening more than 500 participants from 90 countries, well above expectations, and published several knowledge products.

The ISFL has adapted itself over the years to remain relevant in evolving global carbon market dynamics, by shifting ERPD approaches and methodologies and incorporating new guidance on jurisdictional approaches and REDD+. The ISFL has aligned its strategic priorities with evolving international goals and national policy commitments such as i) The Paris Agreement (2015); the Glasgow Climate Pact and Glasgow Leaders' Declaration (2021), and respective NDCs commitments; ii) public commitments and declarations of stakeholders, including the PS, which has made important public statements regarding their commitment to forests, land use, and climate change (e.g., 2014 New York Declaration on Forests, the 2011 Bonn Challenge, etc.), and iii) the 2016-20 World Bank Forest Action Plan and 2021-25 Climate Change Action Plan which laid out the strategic foundations for the ISFL and reinforce the relevance of the ISFL vision.

The ISFL has learned from other national and international programs, with emphasis on learning from FCPF at global and national levels. More specifically, the ISFL has relied on the national REDD+ readiness work of the FCPF and UN-REDD, including MRV and the institutional infrastructure for large-scale land use programs. The

program is built on the experience of the FCPF in engaging with key stakeholders at design, including CSOs (Civil Society Organizations), IPs, and vulnerable/marginalized populations). In Indonesia, the ISFL has derived lessons from past and ongoing experiences from FCPF implementation, as well as from previous Jambi jurisdictional experiences in planning the green development plan and working with other ER programs. More specifically, more resources were allocated to the development of the co-benefits safeguards management system than in the FCPF program in East Kalimantan. See further on coherence with FCPF on Section 3.2.

The ISFL has also had to adapt to changes in government priorities and policies where these have significantly changed (Colombia, Zambia). In other countries there was political continuity which has kept the ISFL relevant to GHG ER ambitions. In Colombia, there has been constant adaptation throughout program implementation, including identification of PIU personnel, strengthening its capacities, improving internal administrative processes, etc., in response to the changing context. A major adaptation challenge has been the frequent re-education of Agriculture and Environment ministers and vice-ministers about a complex program in terms of ISFL design objectives, areas of work and integration requirements. In Zambia, the ISFL aligned to institutional changes following the 2021 elections by becoming integrated into the new Ministry of Green Economy & Environment (MGEE); this has led to better coordination with key departments/agencies working on forestry, NRM and climate change issues.

The ISFL has adapted by learning from initial experiences and program implementation in different areas. Examples include the following:

- The MRV and BSP methods development were cognizant of, and responsive to emerging, international methodologies on jurisdictional programs. For instance, the Paris Agreement Rulebook was not finalized until the Glasgow 2021 Conference of the Parties (COP).
- In 2021, program design was finetuned and the ISFL requirements updated to help countries to calculate livestock emission baselines by incorporating the intensity of production of livestock products (i.e. ER per kg of beef or milk produced). The ERPD assessment process was also reviewed to improve the efficiency of the validation process for ERPDs.
- Since 2022, the World Bank has been developing a prototype and proof of concept of a remote sensing–based digital MRV system (MRV 2.0) with the objective of demonstrating that carbon stocks can be estimated across large, spatially explicit areas using newly available satellite data, cloud computing technology, and artificial intelligence.
- In November 2022, ISFL connected a broad range of partners at COP27 in Egypt sharing insights and learnings about the ISFL's support and landscape approach, and about the next-generation MRV system (MRV 2.0). The event also allowed the ISFL to connect with media outlets and to discuss the World Bank's work in green finance.

The Learning Agenda of the ISFL program, guided by the MEL Framework (see Section 6.2), focused on the preparation and dissemination of knowledge products, and in-person events (e.g., webinars, annual ISFL meetings, etc.), for creating learning feedback loops into implementation. The learning agenda is structured by

thematic "learning modules" that have evolved over time and are agreed during annual meetings, together with Contributors. According to the MEL Framework, since 2017, 35 knowledge dissemination events were carried out by ISFL, way above the initial target of events. In 2023, this included for instance the RBCF workshop in Indonesia, the FCPF knowledge day, and the COP Indonesia Pavilion event. In 2022, the ISFL held a workshop on PS engagement for accelerating climate action, and also hosted a mentored course on value chain financing for agriculture as part of the ISFL-supported Sustainable Agricultural Banking Program (SABP). Many webinars were held over the years, among others on food systems transformation, land use, landscapes, and ERC.

Since its start, the ISFL has delivered many knowledge products that aimed to push forward the field of integrated land use and AFOLU jurisdictional carbon assessments and accounting. According to MEL data, 93 documents have been made public since the start of the program. This includes, for example, the 2022 ISFL publication "*Toward a Holistic Approach to Sustainable Development: A Guide to Integrated Land-Use Initiatives*"[12], on the evolution of ILM initiatives over the past two decades. Lessons from this guide influenced the direction of the program, including the ISFL integrated approach to PS engagement in pilot country jurisdictions. To mark the launch of the Guide, the program held a webinar series in January 2022[13]. The webinars convened more than 500 participants from 90 countries, who exchanged global best practices and lessons learned from the initiatives assessed in the ISFL's report.

Finding 3: The ISFL has adapted well to external challenges such as the COVID-19 pandemic and security challenges in some countries, as well as other contextual changes in the countries.

The Covid-19 pandemic affected implementation of the ISFL in all countries resulting in some delays, especially affecting the ERPD/ERPA process, but no major disruptions were detected. In several countries such as Zambia, Mexico and Indonesia COVID-19 was found to cause some delays in conducting beneficiary consultations for BSP and safeguards, mobilizing consultants and carrying out field visits. Some global activities such as those by the ERPD Auditors were also affected. Country programs largely managed to adapt their operations in response to travel and contact restrictions by taking mitigation mechanisms such as remote meetings and SMS and WhatsApp groups to overcome COVID-19 challenges and minimize delays to activities.

The ISFL has successfully adapted to security challenges in Ethiopia and Colombia. In Ethiopia, funds were redirected to new priorities (e.g., budget shifts to other areas due to security concerns; and underutilized budget was shifted to livelihoods' support, especially for women-headed interest groups). In Colombia, remote working methods were used to finalize the *Multipurpose Cadastre of Arauquita Municipality* in Arauca Dept in the face of security issues.

Overall, the ISFL has remained flexible to learn and incorporate changes throughout the programs. More specifically, in Colombia and Indonesia, the ISFL adapted capacity building activities in response to the challenges

[12] Blog publication on BioCarbon website here: https://www.biocarbonfund-isfl.org/result-stories/world-bank-releases-innovative-global-study-integrated-land-use

[13] Embracing Complexity: How to Implement Integrated Land-Use Initiatives for Sustainable Development - January 19 & 26 - Webinar Resources

of brain drain and staff rotation due to change in national/local governments. In Indonesia, the ISFL has adapted capacity building efforts to the needs of the Sub-National Project Management Unit (SNPMU) and of the line agencies involved (e.g., providing a national consultant specialist on MRV, and another in M&E practices). In Zambia, the ISFL learned from early implementation challenges to bridge capacity gaps in strengthening the community forest management (CFM) and participatory land use planning components (e.g., through hiring consultants, thematic experts, and capacity reinforcement activities). The program moved beyond technical studies to carrying out capacity reinforcement activities to fill identified capacity gaps, and thereby improve implementation effectiveness. Another example of adaptation was when there was a weak Ministry of Energy presence, the program identified local authorities to collaborate on the energy-efficient cookstove component. In Mexico the PROFOEM/ISFL program has adapted well to changes in national policy by putting more emphasis on social co-benefits in line with current government policies, and with the help of the World Bank task team, CONAFOR identified remote alternatives to proceed with participatory consultation processes over the COVID-19 period.

These findings are corroborated by the e-survey. Overall, most respondents felt the ISFL has adapted very well to the evolving climate, development and/or sustainable landscape goals, agendas, and priorities, both at the country and global levels.

3.2 Coherence of the ISFL and its value added.

How coherent is ISFL with other national, sub-national and global policies, strategies and programs of host country and other development partners, and what is ISFL's niche and value added?

Policy coherence

> Finding 4: There is generally strong coherence between the ISFL and national climate change and sustainable development policies. For Mexico, coherence has been strongest with the government's social policies, a priority of the current Government, but national policy and budgetary commitments to climate change mitigation were relatively weak.

Most key informants conveyed strong coherence of national ISFL programs with national policy and planning processes, in addition to coherence with NDCs and national REDD+ policies and programs (see Section 3.1).

In Zambia there is good coherence with the 2022-2026 NDP, which highlighted ILM and included promotion of community forest management (CFM); the focus on CFM in the ISFL leveraged and complemented the 2015 Forestry Act and the 2018 Forestry and CFM regulations. The recently established Ministry of Green Economy has also helped the momentum of the ISFL.

In Colombia there is very strong coherence with government policies, including those of the new (since 2022) Gustavo Petro government, with its strong climate change mitigation and adaptation policies. These were clear in the 2022-2026 National Development Plan (NDP), including its incorporating climate change mitigation into

land use planning in the form of subnational territorial land use plans - due to the influence of the ISFL. The ISFL is also highly relevant to regional initiatives, especially the Orinoquía Region Climate Change Action Plan (PRICCO) and a proposed Regional Environmental Action Plan for Orinoquía. The program's land cadaster initiatives are also tied in with the peace process, which has also been boosted by the government.

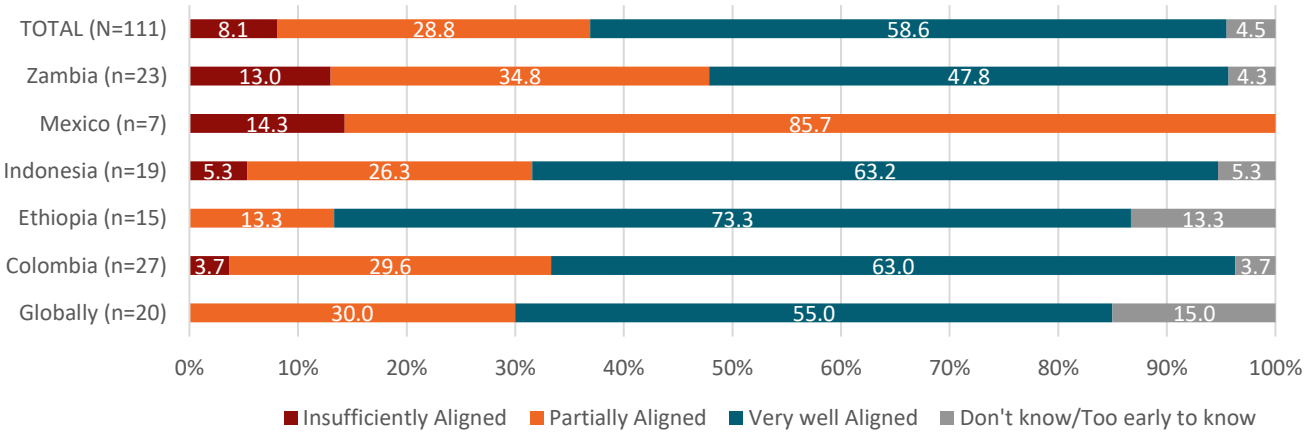
In Indonesia there is an especially strong coherence with the Jambi Green Growth Development Plan (2019-2045), as well as with other development plans and forest conservation aims of Jambi Province, and with Ministry of Agriculture policies on sustainable palm oil production, especially via certification.

In Ethiopia there is strong convergence with the Climate Resilient Green Economy Strategy with its emphasis on integrated land use, as well as with the updated NDC commitments. However, national climate change policies for emission reductions are more forestry-oriented, which to some extent challenges cross-sectoral planning and implementation.

In Mexico, while there is strong coherence with the NDC target of 40% reduction of GHG emissions by 2030 and Mexico's net zero deforestation target by 2030, coherence with national policies is less clear than in the other countries. This is due to the current government's relatively low priority for climate change mitigation compared with other goals (such as social ones) as confirmed by several key informants of this evaluation in Mexico on the other hand, the focus on the collective tenure regimes of forest ejidos and 'communities', and importance of co-benefits (emphasized by CONAFOR key informants) made it coherent with the country's prioritized poverty reduction policies, as in the 2018-2024 NDP.

Most e-survey respondents also perceived strong coherence or alignment between the ISFL programs and national policies and programs around land and forestry use (Figure 7), except for Mexico where most respondents felt there was only partial alignment which was in line with the Evaluation's key informant interviews. Although the sample size of knowledgeable persons in Mexico about the ISFL project that received the e-survey was relatively low (n=14), 50% of these responded to the survey which is a high rate. Of these 7 persons, 6 (or 85%) were of the view that ISFL strategy aligned only partially, a high percentage compared to the other ISFL pilot countries. This view also triangulated well with all information obtained in key informant interviews in Mexico.

Figure 7: How well is the ISFL strategy aligned with host countries' national and subnational land use and forest development plans?



Source: ADE

Finding 5: The ISFL has strong coherence with the UNFCCC and national REDD+ processes.

In Ethiopia, the ISFL is fully integrated into national REDD+ structures and processes, including MRV development. The OFLP is effectively the regional (Oromia) REDD+ program. This coherence is reinforced by Norway's long-term REDD+ commitment to Ethiopia as part of its forestry partnership agreement with the government.

The ISFL also continues and complements earlier progress of the Ethiopia FCPF program, as well as pro-actively drawing on experience from the voluntary carbon market (VCM) Bale Mountain Eco-Regional REDD+ project. A potential future coherence issue is how the program will interact with a proposed LEAF Coalition program likely to include Oromia, and that will use the ART TREES Standard.

In Indonesia, the J-SLMP incorporated lessons from the FCPF and other REDD+ programs, and is consistent with government policies associated with ERs and the carbon market, including Presidential Decree 98 (2021) on the Implementation of the Carbon Economy for the achievement of the NDCs, Ministry of Environment and Forests (MoEF) Regulation 21 (2022) Procedures for the Implementation of Carbon Value Economy, MoEF Regulation 7 (2023) Carbon Trade Processes for the Forest Sector, and the MoEF Net FOLU Sink 2023 Strategy.

In Colombia, the ISFL has been incorporated into the National REDD+ program under the Ministry of Environment and has also been able to build on the recently closed FCPF program that culminated in the 2022 'Readiness Package.' There are however some key informants in the Ministry of Environment who felt there was weak or unclear coherence with the Paris Agreement, especially as the government had hoped to generate and sell Paris Agreement Internationally Transferred Mitigation Outcomes (ITMOs).

In Zambia, the program explicitly includes the aim of operationalizing the national REDD+ strategy, with which it is fully coherent, e.g., the focus on CFM and the Eastern Province Vision Statement that included "improving rural livelihoods by reducing deforestation and forest degradation using a low emission pathway through community participation."

In Mexico, the ISFL is consistent with various national plans and strategies linked to REDD+ and RBP mechanisms. It has been able to build on recent changes in the legal framework for carbon markets (changes supported by the Mexico FCPF) specifically the 2022 modification of Article 138 bis of the General Law on Sustainable Forest Development, which allows the government to participate in international agreements for RBPs derived from emission reductions.

Nesting of Voluntary Carbon Market projects

Finding 6: The future relationship between the ISFL jurisdictional programs and the VCM sector, involving the development of "nesting" systems in most of the countries, is an area of evolving understanding and considerable current uncertainty, including due to ongoing national carbon market regulation processes in three countries.

Nesting is a high priority in a jurisdictional approach to generate coherence, align baselines and MRV across jurisdictional and VCM project accounting (World Bank 2021).[14]

It is also necessary to avoid double-counting, design jurisdictional BSPs that consider VCM projects, and generate incentives for PS and CSOs to keep engaging in ER activities. Only one pilot country, Zambia, has regulated its national carbon markets so far (with support from ISFL) and arrived at a clear nesting system for the ISFL jurisdiction. In three countries (Colombia, Indonesia, and Mexico) national carbon market regulations are currently being developed, regulations that are likely to impact the nesting systems and more broadly the relationship between AFOLU Voluntary Carbon Market (VCM) projects and the ISFL programs. The VCM forest carbon sector is in a state of flux and uncertainty following the critical Guardian et al (2023) report.[15] There is a spectrum of situations.

In Colombia it was recognized that a nesting system was vital in view of the 15 active VCM AFOLU sector projects in the Orinoquía jurisdictional area, but this was on hold due to the pending Framework Decree on the national carbon market (Box 1).

In Zambia, a recently approved policy requires a centralized nesting system which was proposed to the two 'legacy' carbon VCM projects in the jurisdictional area (COMACO and BCP), but there were fears from some community and PS beneficiaries that benefits would be diluted due to the jurisdictional baselines, compared with VCM project baselines for their communities only. The Program made several efforts to resolve the problem, among others through the Technical Harmonization Working Group. COMACO was reported to be ready to sign the proposed MOU, but not BCP.

In Ethiopia the government decided not to allow nesting of projects for now in the OFLP but is in the process of developing a nesting policy. Therefore, the Bale Mountain REDD+ project (also in Oromia State), which was the first ER credit project in Ethiopia, can no longer sell any ERC separately from the OFLP. The project was consulted about this situation, and it was agreed that the project would not be nested as a separate beneficiary in the program.

In Indonesia, some PS actors who did not agree with the proposed in-kind payments in the BSP said that if payments were not in cash, they would look at VCM possibilities. Alternative trading on VCM by projects in Jambi province would still be permitted if these companies comply with current MoEF regulations and document their ER in a national register.

[14] World Bank 2021. Nesting of REDD+ Initiatives: Manual for Policymakers. Forest Carbon Partnership Fund. September 2021.

[15] https://www.theguardian.com/environment/2023/jan/18/revealed-forest-carbon-offsets-biggest-provider-worthless-verra-aoe

Box 1: Relationship between the jurisdictional program and VCM sector in Colombia.

Colombia's dynamic and flourishing VCM sector was due to the national carbon tax and other fiscal incentives for companies to offset their emissions through VCM projects. In 2022 there were 110 active 'nature-based solution' VCM projects (Climate Focus, 2023), and at the time of the mission there were 15 AFOLU sector VCM projects registered in Orinoquía. Some interviewed producers in Vichada and Meta Departments were investigating VCM options implying there was a competitive situation.

In November 2022, the Governments of Colombia, Norway, Germany and the United Kingdom agreed on a Joint Declaration of Intent to address deforestation in the Colombian Amazon a promote sustainable development. This Declaration also has a clear ambition of payment for environmental results at national level, based on criteria of high social and environmental integrity.

There were mixed views about whether or how many of the VCM projects will 'opt in' or 'opt out' of a nesting system. One view was that the (pending) national Framework Decree will encourage VCM projects to 'opt in' since by raising the integrity bar (for both carbon and non-carbon benefits) VCM projects will have to revise their baselines and adopt more rigorous MRV and safeguard systems, and thus incur higher costs ; but others thought the VCM projects will be reluctant to accept all ISFL conditions and methodologies, including the BSP, and were also worried by the low public confidence in government-led programs.

Finally, an authoritative review of the VCM situation in Colombia (Climate Focus 2023, p.54) has noted that "clarification of pending carbon market rules, such as the "nesting" of projects in jurisdictional reference levels, by the Government, would help to attract financing. The Government is engaged in several results-based payment programs for REDD+. It is not clear whether and how private sector-driven carbon market projects can be implemented in these areas. A commitment to "nesting" projects into jurisdictional programs and the adoption of implementation rules would help to unlock finance for avoided deforestation projects."

Coherence with similar programs

Finding 7: The level of coordination or collaboration between the ISFL and other similar projects and programs was variable across pilot countries and depended, among others, on the stage of program implementation and the size of the jurisdiction and number of parallel programs.

Several ISFL country programs made efforts to achieve coherence with similar programs and link up more closely, especially where programs are more advanced and are heading into the ERPA stage. Examples of good collaboration or coordination between the ISFL program and other projects or initiatives include:

In Ethiopia there were regular sub-regional meetings with 64 forestry and agricultural projects in Oromia State to share information and avoid duplication, although not at the state jurisdictional level. The ISFL program also built on a number of World Bank landscape and livestock projects that have important emission reduction objectives and that are linked to the program through the World Bank country team.

In Zambia, the country program worked closely with two VCM projects in recent years on how they could be optimally integrated in the ERP under the country's centralized nesting system which led to an arrangement in the benefit sharing plan of 30 percent of jurisdictional ER benefits to be allocated to projects run by CSOs and

PS entities in the Eastern Province jurisdiction. Also, the well-functioning provincial and district level coordination committees allowed good information sharing and coordination.

In Meta Department, Colombia, there was very good coordination between the ISFL program (especially the Roundtable on Sustainable Cattle Farming), and between the IFC, the Meta government, and the Meta Cattlemen's Association in the development and approval of the 2023 Meta Department Ordinance on Sustainable Cattle Management.

Other examples from Colombia, however, showed relatively weak coordination and exchange with various ongoing programs, such as the "Vision-Amazonia" REDD+ program funded by three ISFL Contributors, the French-funded "Green Climate Smart Territories Project", and the WWF implemented GEF-World Bank "Orinoquía Integrated Sustainable Landscapes Project".

- Several key informants, including in-country donor representatives and from the Ministry of Environment, felt there has been weak collaboration and interaction of the ISFL with the on-going overarching Vision-Amazonia REDD+ program, funded by Norway, UK, and Germany. Its Amazon region focus includes part of the Meta Department… Informants felt there was potential for better lesson learning in both directions; a specific learning area for ISFL was the experience and modalities of the REDD+ Early Movers (REM) program under Visión-Amazonia, among others on carbon accounting and MRV The Ministry of Environment planned to hold a REDD+ roundtable meeting to improve coordination and information exchange between these and other REDD+ related programs.
- The on-going French-funded "Green Climate Smart Territories Project" had similar aims and strategies to the ISFL and was also operating in Orinoquía where it was represented by the NGO *Fondo Acción*. Its main aim was to promote CSA in six agricultural production chains (virtually the same ones as in the ISFL), mainly through on-farm participatory research that should allow farmers to assess the viability of CSA production systems. An interviewed cashew producer was a client of this project. A second strategy was the establishment of 10 agroclimatic meteorological stations, some of which were informing the Vichada and Meta Department agroclimatic roundtables. Although coordination between the two programs improved from an initially "competitive" situation, *Fondo Accion* felt it could be much better.
- The WWF implemented 2019-2025 GEF-WB "Orinoquía Integrated Sustainable Landscapes Project," with its focus on mainstreaming biodiversity conservation in savanna and wetland landscapes, was regarded as the sister project of ISFL. One of its key strategies was integration of biodiversity issues into land use planning. WWF felt however that the obvious complementarity has not been sufficiently recognized, e.g., the WWF coordinator was only invited onto the ISFL Steering Committee in December 2022.
- A cashew farmer also commented that there were several donor projects on sustainable cashew production, but there was little coordination between them.
- An insightful observation by a higher-level government KI was that the ISFL has "focused on technical issues associated with ERs and paid less attention to the dynamics and articulation of institutions/entities and actors, information management and innovative models."

In Mexico the strong potential for collaboration and complementarity of CONAFOR, the country's principle forest and ISFL executing agency, with several on-going agricultural/CSA initiatives under parallel state and federal programs was noted. But the signed ISFL program collaboration agreement between CONAFOR and the agricultural sector is not yet operational as regards field activities: It was explained that this was because the grant program in Mexico, as well as the planned ERPA phase I, has been focused on FOLU, and that although several inter-ministerial coordination agreements are in place these are likely to be activated only once the second phase of ISFL ERPA implementation (related to agriculture) will be agreed on.

Coherence within the World Bank Group

Finding 8: The ISFL collaborated and interacted in various ways within the World Bank Group that were generating critical synergies and complementarities in several pilot countries and the World Bank itself, especially through cooperation with IFC, IDA and IBRD programs. There were especially close interactions and learning between ISFL and FCPF at global level, and in the countries where the two programs overlapped in different ways.

World Bank informants in the e-survey commented on the strong coordination between multiple World Bank initiatives in the ISFL. First, and importantly, the ISFL program allowed the World Bank Climate Finance Mobilization Unit to expand its cooperation and mainstreaming with the Bank's Global Practices (GP) and its different country and other teams directly through the Fund's financing. All ISFL country programs had Task Team Leaders (TTLs) from both Environment and Agriculture Global Practices, and so the ISFL was fully built into the work programs of the two GPs. In two countries, Mexico, and Zambia, ISFL was co-financed through sizable World Bank loans, and in the case of Zambia also partnered with GEF, another Facility closely collaborating with the World Bank in many programs. This allowed the ISFL to have far broader impact, outreach, and contacts in its own operations in these countries. For Colombia, intra-Bank interactions and synergies mainly happened between the ISFL country grant and other ISFL funded activities by IFC and Global Practices , which allowed ISFL also to broadly draw on the large experience and work by IFC in this country in attracting private investments to close regional gaps, develop social infrastructure and combat climate change.[16] Coordination between the different World Bank groups in Colombia was assured through regular monthly meetings. A similar cooperation with IFC happened in Ethiopia's coffee sector, a country where ISFL could also build on several large and long-running IDA financed projects on SLM (Sustainable Land Management)/integrated landscape management and livestock development which are part of the Oromia jurisdiction ISFL platform of ER initiatives. ISFL also directly is collaborating and interacting in other ways with other Multi-Donor Trust Funds such as PROGREEN[17] in Ethiopia and Indonesia where the country teams have monthly calls to discuss complementarities and ways to strengthen the partnership. In terms of intra-Bank in-reach, the ISFL has published numerous internal blogs and held many brown bag lunches to share knowledge across the Bank, in addition to its global workshops and learning events.

Several Fund Contributors found ISFL well linked with FCPF at global level, for instance through joint events such

[16] World Bank Colombia Country Partnership Framework 2024-2027

[17] Global Partnership for Sustainable and Resilient Landscapes; which is also working on forests.

as on PS engagement and on the Transparency and Biodiversity Initiatives. Global KIIs confirmed the observations from documents by the Evaluation Team that in much of its design and implementation ISFL built closely on experiences in FCPF, especially in MRV development and Participatory Forest Management. Many ISFL World Bank FMT staff and consultants are, or have been, working also with the FCPF program and there have been clear synergies of FCPF and ISFL sharing the same experts and consultants working on MRV and related systems. Strong coordination and lesson learning between FCPF and ISFL were also pointed out in the e-survey. This report presents several examples of where the ISFL learnt from, or with the FCPF, or where the program is different from the FCPF due to learning, such as in the report's sections on adaptive learning, ISFL niche, ERPD/ERPA processes and private sector. Some global key informants found it surprising that given the similar nature of the ERPD documents some of the countries or jurisdictions were not able to progress faster for ISFL. This of course does not acknowledge the different scope of the ISFL in terms of its AFOLU non-forest land use coverage and jurisdictional approach in all its interventions.

The situation of cooperation and learning was mostly positive. There were close interactions, learning, and joint government support in Indonesia, the only ISFL pilot country with an FCPF Carbon Fund project, which includes an ERPA at a relatively advanced stage of implementation by the time of this evaluation.[18] In Ethiopia, Colombia, Zambia, and Mexico ISFL built on prior and ongoing FCPF Readiness Fund investments of various kinds. A Zambian government KI, however, noted on South-South ISFL-FCPF learning that: "there could have been greater sharing between countries with ISFL and FCPF initiatives".

ISFL value added and niche

> Finding 9: ISFL has an ambitious, cutting-edge vision that has remained steady over time. It fits well into the evolving global climate finance and carbon market agenda, and the widespread acceptance of a rural development paradigm shift towards a transformational agenda for landscapes, value chains and PPPs.

Since its inception in 2013 there was broad agreement among Fund foundation members on the main features and innovative agenda of the ISFL, even though individual Contributor interests varied. The vision of the ISFL, and for the third tranche of the BioCarbon Trust Fund (BioCF T3) was to: move REDD+, reduced deforestation and ER goals beyond forestry into other land-use sectors in line with the main deforestation and forest degradation drivers: to a broader impact than possible in individual projects; to embrace the PS as a major partner in efforts to introduce sustainable and lower emission production systems (as well as for financial leverage); and to link these goals with RBPs. The ISFL would cover all three REDD+ phases of readiness, investments and RBP. The Fund's pilot nature and learning functions were emphasized.

This vision and broad agenda are reflected in the two Theories of Change for the Fund as a whole and its PSES, its four guiding principles: working at scale; leveraging partnerships, incentivizing results through RBPs; and

[18] For details on the Indonesia FCPF program and project please see the parallel ongoing evaluation of the FCPF.

building on learning from experience, and the 2018 BIOCF guidelines/requirements for implementation.[19] This was in line with the Instrument establishing the BioCarbon Fund to i) provide resources to generate and/or lead to ERs and demonstrate how LULUCF or AFOLU activities can create (additional) co-benefits; ii) share benefits of ERCs between Fund participants and host countries; and iii) disseminate the knowledge gained.

The Fund has adapted over time as discussed earlier but remained true to its innovative vision. Most countries became more interested in carbon payments since the Paris 2015 agreement which allowed ISFL to pursue its agenda more effectively, especially in Africa. The ISFL has aligned well with the emerging paradigm shift to broader holistic landscape approaches for rural development, a focus on critical commodity value chains and PPPs in climate finance and implementation.[20] The jurisdictional approach has become even more relevant in the light of the major doubts about carbon additionality from VCM REDD+ projects following the Guardian et al (2023) report.

The e-survey results showed that most respondents saw a high value addition by the ISFL to both national (59% in full agreement) and international carbon finance (55% in full agreement) agendas and contexts – these numbers were among the highest for all e-survey questions in terms of full agreement[21]. Country e-survey respondents perceived the highest national value addition in Ethiopia, and the lowest in Mexico and Zambia (see Figures 4 and 5 in Annex 4). Government and NGO respondents were less certain about the value addition than World Bank and PIU respondents.

> Finding 10: ISFL can be distinguished from similar programs (such as FCPF) through its efforts of integrating other GHG emitting land-use sectors in REDD+ and its strong focus on PS engagement. The ISFL has been first in introducing this approach at jurisdictional level in pilot countries. ISFL was also first in developing jurisdictional land use accounting and building related MRV capacities globally and in countries.

Where the ISFL has been different is in its aim of integrating the agricultural sector (including livestock), among others through multi-stakeholder platforms, and its strong focus on PS engagement. Landscape management approaches are not new but linking them to REDD+ and using ILM as an entry point for REDD+ is new, as is the ambition to scale such approaches to jurisdictions and facilitate enabling policy and regulatory environments. Landscape approaches also require overcoming traditional cooperation constraints ('silo mentalities') among relevant executing partners.

When ISFL was being developed there were no international standards or methodologies for cross-sectoral AFOLU jurisdictional land use ER accounting. The Fund contributed to creating some of these, among others through the ISFL Emission Reductions (ER) Program Requirements[22], and in full alignment with IPCC guidelines for GHG accounting. Moreover, the Fund has strongly supported international third party audited standards

[19] Latest update (Version 1.3) in January 2023

[20] EcoAgriculture Partners. 2020. 'Mobilizing finance across sectors and projects to achieve sustainable landscapes: emerging models'. BIOCF. 2021. 'Towards a Holistic Approach to Sustainable Development'

[21] Highest tercile.

[22] Latest version 1.3 of January 2023

compared with UNFCCC REDD+ guidance that is more facilitative for countries.[23] ISFL helps countries to pilot AFOLU MRV systems at a jurisdictional scale that, once successful, could be scaled up to national levels.

All aspects of ISFL value added mattered in all pilot countries, but there were differences in emphasis due to previous experiences and country contexts. The country case studies found that for most pilot countries the ISFL was the first jurisdictional integrated landscape and ER credit approach, not only for AFOLU, but also for REDD+, except for Indonesia, which had an ongoing REDD+ FCPF jurisdictional program. [24] Most countries were interested in replicating jurisdictional approaches, contingent on effective ERPA implementation. Secondly, all countries appreciated the value of ISFL support in building national AFOLU MRV capacity and in realizing the potential value of emission reductions through ERC in agriculture (Ethiopia).

Learning more about AFOLU landscape approaches for REDD+ and integrating activities beyond Forestry to reduce deforestation and generate ERs was particularly important in countries where Forestry Departments/MoEF played the lead role in ISFL programs, i.e., in Indonesia, Ethiopia and Mexico. Interest in introducing and testing sustainable emission-reducing technologies in agricultural and forestry value chains was strongest in Colombia and Zambia, but also an important feature of the Indonesia and Ethiopia pilots. The ISFL goal of helping countries to fulfil their NDC goals and implementation and enter international carbon markets is emphasized in Indonesia, Ethiopia, Zambia, and Colombia where the ISFL has supported the Government to update its national carbon market regulation. All pilot countries with various ongoing rural land use programs in ISFL jurisdictions hoped to add value to these programs through ISFL complementarities and joint learning, in landscape management and ER credits.

Many of these points were also emphasized in comments on ISFL value added and niche in the e-survey. World Bank FMT, country TT and PIU respondents noted that the ISFL was the only integrated land use ER credit program at the jurisdictional level, was a pioneer on comprehensive accounting and testing comprehensive landscape ER assessments and monitoring methodologies. The program was encouraging Governments to think about ER strategies around agriculture, and in line with supporting the growing awareness about the limitations of REDD+. ISFL has been building many technical capacities that can be broadly used for governments in future to pursue their ER agendas in terms of NDCs and international carbon trading. In Colombia, ISFL has supported the Government in its ongoing development of a new carbon market regulation through the provision of a consultant. If well applied and replicated, ISFL supported measures could help governments finance their climate change adaptation and mitigation agendas.

[23] Based on Interview with Global WB KII.

[24] Colombia and Ethiopia have or had FCPF readiness programs.

4 Effectiveness

4.1 Overall ISFL financing & grant effectiveness

To what extent and how successfully has ISFL funding (grant programs) supported host countries to develop their ERPDs, implement effective integrated land use planning at scale, and transit toward sustainable land use and a result-based finance scheme in a jurisdictional approach? What were the main enablers and barriers?

Grant funded activities and components across countries were similar, but they differed according to country and jurisdictional contexts and priorities. All grants contributed to the readiness for the ERPA stage, i.e., developing the ERPD and related systems and assessments (GHG and ER project portfolio assessments, MRV, BSP, safeguards etc.). They financed activities in Sustainable Land Management (SLM) including Climate-Smart Agriculture (CSA) and Sustainable Forest Management (SFM); integrated land use planning; policy, institutions, and regulatory capacities; and multistakeholder platforms (MSP). Most grants had specific budgets for PS development.

Section 4.1 of this chapter presents the findings on the effectiveness of country grants in terms of integrated land use planning, sustainable land and forest management, technology adoption, enabling policy and regulatory environment and constraints for grant implementation. Contributions by country grants and related technical assistance to ERP readiness (ERPD/ERPA) and MRV, especially to capacity development, are addressed in Sections 4.2 and 4.3, following the Evaluation Questions. Coordination and MSPs are analyzed in Section 4.5. Private sector performance is covered in Section 4.7, which includes PS activities financed through country grants and through additional PSES grants. In Mexico and Zambia, the ISFL grants were part of larger co-financed programs, funded by World Bank loans (Mexico and Zambia), a GEF grant (Zambia) and country governments.

Integrated land use planning

> Finding 11: Most country grants promoted integrated land use planning, with varying degrees and progress across the pilot countries as regards planning capacities and regulatory mechanisms, developing land use plans, and applying them on the ground. In Colombia and Zambia this included participatory dialogue mechanisms through stakeholder roundtables, participatory community planning, and innovative information systems.

Colombia has made good progress on integrated land use planning, although it was slower in areas with security problems (mainly Arauca Department). Stakeholders underlined the strengthening of department/municipality capacities for land use planning leading to the incorporation of territorial land use plans and climate change criteria in departmental and municipality development plans, and production of two comprehensive and multi-stakeholder 'landscape charts' for livestock and cocoa production in Meta Department.[25] Some sustainable and

[25] 4/7 Municipalities incorporated sustainable and low-carbon landscape management criteria into their land planning and land tenure instruments thanks to program support. See Colombia Annual Reporting 2023

low-carbon development criteria were integrated in the Zones of Interest for Rural, Economic and Social Development (ZIDRES) regulation adopted by MADR. Good progress was also made on land tenure and regularization, particularly through increased coverage of a cadaster system for municipalities to facilitate interinstitutional territorial management - the Arauquita Municipality Multi-Purpose Cadaster Plan, developed in a conflictive area, provides a strong model. A high-tech spatial information system for land use planning was developed and will contribute key data for the AFOLU carbon MRV. Forest land use planning has also seen some (but more modest) progress through forest ordinance plans, management roundtables and plans. Three community forest projects were under design. Some activities were only starting or incipient due to political and social insecurity (affecting, for instance, the *cadastre* system and other land tenure and planning results).[26]

The Zambian grant program (ZIFLP) helped develop participatory land use plans on more than 700,000 ha in Eastern Province and overcame early skepticism by communities due to misperceptions about their purposes. ZIFLP supported better cross-sectoral integrated coordination in land use planning, project decision-making, implementation, and monitoring. This led to nine integrated development plans and 22 community-led participatory land use plans with 704,000 hectares covered by land use plans in 2023, the program exceeded its targets. The Eastern Province is the only place in Zambia where land use plans have been developed across the whole province, which also contributes to Zambia's national climate goals. Initially, government staff and communities had limited understanding of land use planning and new government guidelines, and some chiefs feared land grabbing and boundary disputes. Stakeholders also wondered about plan enforcement. After several consultations, 17 of 22 communities signed the agreed plans, with the remaining ones expected to follow suit.

The Indonesian grant program (J-SLMP) introduced several regulatory reforms in sustainable land use management in Jambi province but faced limitations to cross-sectoral collaboration in integrated land use planning. ISFL's support led to draft provincial regulations on or related to i) *adat* /communities managing their land and forests; ii) SLM, and iii) forest fire management. By October 2023 five regulatory reforms (the target was four) covering some 242,000 ha which shows excellent progress towards the end target of 350,000 ha in 2026. Despite this progress land use planning at scale was challenging due to administrative responsibility being divided between the MoEF, MoA, Ministry of Agrarian Affairs, and the Spatial Planning/National Land Agency (ATR/BPN), which is not involved in the J-SLMP.

In Ethiopia, the grant program (OFLP) provided capacity development for administrative jurisdictional land use planning in an environment with high sensitivities around land and land use. ISFL also builds on applied land-use and land tenure work by several landscape projects in the jurisdiction. The grant activities provided TA for knowledge gap assessments and training of Oromia State staff in integrated land use planning pilots in three areas. The program also supported a new proclamation by Oromia State on land use implementation. Many interviewed country informants see the lack of a national land policy and the predominant ownership of the State of much of the land as the biggest barrier to more effective integrated land use planning in Ethiopia. Nevertheless, several long-running parallel and completed projects in Ethiopia have been gaining a wide body of experiences with applied land-use planning and tenure, landscape management, and balancing conservation

[26] For instance, the work on harmonizing activities of tenure regularization of prioritized plots still needs to be formalized following diagnostics; a spatial data infrastructure platform is still under development; deforestation control and forest management action plans are currently in preparatory stages and the 3 community forestry projects are still to be launched on the ground.

and agriculture interests in watersheds and rangelands that ISFL can build on.[27]

In Mexico, the ISFL grant did not support *direct* contributions to integrated land use planning. However, there were plans for CONAFOR to work with SADER (Ministry of Agriculture) during the ERPA phase on programs related to land use planning. The extension of the Mexico grant program by 18 months also includes specific provisions regarding first steps in this direction.

Sustainable land and forest management (SLM and SFM)

Finding 12: Most grant programs successfully implemented various interventions and activities on the ground to promote sustainable land and forest management (SLM and SFM) to reduce emissions. The ISFL program has made good progress in implementing various activities tailored to the specific needs of each pilot country. These activities included restoring forests, protecting wildlife, managing cattle land use and value chains, and supporting alternative livelihoods to alleviate pressures on forests.

By project completion in June 2023 the Ethiopian OFLP overachieved all grant targets of sustainable forest management (SFM), afforestation/reforestation and benefits from livelihood grants:

- 211,000 ha were brought under SFM through establishing and strengthening 120 Participatory Forestry Management (PFM) cooperatives.
- 9,700 ha degraded land were reforested/afforested.
- 39,000 forest users were trained in SFM.
- SLM practices were adopted by 150,000 community members.
- 514 community-based organizations in forest dependent communities (with about 50,000 beneficiaries) received US$ 1.6 million of co-benefit livelihood funding through revolving funds, including for livestock fattening; honey, spice and coffee production; and petty trading.

On the latter point, this was a new experience for Oromia Forest Department which is expected to reduce land degradation, deforestation and to free areas for reforestation/afforestation.

In Zambia, the ZIFLP also overachieved most grant targets related to areas brought under SFM and SLM/CSA, six months before closure. Alternative livelihood activities and support for management and law enforcement in national parks and game management areas (GMA) also contributed to SLM. ZIFLP activities have brought 64,000 hectares of forest area under CFM through establishing 27 Community Forest Management Groups (CFMGs) and giving communities management responsibilities over Local Forests Reserves. CSA training has led to the adoption of improved agricultural practices by around 150,000 farmers on more than 190,000 hectares of land (above the target). According to a program impact survey this has led to higher and more sustainable yields

[27] World Bank IEG. 2020. Ethiopia SLMP evaluation; GEF Independent Evaluation Office. 2024. SCCE - GEF support to drylands countries. 66th GEF Council Meeting. Volume I and II. Ethiopia country case study.

for maize, the main crop in the Eastern Province.[28] Alternative livelihoods were stimulated through sub-grants for beekeeping, livestock, and fisheries to cooperatives and individuals, including through women's enterprises and groups. Support for national park and GMA management (through financing, training and logistical support for law enforcement, human and wildlife conflict activities, management plans and infrastructural development, mainly through co-financed funds) have increased management efficiency and law enforcement. There were early indications that these activities have led to some changes in land use management and reduced illegal charcoal production and poaching (see Section 7.2).

In Colombia there was a mixed picture of grant effectiveness as regards progress on lower emission production systems in the six prioritized value chains. Most outcome indicators looked positive, but several value chain consultancies/studies, including from the IFC and World Bank Global Practices PSES windows are not yet completed. The grant program (over-)achieved several targets, particularly in cattle-land use management and value chains. These included: three zero-deforestation and cattle management agreements signed with three dairy processors (La Catira, Fénix del Arian and Gomerlac); the Meta Department 2023 Ordinance on sustainable cattle management, supported by grant and IFC; and the launch of PPPs for sustainable value chains through ordinances. The program also conducted trainings on sustainable value chain management reported to be on track to meet targets by grant closure (83% of end-target has been achieved so far).[29] There was some emerging evidence that these have helped the adoption of low-carbon production models, particularly for livestock. The program has supported anchor enterprises, such as La Catira, to influence their internal suppliers to adopt such models and in the zero-deforestation aim. A significant advancement has been ISFL's role in establishing a FINAGRO green credit line for low-emission rice production. Other activities for incentive mechanisms were delayed and on-going (only 25% of target was achieved by October 2023). Also, several of the grants, IFC and other World Bank value chain consultancies and studies are still ongoing. Only the consultancy on sustainable rice production had generated its main outputs/guidelines on sustainable rice technologies, models and agricultural practices. Such guidelines were also nearly completed for the cattle VC, but yet to be started for cocoa, palm oil, cashew and agroforestry systems.

Overall, there was good progress on SLM in the J-SLMP in Indonesia. Several activities were progressing well towards their 2023 targets or even overachieving them. Key achievements included improved SLM practices on 242,000 ha, (93% of the 2023 target was achieved by July 2023) and 467,000 ha with established sustainable management plans (78% of 2023 target was achieved by July 2023). ISFL has reinforced capacities and generated public awareness on forest fire management and protection, undertaken by community-based forest fire management groups and implementing agencies. Community patrols became regular and land clearing without fires was more widely adopted. Burning was reportedly reduced by almost 80% in target areas according to the MEL data and confirmed in the field by several KIIs, well above the 2023 target of 60% reduction. Various training on low-carbon agricultural practices in palm, rubber and coffee production have led to the adoption of low-

[28] Yields increased compared to non-beneficiaries and compared to other provinces in Zambia as reported by an Impact Assessment (Zambian Statistical Agency, MGEE & ZIFLP. 2022. ZIFLP Beneficiary Impact Assessment Survey) and a statistical study by FAO and the CSA Alliance of Zambia (FAO & CSAAZ. 2022. Baseline Report: CSA practices and adoption in Zambia).

[29] These were targeted to producers, extension workers and public servants, and covered low-carbon livestock systems, water resources use and management in livestock farms, silvo pastoralism, sustainable cocoa, cashew and low-carbon rice production, payment for environmental services (PES), and rural development plans, among other topics.

carbon practices on 2688 ha by 1143 farmers (49% progress towards end of grant target). Several targets of compliance indicators were overachieved (sustainability guidelines, cooperatives and ISPO certification). Reforestation activities by July 2023 were at 543 hectares – equivalent to 33% of the target.

In Mexico, some SLM practices (beyond forestry) have been introduced under the forestry-oriented and co-financed (WB and government) PROFOEM program, but these have not involved ISFL per se (i.e., ISFL grant-funded actions). For example, CONAFOR held some cross-sectoral roundtables in Nuevo León and Coahuila States to address issues around regenerative grazing, prescribed burning, and silvopastoral systems. In 2019 some funds were approved for working on silvopastoral systems in cattle farming, but not on a scale. PROFOEM has additionally achieved multiple forestry-related results, including through silviculture restoration, financing existing forestry incentive and governance programs for rural communities, supporting community *(ejidos and indigenous communities)* forest enterprises, and modernization of forest product commodity chains.

Adoption of low-carbon technologies and practices

Finding 13: Despite progress on sustainable land use and management, stakeholders across countries identified some adoption constraints for sustainable and emissions-reducing technologies and practices, mainly related to cost and labor, and especially for smallholders the perceived risk levels. Other adoption constraints include the lack of financial incentives, resource constraints and weak decision-making, apart from farmers' general reluctance to change traditional behaviors. This has slowed down adoption in many places.

The ISFL has introduced various low-carbon technologies (SLM/CSA) and other business models and tested their adoption in the pilot countries, e.g., soil organic nutrient management, livestock productivity and intensity improvements (Zambia, Colombia, Ethiopia, Indonesia). In some countries, models for changing agricultural practices were viewed skeptically and/or weakly adopted. Some were perceived as less profitable, or even unprofitable without external support. Access and costs of alternative practices, inputs and equipment (e.g., requiring capital equipment such as bulldozers, fire suppression equipment, rippers, direct seeders, etc.) were seen in several case studies as barriers to more effective adoption of agroforestry/agronomic models and practices. Financial incentives for low-carbon agricultural production, such as green credit, were mainly weak and adoption of relevant sustainable ER technologies and practices can be slow due to their profitability under current price and incentive regimes or due to labor constraints or costs.

Agricultural technology adoption is always challenging, and there is a long history of poor adoption of technically attractive technologies or management practices, e.g., alley cropping, especially for resource poor farmers with high levels of risk aversion. Low technology adoption is often due to a combination of weak financial incentives compared to farmers' opportunity costs, resource constraints, and poor understanding of decision-making criteria. Sustained adoption and apparent readiness to adopt varied across countries and farmer categories. Potential or actual adoption constraints, such as labor scarcity and costs, were mentioned in Colombia (for instance in the livestock sector visited by the ET) and Indonesia. While project targets were reached in terms of

the numbers of adopting farmers, achievements did not meet government expectations in Zambia according to various key informants.[30] In Ethiopia's parallel World Bank landscape projects, it has been challenging for agriculture to take on an environmental perspectives;[31] and CSA has only been taking off slowly.[32] There was even less understanding about ERCs and their potential for incentivizing and financing the agriculture sector in its transformation.[33] Uptake of technologies and improved practices beyond program support, and, as commented by a Fund Contributor in the e-survey, remains to be seen. There was evidence of adoption and effectiveness of some changes in agricultural practices, e.g., fire control in Indonesia, and rejuvenation of coffee trees in Ethiopia, but it was too soon to see whether these were sustainable following project support. Opportunity costs of unsustainable farming in general remain high (Indonesia and Colombia) which calls for more farmer/producer incentives and compensations, policy regulations and enforcement. Differences across the countries in progress on technology adoption are mainly explained by the attention that country programs have been paying to the issue so far which is highest in Zambia, somewhat more variable in Indonesia and Ethiopia (in the latter the focus has been more on forestry innovations), and least prominent in Colombia, partly due to the relatively modest engagement of Agriculture with farmers and forest communities in the field, partly due to the early stage of certain support activities in Indonesia and Colombia (dissemination of PSES studies).

In Zambia, despite the successes noted above on the number of farmers adopting CSA practices, numerous stakeholders working with agricultural community groups and institutional actors noted challenges in adopting such practices due to their higher initial costs than traditional practices. This is a familiar problem for capital and labor scarce farmers which was also encountered in Ethiopia (in one of the SLM projects underlying the OFLP).[34] SFM in Zambia has been adopted only slowly due to unresolved land tenure issues in community lands and hesitancies among traditional community leaders to support the ZIFLP efforts, made worse by delays of procurement and validation of CFMGs by the Forestry Department.

Focus group discussions (FGD) with community groups in Indonesia expressed concerns over the economic viability of the proposed agroforestry/agronomic models proposed by the program which tend to be more labor-intensive. They also questioned the training methods used. Community FGDs emphasized the economic costs of adopting agroforestry and sustainable land use models promoted by the program, mentioning the extensive care, labor, time and inputs needed to grow the alternative perennial tree species, as well as the operational costs of using organic fertilizers. Some of these issues have been resolved and SFM is now being rolled out faster.

Similarly, in Colombia the few producers and agribusinesses interviewed in Vichada and Meta Departments, as well as some institutional stakeholders and independent interviewees, had mixed views on the utility (to date) of the alternative practices promoted by ISFL to changing their practices, and some of the associated studies (the outputs of which were limited to date). Producers also questioned some of the training or roundtable discussions

[30] Based on interviews and other analysis by country evaluation teams (see country PPT reports). For Zambia, CSA adoption rates were indeed higher in 2022/23 for project beneficiaries than non-beneficiaries, but still at a relatively low level of 29% (vs. 21% amount non-beneficiaries). The reviewed report(s) also did not make reference to baseline adoption rates by both groups.

[31] WB TT leader; and Ethiopia validation workshop on challenging environmental work with agriculture

[32] WB IEG 2020 evaluation of the Ethiopia World Bank funded SLMP

[33] WB TT member

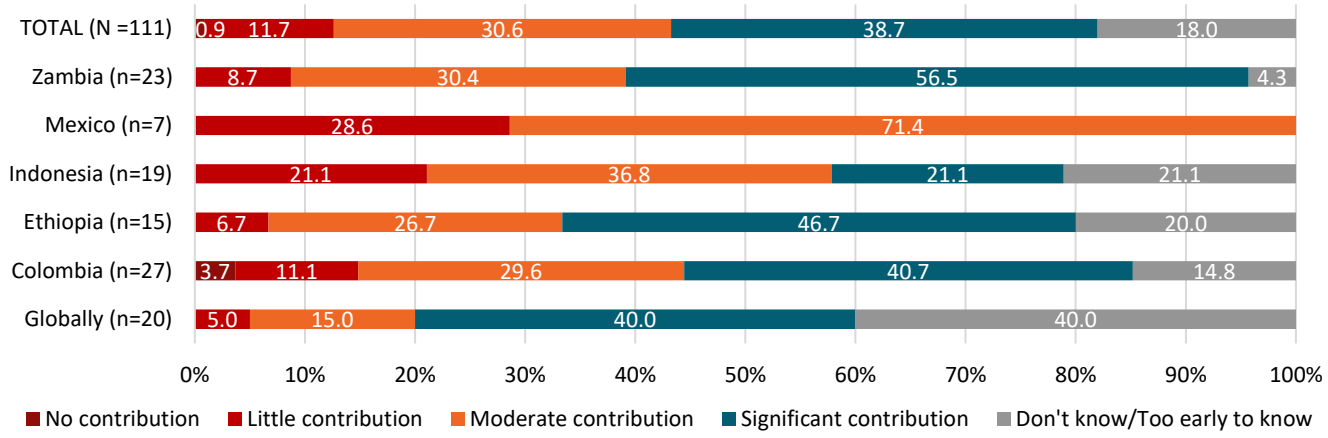
[34] World Bank IEG. 2020. Ethiopia SLMP evaluation

considering them as too "theoretical" or not meeting their needs. This is to some extent a timing issue, as some of these areas are more relevant to the coming ERPA implementation (e.g., more direct farm-level actions associated with lower ER technology adoption). At the same time, the observations, especially from the producers, reflected a sense of frustration about the speed of the process, also compared to other programs, such as the Swiss-funded *Fondo Acción*, undertaking more direct farm-level work. Many producers have known about the desired technologies and potential for carbon payments for some time – one independent key informant felt that producers were "running out of patience." This also partly explains their interest in perceived nearer term VCM options.

Some PFM stakeholders in Ethiopia were concerned about the relatively poor economic benefits that PFM cooperatives can gain from forests.

The e-survey confirmed this assessment on program contributions to the adoption of AFOLU SLM practices. As shown in Figure 8, most respondents saw positive contributions but there were mixed views on the *extent* of these contributions. A significant proportion of respondents thought the contribution was moderate (31%) or even marginal (13%), while 39% saw it as significant.[35] Skepticism was even high in World Bank country teams and among Contributors (see Annex 4). Adoption of SLM practices was most positively seen in Zambia and Ethiopia (where 57% and 47% thought the program made a significant contribution), and less positively in Indonesia and Mexico (at 21% and 0%). For Mexico, and the other countries, the figures look more positive when one includes the category of moderate contributions.

Figure 8: Based on your experience, to what extent are the ISFL activities contributing to: AFOLU management practices adopted by local communities/populations?



Source: ADE

[35] Survey Final Results_ Figures and Comments 20.10.2023 V0.01.PPTX" EQ 11, first slide.

Enabling policy and regulatory environment

Finding 14: ISFL funding and the grant programs have effectively supported activities to strengthen the legal and regulatory enabling environment needed to transit towards jurisdictional ER programs and sustainable land use.

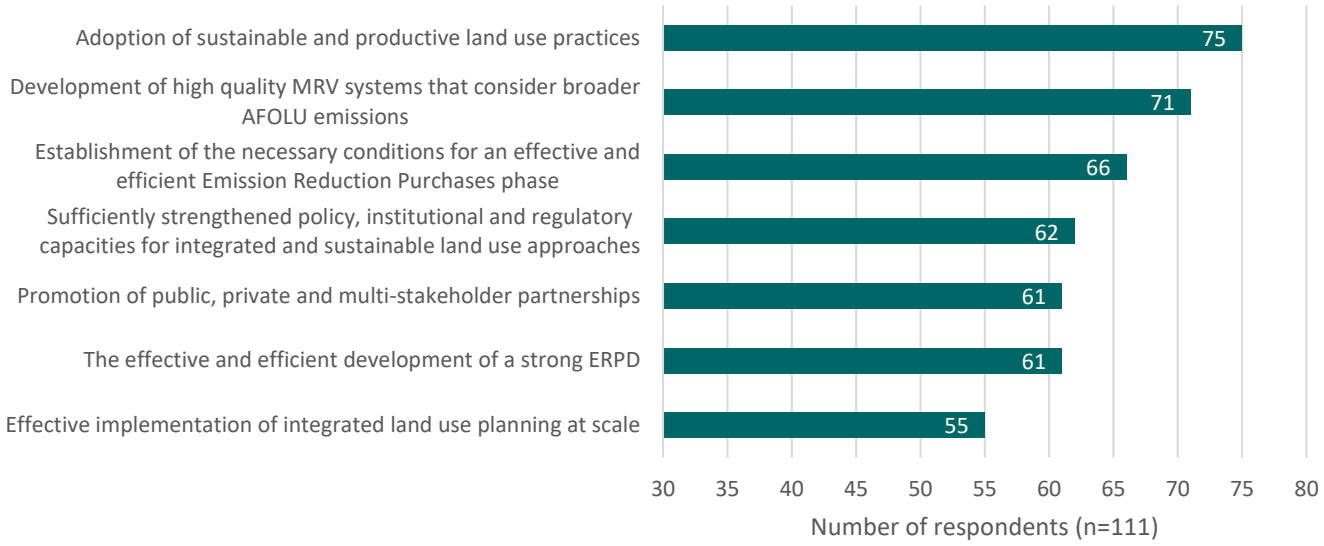
The ISFL programs in the pilot countries supported several necessary reforms in policies, legislation and other regulations needed for a successful transition towards jurisdictional ER programs and sustainable land use. In Ethiopia, capacity building and analytical work has been conducted in areas of economic analysis, markets, policy, and legal frameworks, such as on those governing forest tenure and access rights, land certification and plans to engage the PS. Grant work in Zambia contributed to legal proposals to reform land and customary rights. It also supported land regularization through developing a digitized land management information system; a manual for land titling; and issuing of land titles to around 90,000 households, including proposals to secure land rights as a basis for carbon trading. In Indonesia, grant support contributed to the resolution of land and tenure boundary conflicts, and to regulatory actions for more unified land administration. ISFL support also helped with other reforms in the jurisdiction, such as a Governor's regulation on the Green Growth Plan, a decree on CSR fora, and draft Governor's regulations on climate change mitigation and adaptation, and on peatlands, forest, and land fires. In Colombia, the grant helped develop and adopt some important subnational agricultural policy instruments for SLM such as the Meta Department ordinances on sustainable cattle management and cocoa cultivation, and some other departmental and municipality integrated land use plans, and agricultural extension plans. Colombia also made significant progress on the multi-purpose cadaster system, thereby laying the foundation for ERC transfers to landowners.

E-survey perceptions

Finding 15: Overall, the ISFL is well appreciated by stakeholders for promoting sustainable and productive land use practices, developing AFOLU MRV systems and generating the conditions for high-integrity ER credits. Strengthening policies, PPPs and developing ERPDs and integrated land use planning were also considered as important. Developing capacities in these areas is seen as most important.

More than two-thirds of respondents to the e-survey were of the view that ISFL funding most significantly contributed to applying models of sustainable and productive land use practices, developing high-quality AFOLU MRV systems and readiness for the ERPA stage of the program (Figure 9). Strengthening policies, PPPs and integrated land use planning were also positively mentioned by more than half of the respondents. In open-ended comments to the e-survey stakeholders in all countries highlighted the importance of the grants, combined with other ISFL support (such as TA) for developing countries' capacities for ERPD development and other elements needed for a jurisdictional ER program under ISFL requirements.

Figure 9: Respondents perception on contributions of ISFL funding (grant programs)



Source: ADE

Constraints for grant implementation

Finding 16: Grant implementation faced several administrative, staffing, logistical and political constraints, namely: (1) complex financial management and procurement processes; (2) logistical challenges of working in large, sparsely populated areas (3) limited government capacities and frequent staff rotations; (4) cross-sectoral collaboration challenges; and (5) political and security risks.

Complex administrative procedures, jurisdictional capacities and logistics affected implementation in several countries. Lengthy and complex budgetary procedures and procurement processes involving national and jurisdictional administrations, multiple executing agencies and alignment with World Bank regulations posed significant challenges in recruiting consultants and other activities. In several countries implementation challenges were linked to capacity constraints in jurisdictional and local administrations and executing agencies, especially when the Program's integrated approach involved multiple agencies that were separately funded. Departure and rotation of ISFL-trained staff (at the national and jurisdictional levels) was another challenge that required repeated capacity building of new staff to ensure program continuity. Interviewees in Colombia and Mexico also underlined the logistical challenges and cost implications of implementing programs in the large and sparsely populated areas of the ISFL jurisdictions in these countries.

Despite progress in cross-sectoral coordination in several pilot countries, this has been a gradual process that often complicated implementation. PIUs had an overall coordination role, while field implementation of grant-component activities was mainly executed by line agencies/ministries. PIU and government interviewees in Zambia, Mexico and Ethiopia highlighted how the extra tasks under the ISFL often competed with their other work, contributing to delays. In Indonesia, coordinating 18 implementing agencies was challenging for the Jambi SNPMU, particularly in view of the different agency priorities and experiences with collaborative work practices.

In Zambia and Ethiopia, cross-sectoral coordination was challenging in the early years of ZIFLP and OFLP but improved over time. In Mexico, key informants were of the view that CONAFOR's strong forest orientation and mandate would have made it difficult to bring in the agricultural ministry (SADER), although CONAFOR was not required to convoke SADER for the country grant and the first ERPA phase due to the focus on FOLU (agriculture would only come in during the second ERPA phase).

Several political factors affected implementation. The fragile political and security context and widespread mistrust of state institutions in Colombia's Orinoquía region (with a history of armed conflict in Arauca Department) and Northern Mexico (general low security in rural areas) restricted some fieldwork. Armed conflict also affected some areas of Ethiopia's Oromia jurisdiction. Political transitions and changes in administrations and personnel in Zambia, Ethiopia and Colombia also delayed key policy and program decisions.

4.2 ERPD development, assessment and ERPA negotiation processes

How effectively have the ERPD assessment and ERPA negotiation processes proceeded and what were the main enablers and barriers?

Finding 17: The ERPD assessment process faced challenges and delays across all pilot countries (between 2 and 4 years), mainly due to the complexity and novelty of the ISFL and its requirements, especially the MRV system with its long independent audit processes. In most countries, capacities were low for ERPD development at grant inception. The process required iterative technical and capacity support from the Bank during all stages of ERPD development (by FMT, TTs and TA). Despite the long process, country counterparts welcomed this support as a learning process to develop ERPDs that adequately meet ISFL/IPCC GHG assessment requirements and are necessary for high integrity ER credits. More upfront TA and training than learning by doing could have helped to facilitate the process.

As of April 2024, the Ethiopia ERPA had been signed (March 2023), ERPA negotiations were close to the point of signature in Zambia, and had just commenced in Indonesia. ERPDs in all countries have been finalized, except for the Mexico ERPD which is still under review. The ERPD/ERPA process was significantly delayed in all countries. Ethiopia's ERPD was validated in July 2021 and Zambia's in August 2023, the rest were still under validation. The ERPDs for Colombia, Ethiopia and Mexico had been expected to be validated in 2019 (according to grant PADs), in 2020 for Zambia and in 2021 for Indonesia. In Ethiopia, it took about 18 months between the validation of the ERPD and signing of the ERPA, due to missing conditions (legal ER ownership) and the political and security situation in the country. At the beginning of country operations, the program expected to have 3 ERPA signed by 2020 and all 5 by 2022 (ISFL MEL Results Framework).

The main reasons for the long ERPD assessment process were the complexity and novelty of the jurisdictional AFOLU approach in line with international standards. The IPCC-based ISFL requirements resulted in complex methodologies for GHG assessments and MRV baselines, not only due to the broader AFOLU concept but also the more detailed IPCC requirements for forestry that were different from previous national MRV for REDD+.

This required significant work and lengthy processes to ensure that draft ERPDs met all ISFL requirements. Interviews in Ethiopia, Zambia and Indonesia highlighted respondents' initial gaps in knowledge and institutions' limited MRV capacities in jurisdictional AFOLU ER, and the complexity associated with AFOLU carbon accounting and MRV, particularly for agricultural/livestock carbon pools. The Ethiopian OFLP PIU and REDD+ offices noted the complex assessments for forest degradation and livestock carbon pools, with missing definitions of forest degradation in Ethiopia, critical measurement and data gaps (outdated forest inventories, lack of disaggregated livestock data, etc.), and the IPCC rules that required monitoring seven land use change classes. In Indonesia, the first ERPD draft assessment methodology for forest ER required a complete recalculation and change in approach, including in the uncertainty analysis, and significant capacity building for baseline computations in the Jambi province SN PMU. Similarly, in Zambia drafting the MRV baselines required complete reworking after the initial submission due to the use of inappropriate spreadsheets, with numerous errors and a lot of back and forth in the validation process. Even for Colombia and Mexico, where carbon accounting capacity was more advanced, IPCC regulations and definitions, and the room for different interpretations (since they were not meant to be practical guidelines), led to much back and forth between the countries, the World Bank, the Contributors and the SCS auditing firm. Auditing by an independent third-party company is considered crucial by the ISFL to ensure market confidence in generated ER credits and high-value returns. Interviewees in the countries recognized the importance of the methodological and capacity improvements achieved in the meticulous review and auditing processes.

The novelty of non-GHG elements of the ERPD process, such as BSPs and safeguards development at a jurisdictional scale, also contributed to the long iterative process. Interviewees in all countries highlighted the high learning curve and social and political sensitivities related to developing participatory BSPs and safeguards systems, with numerous back-and-forth reviews of these elements by the World Bank, Contributors and SCS to ensure they met ISFL, country, Contributor and World Bank requirements and priorities.

The lack of and incomplete legal frameworks for ER ownership and carbon trading pose big challenges for ERPD/ERPA timing. Some countries developed the necessary frameworks, but others are still working on them. The Government in Colombia is in the process of developing its carbon market regulation which is affecting the start of ERPA negotiations according to relevant KIs in the country. ISFL and World Bank exchanged views on the new regulation to facilitate alignment between Government and ISFL. In Mexico signing of the ERPA could be delayed by a similar law regulating carbon emissions and markets currently being drafted by the Environment Ministry, adding uncertainties around the ERPD. In Ethiopia, it took time for the Government to address legal questions of title transfer and ownership of land-use based emissions, given unfamiliarity with ER title issues and political sensitivities around land ownership in the country. In Zambia, the missing legal framework led to the adoption of a preliminary Statutory Instrument (SI), with support from the ZIFLP. The SI regulated carbon trading, with more comprehensive rules expected to follow in the proposed Climate Change Act. In Indonesia, a regulatory framework (regulation 7/2023) for title transfer and carbon trading was facilitated by the FCPF and equally applied to the ISFL, but it was not fully clear to what extent the regulation met interests of the PS (e.g., plantation companies) to access the open carbon market within a jurisdictional program.

COVID-19 was also a barrier to a timely ERPD process in all pilot countries. The pandemic and ensuing restrictions delayed ERPD work and consultation schedules, e.g., two international consultant firms working on ERPD and

BSP development were unable to travel to Zambia. Sociopolitical factors also delayed the ERPD/ERPA process in Ethiopia. The volatile political context surrounding ERPA negotiations, including major government reorganizations in 2021 and the war in Tigray caused a six-month delay in ERPA negotiations.

Facing these and other challenges, strong support and capacity reinforcements from ISFL and WB were needed to advance the ERPD process, supported by extensive country stakeholder consultations. Interviewees across all countries acknowledged the value of World Bank support on the central issues of GHG accounting, MRV and legal aspects. Despite some perceptions about the over-meticulousness of the process, many stakeholders recognized the learning process as yielding methodological improvements and institutional strengthening on various ERPD aspects. ISFL funding also allowed countries to hire external national consultants to drive the processes of carbon accounting, BSP development and safeguards forward and raise overall knowledge on ER and carbon programs in the pilot countries. Extensive consultation processes with various stakeholder groups in the field, jurisdiction and the country also facilitated ERPD development.

Despite delays, country and global KIs agreed the ERPD/ERPA process and complex ISFL/IPCC requirements were necessary for high-integrity ER credits that would be expected to attract higher prices from private buyers on future carbon markets. The process also contributed to start building the ERC issuance and transaction infrastructure, among others for increased credibility to leverage VCM projects in the future. For most e-survey respondents the process was effective (56%), with 30% saying it was only moderately effective due to the time it took. Annex 4, Figure 12).

Nevertheless, some interviewees suggested that, given the complexity and novelty, more upfront TA, guidance and training could have streamlined and shortened the process. There was a sense that ISFL support was more ex-post, through feedback and advice, than upfront – it was mostly capacity building by doing.

> Finding 18: The flexibility of the carbon floor price offered by ISFL, the possibility of pilot countries to sell ISFL contract ERC to third-party buyers, and call options for selling excess carbon to the ISFL would allow countries to maximize future carbon revenues. This program feature is highly appreciated by countries. Several countries still have limited knowledge and experience of carbon markets and ERPA negotiations. For this reason, the World Bank organized country learning events before negotiations.

The ISFL has adopted the use of floor prices – which provides the ability for third parties to purchase contracted ERs at a higher price. These and other innovative features are to be tested in the ISFL pilot. Building on FCPF experiences and country demands, the ISFL guarantees a floor price for agreed amounts of ERCs but allows countries to find third party buyers willing to pay a higher price. The ISFL reserves the right to match the higher price found should it choose to do so, to secure the ERCs for ISFL purposes. Secondly, countries can sell excess (i.e., exceeding the ERPA agreed volumes) ERCs on the carbon markets. ISFL call options provide a means for the World Bank (the Fund via the ERPA contract) to buy excess ERs. Third, countries could have multiple ERPA phases allowing ER revenues on verified ERs for carbon pools ready to deliver and add other carbon pools later. Prices for later phases can then be renegotiated. Fourth, ERC 'use modalities' allow countries to negotiate the share of assets that can be retransferred to them by the buyer(s) to contribute to their NDCs. For Ethiopia, the

only ERPA completed so far, the World Bank (as mediator for Fund Contributors) agreed to floor prices of 7 and 9 USD per mtCO2e, depending on modality, for the first ERPA phase, up to a total of USD 15 million. The price of 7 USD per mtCO2e, is valid for the first modality in which ERC will be returned to the Government for NDC reporting purposes (35% of total ERC), the price of 9 USD per ton applies to the second modality in which ERC will be retained by the relevant BioCF T3 Contributors. Ethiopia also benefits from the ISFL feature of phased ERPA delivery as it plans to deliver its forest degradation and agriculture carbon pools in a second phase. "**Governments in most of the countries still had limited knowledge and experience on carbon finance, international carbon markets, negotiating ERPAs and understanding of the legal implications of ERPAs.** Prior to ERPA negotiations in Ethiopia and Zambia, the World Bank supported high-level Government officials and negotiators through workshops and in other ways to enhance their understanding and capacities on negotiating carbon prices and legal implications of ERPA (such as benefit sharing requirements). Still, in at least one country, high-level government representatives felt uncomfortable, or at a disadvantage, when entering ERPA negotiations with the experienced World Bank team and Contributors. Several interviewees in Zambia felt they lacked sufficient knowledge for this, and questioned whether an independent third party would have resulted in a more level-playing field in the negotiations, including a more balanced sharing of risks. The rapidly changing international carbon finance and market environment makes this a very challenging area for host country negotiators.

4.3 MRV support

To what extent has support for MRV systems been effective, including emissions reductions crediting and MRV approaches for non-traditional REDD+ sectors?

Finding 19: The ISFL work on AFOLU MRV has been highly relevant and supportive of developing country MRV systems, including for replication and NDC implementation.

ISFL MRV development has high relevance and potential for long-term impact through developing more robust ER accounting and crediting systems and helping implement NDCs. The ISFL MRV work is globally unique in modelling and piloting complex jurisdictional AFOLU MRV systems based on a systematic approach (ERPD) and IPCC guidelines, accompanied by country capacity development and learning. ISFL jurisdictional systems could have high value-addition for NDC implementation, carbon incentives and trading by the Global South. This includes improvements and scaling of ISFL MRV systems in countries, to other regions or national level. Partnerships with other MRV supporters, including the Food and Agricultural Organization of The United Nations (FAO) and specialized service providers such as SilvaCarbon and Unique, helped develop country systems.

Finding 20: All ISFL pilot countries made substantial progress in establishing jurisdictional MRV and improving national systems, including in AFOLU sectors, and alignment with international standards. ISFL helped develop MRV systems and capacities, often more at national than jurisdictional level, due to system complexity and lower jurisdictional capacity. All countries have agreed or planned FOLU or AFOLU MRV systems for ERPA phase I: in the case of Colombia, this includes enteric fermentation (of cattle). MRV systems for other GHG sub-categories of forest degradation and agriculture/livestock are being designed for ERPA phase II in Ethiopia and Mexico, with ongoing data improvement plans.

ISFL supported MRV systems across countries are at different stages of development and readiness. For Ethiopia, the MRV for ERPA Phase I of land use change (USD15 million) is ready for implementation. MRV systems for two other GHG sub-categories are being developed but do not yet fulfil all criteria (forest degradation and enteric fermentation), including longitudinal baseline data and IPCC Tier 2 estimates of emission factors. A data gap improvement plan was developed. ISFL is using several partners to assist with ERPA Phase II MRV systems, including FAO, SilvaCarbon and PROGREEN (focus on livestock systems). Several KIs (global and national ones) foresaw a complex process of establishing a robust system with credible ER data for livestock in Ethiopia.[36]

Good progress in developing a high integrity MRV system was reported in Colombia, mainly due to high quality national staff and World Bank TA. The institutionalization and continuity of the ISFL MRV system should be assured since it forms part of the national Climate Change System (SISCLIMA).[37] It is ready for monitoring land use change (reduced deforestation) and enteric fermentation from cattle in ERPA Phase I, with adequate baseline data (2009-2018) and Tier 2 estimates of emission factors of land use change.[38] Baseline data for cattle and crop production continues to be a challenge as management practices, breeds, pasture types and activity data vary across production systems. [39] The program has short-term improvement plans for other carbon categories that do not meet all ERPA selection criteria (forest plantations; forest restoration/regeneration; other woody vegetation; oil palm; and rice production).[40] The complexity of data across relevant sectors and sub-sectors has also been acknowledged in an agreement signed by the ISFL Colombia program with UPRA to develop a crop monitoring system similar to that of IDEAM's forest and carbon monitoring system.[41]

The proposed MRV system for Indonesia covers both forestry and agriculture in terms of land use change sub-categories. The system builds on Indonesia's national MRV system which has some divergencies in relevant ER calculations for forest cover as long as biomass is preserved (i.e., change from forest to plantation). This matter was under ISFL/SCS review. If international standards as required by ISFL were more broadly applied, this could

36 KII with OFLP PIU MRV team, EFD REDD+, NGO FarmAfrica and Min. of Finance
37 KII – IDEAM
38 ERPD version 5, Section 4.2; Selection of the carbon pools/categories for the ERPD has been guided by the SCS audit.
39 Presentation on MRV system in the ISFL Pre-evaluation Mission on the BioCarbon program 30 May – 2 June 2023; Colombia validation workshop with WB country TT; Global KII Naikoa Aguilar
40 KII – IDEAM
41 https://storymaps.arcgis.com/stories/b2fdf0801e8d44188fe84696b4f39875

facilitate Indonesia's access to international carbon markets.[42] The MRV systems for the two carbon sub-categories of land use change and soil carbon in Zambia are at different stages of development, with soil carbon/N_2O emissions less advanced than land use change. The land use change system is ready while the N_2O GHG sub-category, for which a baseline is being established, may be included at a later stage.[43] [44] The program also helped the Forestry Department with their GHG inventory.[45]

For Mexico, the MRV system for land use change, planned for ERPA phase I, is still under review by ISFL/SCS. Validation of the GHG part of the ERPD is almost complete. The system has built on the National MRV System (SNMRV) for REDD+ which has been used for reporting by CONAFOR for almost 10 years. The relevant GHG sub-category is forest land use change. ISFL helped test community-level forest inventories through innovative information tools in the four states covered by the jurisdictional program. Recent ER estimates were considered more precise than in the previous ones. But further improvements are required to reduce uncertainty levels (spatial and temporal resolution) and a more standardized and automatized data collection approach to reduce MRV costs. For the planned ERPA Phase II, which would include agriculture land use carbon, the Instituto Nacional de Ecología y Cambio Climático (INECC), responsible for compiling and releasing the national GHG inventory, has started to collect and estimate emissions from the agriculture sector, with livestock being the sub-sector with highest emissions.

The country programs have dealt systematically with unresolved legal ownership of ER issues, double counting and permanence. Legal ownership considerably delayed ERPD/ERPA progress for instance in Ethiopia (see also Section 4.2). Mexico had clearer ER tenure regulations, and in Indonesia the work with the FCPF project reduced legal uncertainties and delays. Procedures and requirements for ERC transfers in Colombia are still pending. Questions of double counting and leakage were well addressed in MRV, BSPs and agreements with governments on using credits for NDCs. The program has been dealing with permanence through the CORSIA application process and the World Bank plans to monitor program performance in this respect until 2037. In addition, buffers were built in the World Bank's Carbon Assets Tracking System (CATS) account.

In terms of MRV system readiness for the ERPA stage, about half of e-survey respondents said the MRV systems would be fully ready (47.6%). Respondents in Ethiopia were most confident (73.3% responded 'fully ready'), followed by Zambia with 56.5% (see Figure 11 in Annex 4). In line with overall progress on ERPAs in Colombia and in Mexico: only 22.2% and 28.6%[46] thought that the system was fully ready, with a quarter (in both countries) saying there was still much to do. The country and global KIIs suggested that this was mostly related to agriculture/livestock MRV.

[42] KII: SNPMU, PMU, WB TT member, Observers

[43] KII: Government (ZEMA, FD national level); GHG consultant; MRV consultant; PIU; WB MRV consultant. E-survey: PIU respondent says MRV capacities still need improvement, 26,1% say the system is partially ready but majority say that it is fully ready (56.5%).

[44] KIIs: Government (ZEMA, FD national level); GHG consultant; MRV consultant. Documentation: ZEMA (2022) Minutes of the measurement, reporting and verification system workshop under the ZIFLP.

[45] Grouped interview with MRV experts at the World Bank, Oct. 18, 2023

[46] Note that in Mexico, the e-survey had only 7 observations; so the disaggregate country numbers are only indicative.

MRV capacity development

Finding 21: ISFL developed significant MRV capacities in all countries. Capacity development was more focused at national than sub-national level, except in Ethiopia and Indonesia.

The ISFL significantly contributed to MRV capacity building in all countries. Most capacities were developed through learning-by-doing (Zambia, Indonesia, Colombia), and some through formal training (Ethiopia). In all countries, ISFL MRV development was well integrated into existing MRV systems, especially those of REDD+. The ISFL deliberately avoided developing parallel systems to make existing ones more useful and sustainable.[47] Informants valued working with highly experienced World Bank teams, consultants, and other entities such as Unique, SilvaCarbon, and FAO in system design[48] and testing and with SCS in auditing, although in some cases the support was seen as too theoretical and insufficiently practical.[49] The high complexity of the MRV systems made it harder to build sub-national capacities in Colombia, Mexico and Zambia - greater capacity efforts were made in the Indonesia and Ethiopia jurisdictions. Various stakeholders across countries noted a sustainability risk due to the brain-drain of ISFL-trained MRV experts.

In Indonesia, ISFL helped hire a national consultant to develop and demonstrate ER computation techniques. The ISFL also created a specific MAR unit in the Jambi jurisdiction and helped integrate national and jurisdictional data. Jambi did not have MRV experience prior to J-SLMP. Based on FCPF experience, the jurisdiction signed an MoU to access MoEF up-to-date spatial data for GHG accounting and ER calculations for baselines and later ER.

In Zambia, ISFL helped the Environmental Management Agency (ZEMA) to further develop, harmonize and integrate its ER MRV systems through enhancing IT platforms, operating procedures, institutional arrangements etc., particularly for REDD+[50]. ISFL collaborated with FAO on applying the NDC Expert Tool (NEXT) for GHG accounting.[51] But KIs noted there was no formal training in designing and managing the MRV system, but that most was 'learning by doing'. MRV capacity was concentrated on a few individuals which was regarded as risky. Capacity reinforcement for MRV was planned for the ERPA stage.[52]

In Mexico, MRV capacity building in CONAFOR was regarded as a major added value of the ISFL. Training has been linked to methodological improvements, increased accuracy of baselines, emission factors, transparency, and stakeholder participation.

In Colombia, MRV capacity has built on previous World Bank projects, but has been concentrated more at the

47 Grouped interview with MRV experts at the World Bank, Oct. 18, 2023

48 Support from these organizations was partly financed with leveraged funding from non-ISFL sources.

49 KIIs with MRV experts in Zambia and Ethiopia.

50 KIIs:_Government (ZEMA, MGEE, FD national level); GHG baseline consultant; MRV consultant; PIU; WB MRV consultant. Documentation: Aide Memoire EP-JSLP 2022; ZEMA (2022) MINUTES OF THE MEASUREMENT, REPORTING AND VERIFICATION SYSTEM

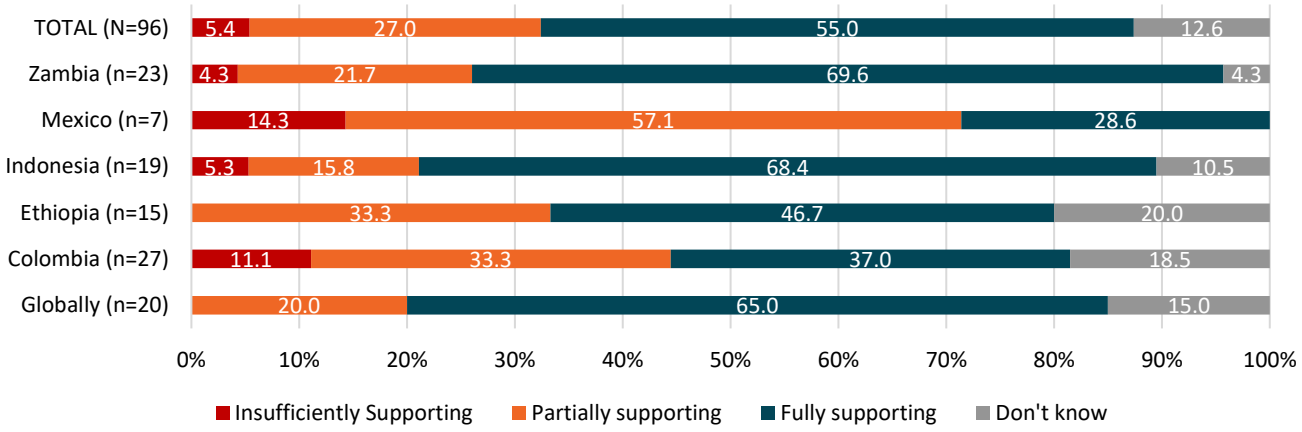
51 E-survey: PIU respondent says MRV capacities still need improvement'; overall for Zambia, 26,1% say the system is partially ready with the majority saying that it is fully ready (56.5%).

52 KIIs: MRV consultant; ZEMA; PIU

national level and remains weak at the jurisdictional level, partly since public and private human resources were depleted by the long-lasting conflict in the region, among others.

According to the e-survey, 55% of respondents felt that ISFL had fully supported AFOLU MRV capacity development, and 27% thought it had at least partially supported it (Figure 10). These are high numbers compared to other survey questions. Respondents in Zambia, Indonesia and at global level were most positive about ISFL's MRV capacity building efforts (69.6%, 68.4% and 65% respectively). Respondents in Colombia and Mexico were least positive (37% and 29%), with several perceiving insufficient support in these two countries. Ethiopia was in between these two groups (47%). Support was seen as highest among World Bank, PIU and government officials (see Summary of E-survey Results in Annex 4 for breakdown of e-survey by stakeholder group).

Figure 10: To what extent has the ISFL supported MRV capacities for AFOLU?



Source: ADE

MRV challenges

Finding 22: Recurrent challenges of ISFL MRV jurisdictional systems were their high complexity and data requirements; ISFL systems harmonization with existing national systems; trade-offs between speed, costs and quality; and the use of MRV data for sub-jurisdictional performance-based allocations. MRV baselines faced particular challenges on data of agricultural practices and outcomes, especially related to enteric fermentation.

All interviewees agreed that MRV of AFOLU carbon (especially enteric fermentation) is much more complex, demanding, time-consuming and costly than REDD+ MRV. Few countries have experience with jurisdictional approaches and ISFL AFOLU requirements (definitions, categories, and rules, e.g., for land categories). Interviewed national stakeholders were often concerned about model implementation and monitoring due to their heavy data requirements, especially for GHG categories other than land use change. The MRV systems of Indonesia and Colombia have different regulations about certain GHG standards than those demanded by the ISFL which requires harmonization. MRV systems were developed while global standards, approaches and rules

have been evolving which led to changes and uncertainties.[53] IPCC guidelines did not always offer the best template as these guidelines were primarily meant for reporting GHG emissions, not for estimating emissions reductions which created uncertainties in guidance, how to interpret and apply them.[54]

Several MRV baselines faced challenges of data availability, quality and granularity, especially for data on agricultural practices and inputs. Colombia has more ambitious MRV goals as data availability and quality are generally higher, and because enteric fermentation is a major source of emissions in the Orinoquia region. Data limitations are most critical for enteric fermentation and in forest degradation (forests-remaining-forests).[55] A major challenge for agricultural and livestock MRV was the number of variables that need to be factored in (differences in management practices, soil type, ecological characteristics, breed type, etc.), and the corresponding 10-year historical baselines. In several countries, ISFL helped jurisdictions with better access to sub-national data (Indonesia and Colombia) and encouraged improved national data systems, such as for livestock in Ethiopia.

Developing MRV systems in ISFL has taken time and their application and maintenance is expected to be costly. MRV baselines and systems involved multiple (but necessary) rounds of reviews and long audit processes. There was clearly a trade-off between speed and quality (as well as cost), with the ISFL/IPCC requirements setting a high mark. For Ethiopia, it was expected that MRV and reviews will take at least 18 months before approval of the first ERs after ERPA. Once fully operational, the MRV system costs could be possibly paid through ER payments, but the question of meeting the cost of sustainable maintenance prior to ER payments was unclear and pointed to the need for ISFL transition funding.

The use of jurisdictional MRV for ER benefits sharing according to sub-jurisdictional ER performance is to some extent uncertain. Ethiopia plans to use sub-jurisdictional MRV land-use change data for benefits allocation at the zonal level (i.e. the level above districts), but requires a different system of district and community reporting for performance based allocations (PBA) at these levels.[56] For Indonesia, ER estimates are currently planned at the jurisdictional level, but there are also expectations to use MRV data for PBA to sub-districts and specific PS stakeholders (such as palm oil or pulp and paper plantations).[57] It was not clear whether this could be done when the evaluation team visited the jurisdiction, partly due boundary issues. For Zambia, allocations according to sub-jurisdictional performance were considered not feasible since the MRV needed would be too costly.[58]

[53] Different ISFL pilot country case studies
[54] Grouped interview with MRV experts at the World Bank, Oct. 18, 2023
[55] Colombia and Ethiopia PPT reports; KI with Naikoa; Colombia validation workshop.
[56] KI with PIU MRV expert
[57] KII: SNPMU, PMU, Private Sector.
[58] Information provided by WB FMT member after the Zambia validation workshop.

4.4 Transition from REDD+ to AFOLU integrated landscape approaches

How has the evolution from more limited REDD+ programming to broader AFOLU integrated landscape approaches as piloted in the ISFL happened in the program countries? What were the main challenges and barriers in moving towards an integrated land use approach?

Finding 23: The ISFL AFOLU approach covered the (most) relevant GHG sub-categories for land-use in targeted jurisdictions (depending on emissions contributions), established cross-sectoral coordination at national and jurisdictional levels, and adopted different forms of land-use planning, cross-sectoral activities on the ground and landscape approaches in all pilots. ISFL contributions to AFOLU were diverse across pilot countries, with different visions and partners, including building on work done by others. Implementation progress and performance varied. Community sub-grants for livelihoods significantly enhanced cross-sectoral activities in Zambia.

Countries applied the concepts of cross-sectoral AFOLU carbon assessments and integrated landscape management in different ways as forestry and agriculture sectors and contexts vary considerably across countries and jurisdictions, and country programs are at different stages of implementation. The various applications of jurisdictional ER crediting across all land-use sectors (AFOLU) were already discussed in Section 4.3. Secondly, ISFL effectively supported land use planning for AFOLU in at least three pilot countries (Colombia, Zambia and Ethiopia), in Ethiopia mostly in underlying projects; first steps have been taken into more systematic land use planning in Indonesia and Mexico (Section 4.1).

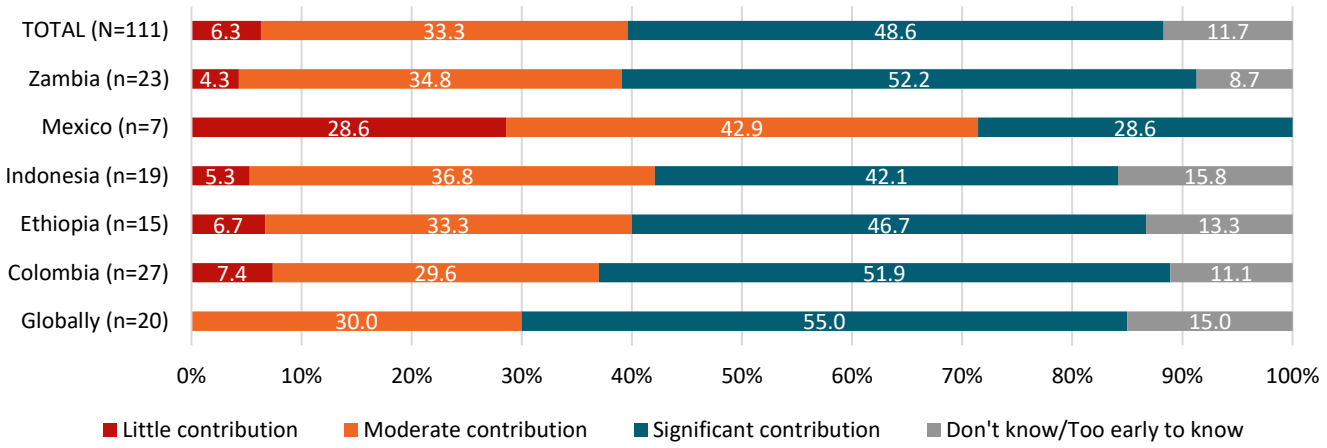
The Zambia program has made most progress towards a full AFOLU integrated landscape management (ILM) approach that covers all relevant areas, i.e. land-use planning, cross-sectoral coordination of government agencies and participatory, inclusive community and other stakeholder engagement (please also refer to Annex 9.1, Box 1, which describes features that are commonly associated with Integrated Landscape Management).The Zambia model combines climate-smart agriculture, agro-forestry (e.g., distribution of Grecilia and Musangu seeds), biodiversity, strengthening of protected areas, and livelihoods improvements, partly through community sub-grants. In Indonesia, the ISFL still has a strong FOLU sector focus and the MoEF sometimes emphasizes forestry at the expense of the "A" in AFOLU. Even as the full transition to an AFOLU ILM approach has not yet happened, the program is already working with many agricultural producers in forest buffer zone villages, especially to improve sustainable plantation agriculture by smallholders and larger firms to avoid further deforestation (on palm oil, rubber and coffee). In Ethiopia, coffee farmers in forests and forested areas are being supported to enhance their coffee tree productivity to reduce forest degradation; and more ambitious landscape management and livestock production systems have been successfully developed and applied in parallel, underlying World Bank programs. They include, for instance, sustainable fodder production to reduce pressure on forest lands. In Colombia, the improving, and relatively good cooperation between the national ministries for agriculture and environment in the ISFL program as well as their current national policy mandates bode well for

future AFOLU ILM. ISFL's work with livestock and rice farmers, for instance, on sustainable, emission-reducing practices was indirectly linked to forest protection, not just to ER through higher productivity and less emission-intensive agricultural practices. The program has also been developing landscape-appropriate agricultural production models to avoid expanding the agricultural frontier. In several countries members of supported forest management groups were also farmers which facilitated integrated land use management around forests (Ethiopia, Mexico and Zambia).

Engagement with commodity supply chains are often critical in landscape approaches to adopt new technologies and practices but were variable across pilot countries. They were stronger in Colombia (cocoa, livestock etc.), Indonesia (palm oil), and Ethiopia (coffee), and weaker or non-existent in Zambia and Mexico.

An e-survey respondent summarized it well: 'The awareness of the importance of AFOLU (not just the "F") is growing as a direct result of ISFL. Secondly the "how to" is also growing - but with more to be done'. In general, e-survey respondents strongly confirmed (>80 %) that the program was making significant, or at least moderate contributions to transit to a broader AFOLU integrated landscape approach. Respondents from Zambia and Colombia were most positive, while Mexican respondents were least positive (Figure 11).

Figure 11: How much has the ISFL contributed to the transition towards broader AFOLU integrated landscape approaches?



Source: ADE

Finding 24: Political will, supportive policies on decentralization and ILM, and institutional arrangements have influenced AFOLU effectiveness. Effective decentralization was a positive enabler for AFOLU implementation in Zambia and Indonesia. Other factors that mattered for effective AFOLU implementation and landscape management were: Jurisdictional capacities, lead responsibilities in ISFL country programs, and mandates, priorities and perceptions of different ministries on cross-sectoral cooperation. Constraints for effective AFOLU included weak local institutions and implementation strategies, including extension services and clarity on land tenure and property rights, as well as political disagreements on policies and mandates between and within implementing government agencies.

National policies were especially supportive of AFOLU implementation in Colombia (rural and agricultural sector priorities for ER and ILM in the 2022/26 NDP), Zambia (Integrated rural approaches and decentralization) and Indonesia (Green growth policy). At the national level, political support for AFOLU was relatively strong in Colombia and Zambia, but weaker in Ethiopia and Mexico, partly due to different priorities and mandates in the environmental/forestry and agricultural sectors. In Indonesia the willingness of the Jambi jurisdictional government to engage in the country's Green growth program and existing MoA regulations supporting ER were major assets for the emerging inter-sectoral integrated landscape approach. At jurisdictional level, interests, and applications of an AFOLU approach were stronger where decentralization capacities were relatively advanced (Zambia and Indonesia) or where donor funded projects supported AFOLU landscape approaches with reliable funding (World Bank underlying projects in Ethiopia). In Colombia, the Vichada Department Environmental System (SIDAVI) was a good example of intersectoral collaboration in a jurisdiction.

But AFOLU implementation was still often constrained by low jurisdictional ownership and attention, government funding, capacities and high staff rotations in jurisdictional administrations and technical services. Low sub-national experience in cross-sectoral collaboration and the lack of operational strategies for local level implementation contributed to more incipient inter-sectoral dialogue in at least two pilot countries (Colombia and Mexico). In (Colombia), inter-sectoral coordination has been hampered by continued weaknesses in the capacities of relevant regional institutions, despite ISFL capacity development and provision of planning tools. This combined with other national political problems associated with. the long-term conflict, most obviously the lack of clear land tenure (and of information on titling and property rights), and the lack of rural extension services. For Mexico, some KIs considered the jurisdictional administration as too large, whereas sub-jurisdictional coordination and collaboration across municipalities and landscapes had worked better in the past.

The institutional responsibility for grant implementation and ISFL anchoring in Government, which also reflects country priorities, affected the strength of AFOLU implementation, with forestry institutions being limited by mandates and convening power. Lead responsibilities in Ethiopia and Mexico were with MoEF institutions and more REDD+ and forestry oriented. In Colombia and Zambia, the Ministries of Agriculture had major execution responsibilities – even if in Zambia the MGEE led the overall implementation – making it much easier to prioritize the AFOLU carbon and integrated landscape approaches. In Ethiopia, the institutional mandate of the Oromia EPA was mainly on large forest areas and in Mexico, CONAFOR's main focus was on the forest ejidos and communities. Its effective convening power for landscape and AFOLU was questioned by various key informants, although CONAFOR regularly invites SADER, INPI, private sector, civil society organizations, and academia into the country's 31 forest councils that also take decisions on landscape planning and management. The effect was less evident in Indonesia as forests and agricultural production were more naturally integrated in the targeted buffer zone communities and plantations.

Barriers of cooperation between many Government agencies due to different and sometimes competing mandates and priorities, cooperation transaction costs, political issues and customary mindsets still affect cross-sectoral, integrated work. The Zambia case study shows that such barriers are easier to break down at decentralized level, through concrete joint project activities, including supportive funding, and leadership, even though it is a slow process. Competing priorities, internally within line ministries and departments and across

sectors often remain.[59] In Indonesia, certain shared responsibilities and coordination requirements of Ministries and Government agencies at the federal level, most obviously in MoE and MoA, had implications for the ISFL, e.g., the division of land planning responsibilities between MoEF, MoA, and the ATR/BPN (the latter not being involved in the ISFL program) resulting in coordination problems also at the jurisdictional level.

Agricultural readiness for embracing climate change mitigation, ER and carbon payments varied between countries. Readiness was higher where there were supportive policies and political administrations, and experience with ER and carbon markets was stronger, as in Colombia. In other ISFL pilot countries agriculture was still solely driven by growth, food security and social objectives as competing priorities to ER (Ethiopia, Mexico, but also Indonesia). There was awareness of ER and carbon markets due to NDCs that usually included in the sector and VCM or FCPF projects, but expectations of sector contributions to jurisdictional ERs and receipt of ER benefit payments were relatively low, except in Colombia.

4.5 Multiple stakeholder platforms

To what extent have ISFL programs effectively established and implemented innovative and inclusive multi-stakeholder coordination platforms for sustainable land management at different government levels (e.g., national, sub-national and local) and working across sectors and ministries?

Finding 25: The ISFL multiple stakeholder platforms (MSP) in jurisdictions and at national levels have clearly contributed to a dialogue in participating agencies, raising awareness and enabled jurisdictions to pay attention to AFOLU. The evidence suggests that their effectiveness and sustainability varied across the ISFL pilot countries, and according to their different functions.

ISFL has contributed to improved intersectoral coordination and cross-sectoral dialogue through steering committees and other platforms (MSPs) in all countries, nationally and in jurisdictions. The presence of the ISFL clearly started a dialogue in participating agencies, raised awareness and enabled jurisdictions to pay attention as AFOLU issues were tabled. But the extent to which the platforms and dialogues have been effective as regards fundamental and sustainable change in institutional behaviors remains to be seen (see also Section 7.2).

The effectiveness and likely sustainability of the MSPs or coordination platforms (see also Finding 28) varies across the pilot countries.

The Zambia ISFL program has been most effective in ensuring cross-sectoral coordination and collaboration through MSPs – it has achieved this mainly by working through existing multi-sectoral governance bodies at the provincial, district and ward levels; these teams meet quarterly, include private sector actors, chiefs and other community and civil society representatives, and work under the authority and guidance of provincial and district

[59] KII: PIU; Government (FD Provincial level, MLGRD, MFL, DNPW national level, EP-PPU, MoA national level); External Program Consultant. E-survey comment (PIU): 'Structure required to effectively deliver such a project is one critical lesson that can be picked. The ZIFLP suffered because of relying on district planning officers to coordinate their activities and these are people that are busy with other government activities like pushing the government decentralization agenda'.

administrations, which enhanced their effectiveness. Additionally, ZIFLP has established national cross-sectoral working groups for program design, implementation, decision-making and monitoring.

In Ethiopia, the OFLP country program held regular cross-sectoral meetings at the subregional cluster level which were mainly used for information sharing across sectors and projects and for avoiding duplication of activities. The ISFL Oromia Steering Committee consisted mainly of government representatives from relevant sectors and met quarterly or biannually. There were also annual multi-stakeholder information dissemination meetings for a broader jurisdictional and national audience. Some KIs noted the weak participation of agricultural sector actors in the platforms, especially after the BSP distribution was decided. One of the issues was limited financial or other immediate incentives for participating in the platforms.

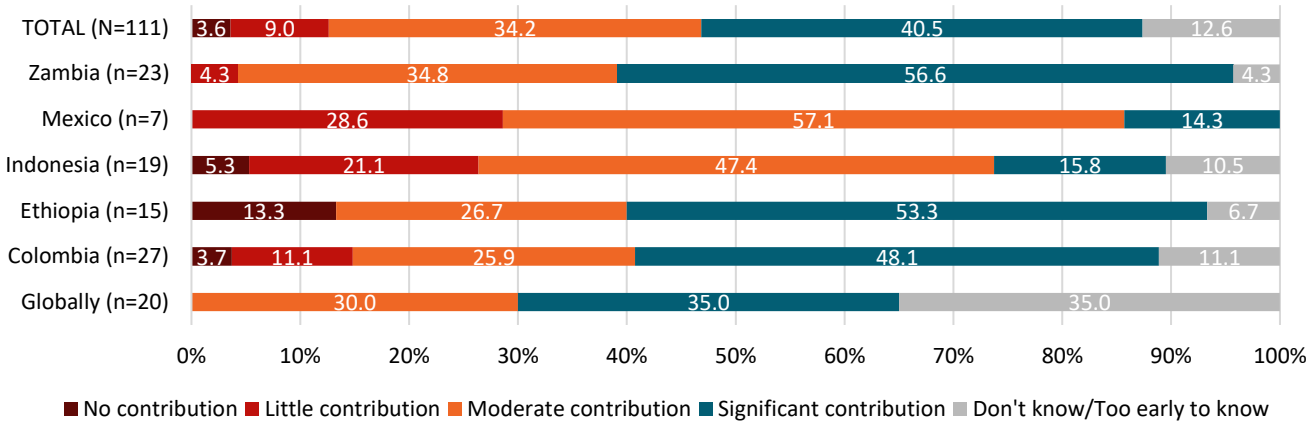
In Indonesia, ISFL has used an existing MSP forum called *Sekber* for higher-level policy and legal discussions. Communities, women, and vulnerable groups (including *adat*) were supposedly represented by NGOs, but the discussions have been of limited relevance to their concerns. Like in Ethiopia, the MSPs appear to have been more top-down than bottom-up. NGOs also complained that the government has not taken action when issues were raised in *Sekber*. PS informants also questioned its utility. While social issues have not been a priority, the J-SLMP was in the process of establishing working groups on gender and marginalized groups under *Sekber*.

In Colombia, there was generally good participation in the cattle and agroclimatic roundtables at the jurisdictional level, but some producers in two departments felt discussions and talks tended to be over-complex or theoretical, lacked pedagogy (e.g., relying on PowerPoint presentations) and tangible products, and did not reach smaller farmers; in some areas there was an inevitable distance problem, e.g., interviewed cattle farmers in Vichada Department had an eight-hour journey by river and road to get to the cattle management roundtable. There were doubts whether the MSPs will be sustained when responsibility for them passes to the department governments and without continued financial support.

In the case of Mexico, activities to develop the ISFL MSPs were still incipient, although there have been some useful multiple stakeholder discussions in the ERPD consultation workshops. These were noteworthy for the high levels of social inclusion and commitment of project staff. It was expected that the existing state forest councils would be used as permanent platforms – other options included state watershed councils and community-level platforms established by CONAFOR.

As noted in Box 2 in Annex 9.1, a key function of MSPs in cross-sectoral programs (such as in the ISFL approach) is to facilitate coordination between stakeholder groups, and the configuration and number of MSPs depends on, among other things, stakeholder relationships. This is seen to be vital for the sustainability of cross-sectoral or landscape approaches. While there have clearly been some important information dissemination and capacity building benefits from the MSPs, the extent to which the coordination function was factored into their design, or is being realized, is unclear.

Figure 12: To what extent has the ISFL contributed to establishing/implementing innovative and inclusive multi-stakeholder coordination platforms for sustainable land use in the countries?



Source: ADE

The above observations were reflected in the e-survey results presented in Figure 12 which particularly show relatively high appreciation of these coordination platforms in Zambia, Ethiopia, and Colombia, with some critical voices raised in Ethiopia and Colombia. On the other hand, the views on these platforms were most critical in Indonesia and Mexico, with the lowest levels of 'significant contributions and the highest ones of 'little' or 'no contribution'.

4.6 Benefit sharing plans

To what extent are benefit sharing plans (BSP) inclusive and appropriate to stakeholder needs and contexts, including involvement in the BSP development process, and what have been the challenges faced?

Finding 26: Although BSPs are complex to explain and understand, highly participatory and inclusive consultation processes were held in Ethiopia, Zambia and Indonesia. These processes were smoother in the African countries due to a willingness to accept, or preference for, in-kind payments.

BSPs were developed in a highly participatory and inclusive consultation process in all countries in an iterative process with communities and others (PS and NGOs) which took considerable time, a process that was also affected in some countries by COVID-19 limitations. The process included clarifying the roles in generating ERs and qualifying for BSP benefits, the determination of community needs and expectations for benefits, and mechanisms for distribution and FPIC.

The BSP consultation and development process went most smoothly in Ethiopia - at the time of the evaluation only Ethiopia had a negotiated and approved BSP, for ERPA phase I, with a BSP manual in the process of

development.[60] The inclusive consultation process involved 111 consultation meetings were held on the BSP – one with national level policy makers, one with Oromia State policy makers, one with CSOs and natural resource management experts, and the rest (108) with communities; the community-level consultations on the BSP involved a total of 4,647 participants of which 1,212 were female.

There was however a rather complex proposed benefit distribution mechanism involving several numerical explanations, the challenge of how to reward different beneficiary types (and for different ER activities), including cooperatives, communities and projects, and the use of MRV data and other data collection and reporting mechanisms to allocate the benefits corresponding to zonal and sub-zonal level performance. It involves a mix of in-kind payments to community beneficiaries (mostly to community forestry cooperatives) and to local governments for social infrastructure investments, and cash payments to other stakeholder groups. The payments will involve a combination of RBPs linked to land use change and payments based on forest areas and will depend on local-level MRV data. A new comprehensive BSP was being developed to include ERPA Phase 2 beneficiaries and eventually replace the currently approved BSP.

Zambia has had three rounds of consultation on the BSP: one in early 2020 involving 147 national, regional and local stakeholders, including 40 women, one in late 2022,[61] and the third in 2022 with 37 participants, including community and CSO representatives. While the BSP consultation and development process was reported as inclusive, the depth of participation was unclear since it appears that communities were often represented only by the traditional leaders or chiefs – some informants were concerned about this, and also that the benefits might go mainly to the chiefs. It was also unclear what special provisions were in place to ensure the participation and voice of women and vulnerable groups. In Zambia, there was however controversy on the proposed 30% of the benefits to be distributed between the two VCM projects – most community stakeholders, except those in the VCM project areas, thought this was too much. It should be noted that inclusion of a share for the VCM projects already reflected a compromise to accommodate VCM stakeholder interests. Also, one of the VCM projects (BCP) has not yet signed the proposed compromise MoU since it thinks that payments to, and incentives for, stakeholders will be too diluted, especially communities in the more densely populated areas, and insufficiently recognize the project's achievements. On the other hand, the grievance and feedback mechanisms, combined with the robust safeguards' system, will hopefully lead to positive outcomes[62]

In Indonesia, although BSP negotiations had not started at the time of the evaluation, there has been an intensive socialization process around benefit sharing involving 21 meetings with 649 participants/stakeholders from 230 villages, of which 258 were female. The consultation process was less advanced since several details of the BSP were not yet finalized – and communities were not yet informed in detail about the BSP mechanisms, although some of the proposed in-kind benefits (e.g., training) have been explained. The issue of cash versus in-kind benefits (preferred by government) was contentious for some stakeholders, especially the PS and smallholders.

---

[60] The review and analysis of country BSPs by the evaluation ended with the finalization of country specific PPT reports, which happened between October and Dec. 2024, depending on country. As of April 2024, two countries, Zambia and Indonesia, had produced updated versions of their BSPs that are considered by the FMT as "advanced drafts" (they will be considered "final" within 12 months of signing following any necessary updates given the outcomes of the ERPA negotiations).

[61] The number of participants in the second round consultation was not noted in the Draft April 2023 Benefit Sharing Plan.

[62] Footnote added February 2024: the Zambia BSP has been made available for public information.

Finding 27: High expectations by potential beneficiaries, among others for cash payments, were a major challenge for stakeholder discussions and negotiations of the BSP in at least three of the country programs.

While recognizing that negotiation and finalization of the BSP is possible up to 12 months after the ERPA has been signed, the fear of raising already high expectations of cash payments seemed to be holding back stakeholder discussions of the BSP in Colombia and Mexico and resulted in it being only partially discussed in Indonesia. There has therefore been limited progress in stakeholder agreement and consultation on the BSP in these three countries.

In Indonesia, public consultation meetings on the BSP have been held, but due to the concern about raising expectations, it was only explained in very general terms, including that it would be an in-kind payment system. This has left a situation of poor understanding and dissatisfaction with the BSP, especially by PS actors who only want cash payments – some of the latter said that in the absence of cash payments they would look at VCM possibilities.

In Colombia, although there is a comprehensive plan of the BSP in the ERPD, it has not been discussed with stakeholders for various reasons: the high cash payment expectations due to both VCM projects and the cash RBPs made by the Visión-Amazonia project; the pending Framework Decree with its implications for the nesting system and inclusion of VCM projects; possible concerns about negotiating with strong producer organizations (*gremios*); and low public confidence in state-run programs.

In Mexico, CONAFOR officials said they did not want to talk about the BSP yet, even though the ERPD was at an advanced stage, to avoid creating expectations about possible payments for results before the ERPA is signed, the ERP is implemented, and certified ERs are issued. In the meantime, arrangements have been proposed to channel ISFL BSP funds through the Mexican Forest Fund with complementary actions to be defined through specific guidelines and in a participatory way, that are expected to be specified in the BSP before ERPA signature.

Finding 28: Implementation of the BSPs is likely to be complex and challenging.

In Ethiopia the BSP was recognized as comprehensive but complex, including as regards its plans for its implementation - the local benefit distribution mechanisms were likely to be resource-intensive in terms of government administration and control; they were highly decentralized and required local administrators and even cooperatives to make key decisions and implement them according to the planned use of the funds. This raised questions about the local institutional capacity. Another challenge was the need for decentralized MRV data to check zonal performance levels.

The governance and accountability challenges were likely to be higher for cash payments rather than in-kind payments, e.g., in Indonesia the in-kind payments were to be implemented by CSOs accredited by the Indonesia Environment Fund (IEF), which has a robust fund management process.

4.7 Private Sector engagement

What are the overall efficacy and results of ISFL's PS engagement activities? Has the level of ambition for PS engagement programming been met?

Ambitions and expectations

Several World Bank papers laid out the ISFL PS approach to ER in 2017 which was based on prior lessons learnt.[63] The approach focused on cooperative actions and partnerships with existing initiatives; industry commitments on ER in key value chains, and IFC PS activities with firms. Policy influences and using the WB's convening power were seen as other entry points, some of which would require only marginal funding. A strong PS focus and leveraging of PS partnerships was also meant to differentiate ISFL from FCPF.

Globally, the ISFL set ambitious and broad goals for PS engagement in the 2021/22 PS Theory of Change, with more specific activities being formulated in country/IFC grants and PSES. All ISFL grants initially included some PS engagement in one form or the other. Country specific PSES were developed between 2019 and 2021 for all countries alongside the development of a specific ToC for the PS.[64] Several ISFL organized global events on PS during that time were well appreciated by Contributors (KIs). Grants and PSES have a broad definition of PS, ranging from international firms (Colombia, Ethiopia) to national and local SMEs, larger enterprises; Technical Service Provider (TSPs); informal micro enterprises and CSOs, cooperatives and parastatal companies, including community forest enterprises (Mexico, Indonesia and Zambia). Smallholder farmers are included as PS actors, especially those involved in export commodity value chains (Indonesia, Ethiopia and Colombia).[65] PS country initiatives and early results have been well documented and communicated in ISFL annual reports.

All ISFL Contributors have a high priority for PS engagement. According to interviews, Contributors emphasize four areas for the PS work:

- **Commodity supply chains.** Reducing ER in sustainable commodity supply chains to address the main agricultural drivers of deforestation, through climate-smart productivity and efficiency increases in agriculture and livestock as well as demand driven changes (such as quality labels).
- **Mobilizing PS funding.** First, for raising funds from PS companies for supporting ER activities (especially REDD+) and RBPs, such as is already happening in the ISFL for testing and scaling improved productivity models (Ethiopia coffee firms in partnership with NESPRESSO and TechnoServe; and in Colombia's livestock and cocoa sectors). And secondly, for 'generating appetite' for ERC purchases by PS third party companies. In this context one Contributor was also hoping for ISFL to connect potential PS investors (green impact investing) and private commodity supply chain enterprises.

---

63 Lessons on PS engagement from the WB's climate funds; PS engagement approach; ISFL Private Sector Opportunities and Challenges

64 The first ISFL Evaluation in 2019 was critical of progress in the private sector and made several suggestions that were partly followed.

65 According to the World Bank, the private sector in agriculture and rural development includes "all private firms, including agribusinesses, input suppliers, traders, processors, and exporters, as well as farmers and other rural entrepreneurs who operate in markets and engage in commercial transactions". https://www.worldbank.org/en/programs/knowledge-for-change/brief/agriculture-and-rural-development

- **Engaging and supporting PS in ISFL jurisdictions.** Engaging PS firms and providing funding (below market interest rates) to SMEs and larger firms to share transformation risks and transaction costs, assume corporate social responsibilities, and provide broader access to green credit, through ISFL grants, IFC advisory services and loans.
- **Including PS in integrated landscape management.** Making the PS fully part of broader land-use and landscape planning and enabling policies, including sustainable management, regulations and enforcement.

Donor preferences are reflected in the PS ToC. At higher level objectives, the PS ToC aimed to shift production to more sustainable, lower-carbon modalities, through a supportive enabling environment.[66] The main instruments suggested by the ISFL private sector strategy/ToC were to (1) provide evidence for viability and scalability of innovative, sustainable businesses and financial models (proof of concept) and generating awareness and adoption; (2) work with IFC at firm level, with different value chain actors at sector level (meso), and with governments at the national and jurisdictional levels to address policy and regulatory issues (macro); and (3) support related capacity development at different levels.

Private Sector activities and results

Finding 29: The ISFL engaged actively with the PS through its grants and complementary PS Engagement Strategies (PSES). There are early results of PS engagement in three countries, especially from Colombia's beef, rice and cocoa sectors; and from working directly with agricultural producers in Ethiopia and Indonesia on sustainable technologies and practices. But much of the work is at an early stage or still under design through reviews, studies and consultancy reports (Colombia). Three countries had to cancel their PSES for various reasons.

Private sector engagement has indeed been stronger in the ISFL than the FCPF according to global observers of both Funds.[67] There have been several different mechanisms for the Program to engage and support the PS. The ISFL has been directly working with PS actors in all country grants on a variety of activities and with different actors.[68] This has included ISFL funded and IFC implemented activities parallel to the country grant in Ethiopia and some grant co-financing in Zambia and Mexico. The ISFL also designed Private Sector Engagement Strategies (PSES) grant programs for all five pilot countries, but PSES implementation started effectively only in two countries, Colombia and Ethiopia. The IFC has been working in Colombia and Ethiopia through Advisory Services to develop sustainable and traceable supply chains. Planned IFC loans in Ethiopia, however, have not been forthcoming as no suitable larger PS partners could be identified. A sizeable share of the PS work in country grants and PSES has been more knowledge-oriented and has been aiming to identify new low-carbon technologies, practices and business models for ER (Colombia), some has involved practical groundwork with producers (technical and financial assistance), often in the context of proof of innovative concepts or scaling sustainable technologies and practices (e.g., Indonesia, Ethiopia and Zambia). In Colombia, Ethiopia and

[66] Source: September 2022 presentation at [ISFL] Annual Meeting
[67] Global KI interviews
[68] In Mexico the program could build on support by its co-financed World Bank and Government partners for PS activities.

Indonesia ongoing ISFL supported activities also have been relating to private sector policies and regulations, either through informing such policies or helping producers and others adapt to new state regulations on sustainable production.

Unfortunately, ISFL PSES grants in Zambia, Indonesia and Mexico had to be cancelled after several years of preparations and searches for viable PS schemes and partners, without major grant disbursements. In Zambia, the main reason for cancellation was the scarcity of relevant PS value chain actors in the ISFL jurisdiction, the Eastern Province, which led to a lack of qualifying PS partners for cooperation. For Indonesia, planned loans by IFC to PS companies and co-financing from these companies in the context of the PSES did not materialize as no suitable companies were found in palm oil and rubber value chains that IFC was able to work with. Indonesia had a difficult political economy for engaging the PS in commodity chains with high potential risk for deforestation and forest degradation and under close international scrutiny. This affected the interest of private sector firms as well as of IFC in engaging. No alternative implementation schemes, priorities and arrangements of relevance for the ISFL jurisdiction could be identified within the objectives of the Indonesia PSES. For Mexico the PSES program started with identifying and consulting key PS and public sector actors, but the PSES grant eventually was canceled due to its limited budget and relatively complex administrative implementation requirements. In the end it was not possible to identify viable PS schemes and executing modalities and entities. In sum, the relatively low volume of grants in these three countries, coupled with high transaction costs for implementing agencies, a lack of existing long-term private low-carbon strategies and investments in several of them, and the need for the IFC to identify willing and qualifying companies to work with and eventually provide non-sovereign loans, as well as the size of the jurisdictions, political considerations and the large task at hand, all contributed to challenges in implementation.

ISFL private sector entry points and results

ISFL has been working with the most relevant commodity value chains (VC) that drive deforestation. Six priority VCs were targeted in Colombia (beef, dairy, rice, cocoa, palm oil and NTFPs), three in Ethiopia (coffee, dairy and forestry), and three, although only on paper so far, in Mexico (dairy, timber and candelilla wax). The Indonesia program focused on palm oil, rubber and timber/pulp wood, with smallholder coffee also being targeted for smallholders. Zambia worked with all relevant local value chains on livelihoods, market opportunities and reduced ERs.

Community Forestry Enterprises have been a special target group of ISFL. These are important (semi-) private entities to reduce the drivers of deforestation. In Ethiopia, the 100% state-owned Oromia Forest and Wildlife Enterprise (OFWE) and the community forest groups it works with were part of the program. Other options for stronger market orientation as identified by ISFL studies for Ethiopia (wood-based value chains and PPPs) have not yet been operationalized as sector readiness is low. In Zambia, the ISFL effectively established and developed capacities of Community Forest Management Groups (CFMG). Early challenges of procurement delays, community fears of land grabbing, CFM capacities and other delays have been overcome (Zambia). In Indonesia the program is supporting communities in forest buffer zone villages but has not yet engaged with the Community Forestry Enterprises as the relevant government department is not involved. In Mexico, *ejidos* and *comunidades* that own most of the forest land are the main partners for CONAFOR for SFM, capacity building

and poverty reduction. These entities are fundamentally social enterprises in which profit or entrepreneurial objectives tend to be secondary to or moderated by social objectives, e.g., employment and social welfare.

ER payments to the PS are foreseen in all BSPs; there were ongoing discussions in Indonesia about the form of payment to the PS (in cash or kind); and in Zambia about operationalizing the centralized nesting requirement by the Government.

Two indicators in the MEL refer directly to PS engagement and results, more precisely the outcome of leveraged partnerships with and between the public and private sectors (MEL outcome 3). The first one is on the number of businesses and PS actors supported to create and scale environmental and social benefits. Partnerships and engagements with for profit PS and not-for-profit organizations have been reported for this indicator (T2.03 a-d) plus. A total of 46 companies were reported for 2023, an increase of more than 100 percent compared with 2022, mainly as 23 partnerships have been added in Indonesia (signed MoUs of between provincial and district governments with PS companies), the remainder is in Colombia (18), Zambia (4) and Ethiopia (1). PPPs in Colombia include several competitiveness agreements, e.g., with cashew & rice farmers, and the Meta Department meat cluster. Zambia PPPs refer so Technical Service Providers for the program, mainly for identifying and implementing alternative livelihoods and co-benefits services. The program also included a new MEL indicator to report on PS engagement and performance starting in 2023, the number of people in PS schemes adopting sustainable practices (T2.03.3). For its first reporting year, this included 6,000 coffee farmers in Ethiopia and 305 estimated beneficiaries in Colombia from partnerships with for-profit PS organizations only.

Finding 30: The fact that IFC was able to build on significant previous and ongoing work and experiences in Colombia favored PS engagement in this country. Where PS players were more available and ready in ISFL jurisdictions, PS engagement tended to be stronger. Challenges for PS engagement included: Coordination of PS work across all ISFL workstreams, especially with country grant PIUs; thin presence of PS enterprises in rural areas; appropriate intermediaries for working with PS and communication strategies; and the absence of complementary financial incentives (e.g., green credit) and state extension services for the PS, including for compensation of costs for adopting ER technologies.

The presence of IFC in Colombia advanced ISFL funded IFC advisory work and helped get PS activities moving. IFC presence was less helpful in Indonesia where it did not support loans to palm oil or rubber operations due to low client interest. In Ethiopia IFC country operations were constrained by weak PS enabling conditions and few eligible enterprises for IFC advisory and lending operations, especially in rural areas and agriculture. Availability, interest and willingness of PS enterprises to work with the program was key in many locations - these were often low as the program was poorly understood, there was mistrust about state influence, or program conditions and benefits were not considered as favorable for the PS (Indonesia, Colombia, Mexico and Zambia). There were also reports in Indonesia about PS skepticism of carbon off-setting (greenwashing) and fear of strong NGO advocacy groups. Thin presence and low capacities of PS actors in ISFL jurisdictions, especially when coupled with a weak enabling environment and Government low interest or experience in working with PS in partnerships (beyond service contracts from projects), was a challenge in at least two countries (Ethiopia and

Zambia). In these countries, intermediaries with good PS engagement track records played a key role, the international CSOs employed by the program, Solidaridad and Techno Serve in Ethiopia; and COMACO in Zambia.

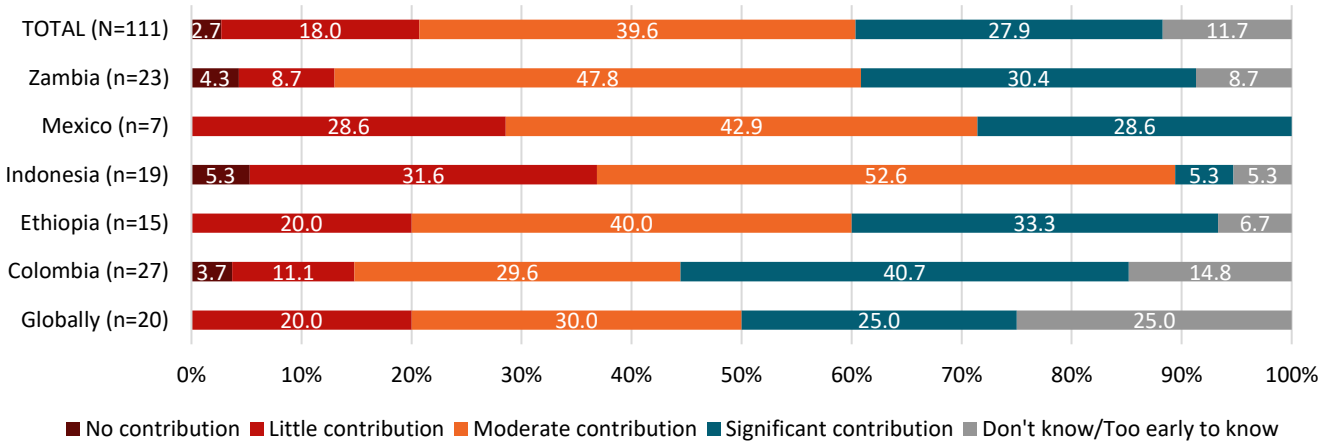
The Ethiopia case study has showed limited country coordination of PSES activities with grants so far, in Colombia the monthly World Bank meetings of staff and PSES consultants commonly do not include the Government or PIU representatives. For Colombia, there is significant ongoing ISFL knowledge generation, but its planned future communication with public and PS entities in the jurisdictions and beyond is still uncertain, partly due to the lack of an information dissemination strategy to date, and also because of the lack of extension services in the country. The World Bank is planning a dissemination strategy for its knowledge products (in the context of a revised overall strategy for Colombia by IFC and the World Bank which also would cover the ISFL program), but the current situation is one of weak communication. Another perceived significant problem is that ISFL PS knowledge work is often not matched with funds to implement identified solutions and for direct access by PS entities for scaling up new models, except for the rice value chain (Colombia). Two KIIs and an e-survey respondent suggested that much more involvement by Banks and other programs for this was needed.[69] More details on PS strategies, results, and constraints for each ISFL pilot country can be found in Annex 9.

E-survey results and comments

The extent to which ISFL has catalyzed PS engagement and mobilized finance for SLM and ER was rated as relatively low (compared to most other e-survey questions) by e-survey respondent (see figure 13). Only 28% of respondents perceived "significant contributions" (very low compared with other e-survey questions) and 21% saw no or little contribution (the highest negative response of all e-survey questions). Perceptions and appreciation for ISFL PS contributions were highest in Colombia and Ethiopia, followed by Zambia. The lowest ratings for this question were from Indonesia (including World Bank TTs, NGOs and the PS). World Bank country TTs and Contributors were among the most critical about contributions to PS (among stakeholder groups that had >2 responses): 54.5% and 60% of these two groups saw only little or no contribution (see Annex 4). The assessment of World Bank country team members was in contrast to a more favorable view of PS support among the ISFL FMT, PIUs and Government stakeholders.

[69] Contributor and WB Global Interviewees

Figure 13: Is the ISFL contributing to catalyze PS in working towards sustainable land use and mobilizing finances for emission reductions?



Source: ADE

4.8 Non-carbon sustainable development co-benefits[70]

To what extent have ISFL programs been able to foster additional non-carbon sustainable development co-benefits such as community livelihoods (including changes or gains in production/productivity), ecosystem services and biodiversity (including their integration in ISFL approaches, current and future)?

Finding 31: The Ethiopia, Indonesia and Zambia programs have invested most strongly in activities promoting co-benefits. This resulted in significant livelihood co-benefits in these country programs, as well as biodiversity co-benefits in Zambia and Indonesia.

The Ethiopia OFLP has boosted livelihoods and biodiversity in buffer zones of national parks by promoting PFM and community reforestation, as well as from the work with the private sector on coffee noted under Finding 29. CSA has been promoted in underlying projects and is also planned for community action plans during the ERPA stage; another livelihood promoting activity has been the use of livestock fattening grants, but this may have resulted in a trade-off with emissions produced by cattle.

In the Indonesia program, co-benefits were emerging from various J-SLMP activities for smallholder farmers and plantation companies. Target villages were supported to diversify their estate crop production by growing rubber, coffee, cinnamon and other crops, and in their marketing efforts; smallholder palm oil producers were helped to obtain ISPO certification through cooperation with commercial producers. The program also promoted

[70] The IPCC has defined co-benefits as "the positive effects that a policy or measure aimed at one objective might have on other objectives … co-benefits are also referred to as ancillary benefits." (Intergovernmental Panel on Climate Change, "Fifth Assessment Report, Annex II Glossary. IPCC, 2014). A simple definition in an ER project context is that they are "additional benefits that go beyond GHG emissions avoidance and removal, such as positively impacting communities and biodiversity." (https://www.sylvera.com/blog/carbon offsets co-benefits).

agroforestry systems of local timber species and fruit trees, such as durian, mango, avocado and papaya, to help smallholders reduce their dependency on palm oil. The creation of, and support for, fire prevention groups has increased incomes and biodiversity; *adat* groups (living under customary law) and IP groups in buffer zones have also been supported.

In Zambia, efforts to promote CSA have led to improved maize yields[71], and strengthened climate adaptation capacity. Secondly, there was less felling for charcoal production due to stronger law enforcement and patrols: in combination with forest restoration efforts, this has contributed to more elephants and other game in buffer zones and national parks (according to anecdotal evidence). The emphasis on co-benefits was reflected in the e-survey, in which respondents felt the program also made significant contributions to improved community livelihoods (61%), CSA (70%) and social and biodiversity safeguards or enhancement (78%) (see Figures 15 to 17, Annex 4).

In Colombia, social co-benefits were less visible at the time of the evaluation mission. In the e-survey, Colombia had the highest percentage (18.5%) of responses of the five countries as regards saying the program was making "little contribution" to improved livelihoods (Figure 15, Annex 4). This was because, especially in the savanna zone of Vichada and Meta Departments, the predominant production systems were cattle ranching and, to a lesser extent, perennial (e.g., palm oil, cashew) and annual crop (e.g., commercial rice) production. The program was naturally oriented to these medium and large-scale production systems reflecting the emission reduction potential of larger farms. A second reason was the slow progress of several of the value chain studies and activities. At the same time, it is recognized that ISFL was also targeting other sectors with high social co-benefit potential, especially the small-scale dairy production sector, the cocoa smallholder sector, and more broadly the activities in Casanare and Arauca Departments where the agrarian structure had more of a balance between *minifundia* and *latifundia production systems*. The social co-benefits are therefore expected to rise over time.

The biodiversity co-benefits in Colombia were however being prioritized, firstly through the sister project to ISFL – the WWF-implemented and GEF-WB financed "Orinoquía Integrated Landscapes Project" with its primary objective of mainstreaming wetland and savannah land in land use planning and landscape connectivity. There was also an upcoming UK DEFRA-funded project on biodiversity impact assessment of lower carbon production systems in the savanna areas. Biodiversity data were also strongly incorporated into the sustainable agricultural production landscape charts for cocoa (in Meta Department) and livestock (in Casanare Department). These priorities were also reflected in the e-survey results – two-thirds of respondents thought ISFL has made a "significant contribution" to biodiversity enhancement or safeguarding, the second highest of the five countries.

In Mexico, forest land ownership is dominated by *ejidos* and indigenous communities, with a focus on poverty alleviation and livelihoods, including through community forest management, and in line with government policies; the PROFOEM/ISFL program was following CONAFOR operational rules which have as one of their goals the generation of co-benefits. Therefore, community livelihoods were already a high priority – this may explain the high percentages of e-survey respondents saying that the ISFL had contributed significantly (57.1%) and moderately (28.6%) to improved community livelihoods.

[71] ZIFLP beneficiary impact assessment survey (2022).

Finding 32: The ISFL revealed different strategies across countries for promoting and compensating co-benefits.

In the Ethiopia BSP, the negotiated RBPs included 50% for non-ER generating co-benefits; of this amount, 90% was to be paid in the form of community social infrastructure projects with the remaining 10% for vulnerable groups. The remaining RBP will be used for ER generating activities many of which had potential for livelihood and biodiversity co-benefits.

In Colombia, UK DEFRA was interested in the potential to quantify and value biodiversity co-benefits and hoped to make progress on this in the biodiversity impact assessment study of lower carbon rice production and cattle management systems in the savannah areas starting in 2024.

In Mexico, due to the relatively strong national political priority of poverty reduction (as compared to climate change mitigation), the co-benefits were seen by various stakeholders, including in CONAFOR, as more important than emission reductions. One Mexican KI mentioned the potential for "parallel accounting" of ERs and co-benefits as a means of accessing to other finance sources.

In view of the importance of co-benefits in incentivizing sustainable land use, and the interest in including payments for co-benefits in BSPs, the potential and challenges of measuring and valuing co-benefits could be an important potential ISFL research study, one that would be very complementary to ISFL's cutting-edge MRV work.

4.9 Gender and inclusiveness

How effective have gender mainstreaming and other social inclusion efforts been in enhancing the participation, decision-making power and benefits of local stakeholders and traditionally marginalized or vulnerable groups in ISFL programming?

Finding 33: The emphasis on gender equity and mainstreaming was especially strong in the Ethiopia, Zambia and Indonesia programs, as well as being incorporated into the SESA, ESMF and stakeholder engagement plans of all the countries.

In Ethiopia there was a gender action plan, gender mainstreaming training was conducted, there were gender-focused community consultations, each community had an assigned gender focal person, women chaired 50% of the "common interest groups" for livelihood development, and female-headed households were constitutional members of the community grievance committees.

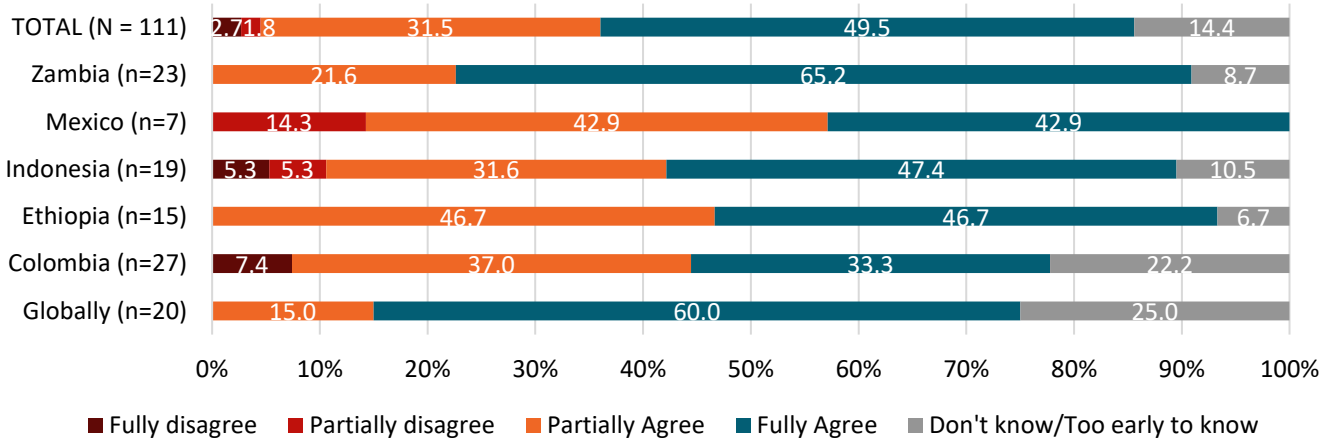
In Zambia a gender strategy and integration tool and a gender-based violence action plan were developed; women had leadership positions on Community Resource Management Boards; district women associations were formed to support livelihood activities; and it was reported that women have been pro-actively included in

community-level NRM and conservation decision-making. Also, a conditionality of obtaining low-carbon community investments was the participation of women and vulnerable groups in the application process. The e-survey revealed that Zambia had the highest percentage of respondents (65%) fully agreeing with the statement that ISFL efforts at gender mainstreaming have enhanced the participation of women in ISFL programming.

In Indonesia, gender analysis was conducted, gender aspirations were incorporated into various development initiatives promoted by SNPMU and associated line agencies, and it was reported that women have strongly benefited from trainings in agriculture, agroforestry and forest fire management. At the same time, it was noted that gender (or inclusion) issues did not often come up in the stakeholder platform (SEKBER) discussions since it appears that SEKBER did not include gender (or vulnerable group) representatives in their consultations, and also that gender stereotype problems were still prominent in some program contexts which sometimes made it hard to reach out and include women.

There were also gender mainstreaming and equity activities in Colombia and Mexico, but the emphasis on gender equity and mainstreaming appeared to be less prominent than in the other countries. In Colombia there were good gender participation levels in the ERPD consultation process, trainings (37% of participants have been female) and other activities (e.g., 30% of participants in the subnational land use planning training workshops were female (ISR 12/22), and good participation of women in cattle sector and oil palm training activities (Aide Memoire 03/23). In the e-survey, Colombia had the lowest percentage (33%) fully agreeing with the statement about gender mainstreaming efforts having enhanced women's participation in ISFL programming.

Figure 14: How much do you agree with the following statement: ISFL efforts on gender mainstreaming has enhanced the participation of women in ISFL programming.



Source: ADE

In Mexico there was also good participation of women in the ERPD consultation workshops – this included women-only workshops to discuss issues like food production, firewood provision, and the production and marketing of medicinal plants and other non-timber forest products, as well as to identify how they could participate more strongly in the program. In general key informants felt the PROFOEM/ISFL has increased the emphasis on women and vulnerable groups – groups that have been traditionally marginalized due to their limited land and resource access rights.

Finding 34: Strong efforts were also made to include indigenous peoples and vulnerable groups, including through the safeguards system (see below), the SESA and ESMF processes, and stakeholder engagement plans. The strong safeguards systems developed as an integral component of the ERPDs, as well as the grievance redress mechanisms, reflected the importance of these instruments for the overall credibility and marketability of ERCs.

In Jambi Province, Indonesia, particular attention has been paid to the needs (including livelihoods) of the Orang Rimba (jungle people) group and others living under customary law (*adat*) regimes; marginalized groups and women have participated in the FPIC process undertaken in about 200 communities; and the BSP factors in non-land owning or *adat* households living in or around national parks and state-owned FMUs. However, there was again the concern that the stakeholder platform (SEKBER) has not prioritized social issues.

In Zambia, there was strong emphasis on meeting social inclusion targets in the program activities, e.g. in alternative livelihoods and other production-oriented activities; in general the same comments as for gender inclusion (above) applied to vulnerable groups, including their explicit inclusion in the BSP. Again, Zambia had the highest percentage (61%) of e-survey respondents fully agreeing that ISFL efforts on social inclusion have enhanced the participation of local stakeholders and traditionally marginalized groups (Figure 19, Annex 4).

In the case of Ethiopia, the BSP stipulated that 5% of community-directed benefits were for vulnerable groups. In Mexico, current government policies were very strong on social inclusion issues, e.g., the resource disbursement rules emphasized inclusion of indigenous and other vulnerable groups. In Colombia, as in the other countries, vulnerable groups were included in the ERPD consultation workshops, and their needs assessed through the Strategic Environmental and Social Assessment (SESA) and ESMF processes. Development of a robust safeguards and risk management system was a notable achievement in view of the challenge of the available World Bank safeguards framework not being designed for a jurisdictional process – at least in Colombia it was therefore developed on the basis of 'good practice' documents.

Finally, the strong safeguards systems developed as an integral part of the ERPDs was a reflection that a strength of the ISFL jurisdictional approach, especially in comparison with some VCM projects, is the rigorous safeguards management systems, including the risks analysis of potential negative social and biodiversity impacts, and identification of appropriate mitigation measures.

5 Efficiency

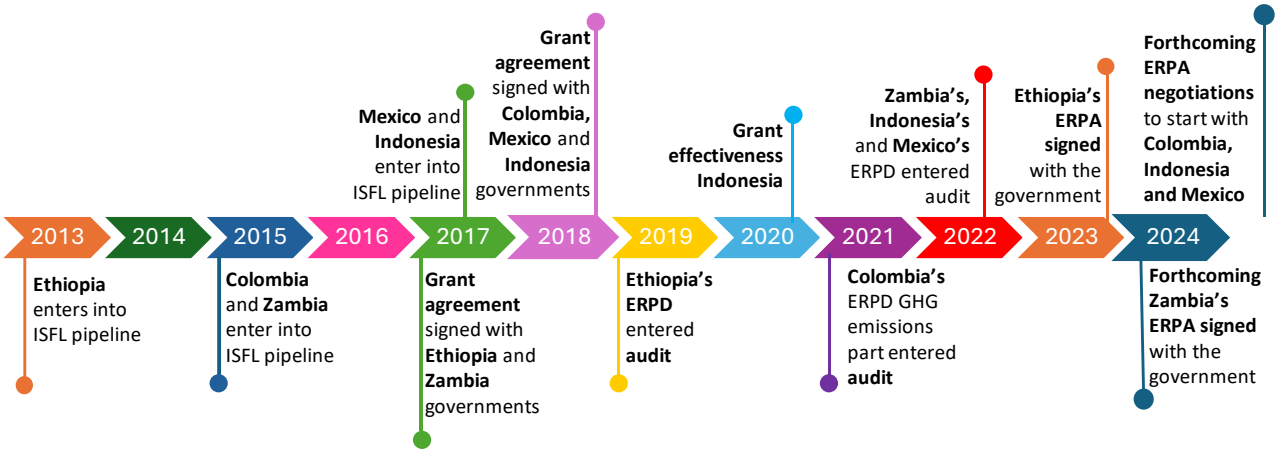
5.1 Timeliness

To what extent have the Fund activities and investments advanced in a timely manner? What were the enablers or barriers to timely implementation and how could these be improved or mitigated going forwards?

Finding 35: The main delays in Fund implementation since 2017 were in developing and agreeing on the ERPD and negotiation of and signature of the ERPA, across all pilot countries. Most ISFL country grants have been implemented in a timely way (except for a late start in Indonesia), albeit with extensions in several countries (at least partly due to COVID-19). PSES activities have effectively started in only two countries (Colombia and Ethiopia).

The ISFL program timeline started in 2013 with several pilot countries successively entering the ISFL project pipeline and design phases between 2013 and 2017. All countries signed grant agreements with the WB between April 2017 and May 2018, and four countries started grant implementation, except Indonesia where project effectiveness was delayed until December 2020 due to a complex country governance situation for grant execution. Project design was relatively slow as the ISFL went through an intensive four-year period while the World Bank and Contributors firmed up and agreed on common fund structures, governance, and guidelines for country operations.

Figure 15: ISFL program timeline.



Source: ADE based on ISFL Annual Report 2023, modified

Country grant programs have been completed in Ethiopia and are expected to end in 2024 in three more countries (Zambia, Colombia and Mexico); the Indonesia grant will be ongoing until 2026. ERPDs have been completed in all countries, except for Mexico, but only one ERPA has so far been signed. Missing overlaps between country grants and the ERPA stage are generating problems in transitioning (Section 7.3). In mid-2023 grant disbursements were between 65% (Mexico) and 94% (Zambia) in the programs due to end in 2024 but were only 35% in Indonesia (see Table 3), with total disbursements across all country grants at 75%. Several

grants were extended by up to 18 months, at least partly due to COVID-19 delays. Implementation of the PSES in Colombia was expected to be completed by 2025, similarly to Ethiopia where execution of the PSES only started in 2022. Two other countries have not yet started PSES implementation (Indonesia and Mexico).

Ethiopia completed its ERPA negotiations in March 2023 and negotiations were ongoing in Zambia and Indonesia (as of early 2024). The ERPA program in Ethiopia is not yet effective due to pending conditionalities that are being fulfilled according to country key informants. The ERPD in Colombia has been completed, and ERPA negotiations are expected to move ahead soon, although pending legal and regulatory decisions on carbon markets could still be delaying such negotiations somewhat according to some interviewed Colombian stakeholders. Mexico is still waiting for final ERPD validation and on-going audits, with progress also depending on legal and regulatory carbon market decisions.

As set out in Section 4.2, the ERPD/ERPA process was significantly delayed in all countries. The ERPDs of Colombia, Ethiopia and Mexico were originally programmed to be validated in 2019, followed by Zambia in 2020 and Indonesia in 2021. It took about 18 months between approval of the ERPD to signing the ERPA in Ethiopia due to missing conditions and political issues surrounding the security situation in Northern Ethiopia.

Table 3. ERPD, ERPA and Grant project status

	ERPD status	ERPA status	Grant project start	Country grant disbursements (ISR mid -2023) and status
Colombia	ERPD completed and approved by the World Bank (v.5) in mid-2023. BSP still under development.	Advanced draft of ERPA Project Appraisal Document available (PAD); ERPA 'pre-evaluation' workshop took place in May/June 2023	Feb. 2018	72% disbursed. Original closure planned for December 2023; project applied for 6-month extension until June 2024
Ethiopia	ERPD completed. BSP for ERPA phase I finalized.	Signed in February 2023. ERPA project not yet effective as conditions for effectiveness remain to be fulfilled Comprehensive BSP for ERPA Phase II to be finalized	April 2017	96% disbursed. Project closed June 30, 2023. Implementation completion and results report (ICRR) report ongoing at Jan. 2024.
Indonesia	ERPD completed.* BSP completed and published on Government web site.*	ERPA negotiations started in the first part of 2024.*	Dec. 2020 (WB grant agreement signed in 2018)	35% disbursed. Closure planned for June 2026
Mexico	Third draft of April 2023 under assessment for validation; MRV for ERPA phase I under review; BSP under development	No draft PAD of ERPA available yet	May 2018	65% disbursed Original closure planned for March 2023. Revised end date September 2024
Zambia	ERPD completed. BSP completed.*	ERPA negotiations started in Oct. 2023	Jan. 2018	94% disbursed Planned closure in early 2024

Sources: ADE, based on World Bank ISRs, Evaluation country PPT reports; *updated information provided by FMT in April 2024

Finding 36: The novelty of jurisdictional AFOLU GHG assessments and MRV systems and complexity of high integrity jurisdictional systems were the main causes of delays. In addition, delegation of technical work to countries (for capacity development) and low country readiness (political hesitancies, lack of high-level awareness, and legal and regulatory gaps related to ERCs) drove delays. The early timelines were unrealistic, despite the lessons from FCPF experiences on the time it took to get to the ERPAs, and learning by doing has led to a more realistic assessment of the time needed.

There were several challenges for the ERPD/ERPA process related to the complexity and novelty of the ISFL and its requirements (discussed in Sections 4.2 and), such as the jurisdictional AFOLU MRV systems with their long independent audit processes that required iterative TA from the WB during all stages of ERPD design. Despite the long processes, country counterparts welcomed this support and saw it as a learning opportunity to achieve high quality ERPDs. Some interviewees opined that more upfront TA and training than learning-by-doing could have accelerated the process.

The lack of, or incomplete, legal frameworks for ER ownership and carbon trading in most countries posed further challenges for ERPD/ERPA timing. Also, COVID-19 hit MRV, BSP and safeguards design at a critical moment, and led to several countries delaying their bottom-up, participatory approaches. There were delays in all stages and from all sides, including due to Contributor reviews and political concerns, resulting among others in a delayed signing of the Ethiopian ERPA.[72] Other factors included the slow process of finalizing the Paris Agreement rulebook (at the 2021 Glasgow COP) and the challenges around nesting in several countries.

As a pilot program, ISFL put weight on integrity in methodology, such as 10-year baselines for jurisdictional MRV, an advantage at a time of widespread criticism of the integrity and carbon outcomes of VCM projects, especially REDD+ projects. Several global KIs from both WB and Contributors also pointed out that, while the ISFL program processes were slow, they were faster than in the FCPF, and that such delays were not unique to the ISFL. Since the initial timelines were set a long time ago, the understanding of realistic timelines jurisdictional AFOLU ERCs has increased significantly.

In terms of effects and lessons learnt, KIs worried about the impact of delays on stakeholder and beneficiary motivation and the need to manage expectations, with communication being key. Secondly, the timelines for the ERPD/ERPA process should have been more realistically set based on FCPF experience. It is important to be realistic in expectations regarding progress going forward, e.g., factoring in concerns around when the ERCs/BSP implementation will realistically materialize given the need for validation of monitoring and fiduciary, political, administrative and other factors.

[72] This was said by one of the Contributors themselves.

Finding 37: There were substantial and high risks in most pilot countries that affected the context and implementation of the ISFL programs, especially concerning political and governance risks and risks associated with sector strategies and policies, institutional capacities and environmental and social objectives.

Risks to timely and efficient delivery in the pilot countries were well known and identified at the grant project design stage. Except for Mexico, all countries were rated at either substantial or high risk (the two highest of four Bank risk categories) (see Table 4). Although Mexico was rated moderate in overall risk, it had a substantial political and governance risk, which indeed affected ISFL implementation. There were four areas where substantial or high risks were identified in at least four countries:

1. Political and governance risks that mainly refer to political transitions, climate and shifts in stability, civil disturbances and armed conflicts, and government commitment and weak sectoral mandates in some countries.
2. Sector strategies and policies risks that included conflicting policies undermining project effectiveness, weak land tenure, and political economy favoring oil palm exploitation.
3. Institutional capacity risks characterized by significant coordination needs at central and regional levels (mentioned in several countries) and engagement in complex sectors; and,
4. Environmental and social risks that referred to elite capture, unequal gender roles and weak forest and NRM governance capacities.

These risk levels reflected the difficult operational contexts for ISFL grant implementation, and the consequential timing, efficiency and effectiveness challenges revealed by this evaluation.

Table 4. Operational risks identified in ISFL grant PADs

SYSTEMATIC OPERATIONS RISK-RATING TOOL					
	Colombia	Ethiopia	Indonesia	Mexico	Zambia
1. Political and Governance	Substantial	High	Substantial	Substantial	Substantial
2. Macroeconomic	Moderate	Moderate	Moderate	Moderate	Substantial
3. Sector Strategies and Policies	Substantial	Substantial	Substantial	Moderate	Substantial
4. Technical Design	Substantial	Substantial	Moderate	Moderate	Substantial
5. Institutional Capacity	Substantial	High	Substantial	Moderate	Substantial
6. Fiduciary	Substantial	Substantial	Moderate	Moderate	Substantial
7. Environment and Social	Substantial	High	Substantial	Moderate	Substantial
8. Stakeholders	Moderate	Substantial	Substantial	Moderate	Substantial
9. Other	N.A.	N.A.	Moderate	N.A.	Substantial
10. Overall	**Substantial**	**High**	**Substantial**	**Moderate**	**Substantial**

Source: ADE, based on ISFL Grant PADs

6 ISFL governance & MEL system

6.1 ISFL governance

What has been the efficiency and efficacy of ISFL governance, management, coordination and institutional arrangements and systems?

Finding 38: Strategic and operational Fund management was characterized by complex institutional arrangements in the World Bank and of Contributors' work in pilot countries. Intra-Bank division of labor and ISFL requirements tended to slow down some processes, but FMT composition and management allowed for flexibility and the use of a wide range of WB technical and management capacities to support operations, especially ERPD development. Potentials for improving country implementation through WB task teams were being explored.

After 10 years of operations the Fund has reached a certain level of maturity and equilibrium in its complex governance and management arrangements. These reflect the advantages and administrative conditions of the World Bank's broader institutional and operational operating modalities, Contributor expectations and preferences about their role in this pilot Fund, and the political and administrative realities and interests of country governments in the Fund. Changes in political environments in pilot and some Contributor countries affected governance and management but were largely accommodated by the Fund without major disruptions.[73]

The ISFL is supported by five Contributors and implemented by the WB. The latter operates the Fund through a small Fund Management Team (FMT) which has a global strategic, coordination and liaison role, and Country Management Teams (CMT), including ISFL TTs responsible for country implementation, with support from WB country offices. The CMT includes members from two WB Global Practices' departments and IFC. This means that contributions to ISFL activities are made by broad groups of WB staff and consultants, including FMT technical experts on MRV and the PS, who are by design not integrated into the CMTs. This complicates ISFL operational mechanisms, roles and responsibilities (as already observed by the 2019 Fund evaluation), a situation compounded by complex institutional Contributor responsibilities at global and country levels.[74]

Country program execution included various government institutions at national and jurisdictional levels, and PIUs responsible for managing implementation of ISFL country grants. PIUs have worked well as most of them are separate units within lead government agencies, aiming to link the main government departments involved.

[73] Based on conversations with FMT members and Contributors and Contributors; plus e-survey.

[74] The UK contributes to the ISFL through two agencies, DEFRA and DESNZ and its bilateral channel to the countries is managed by a third agency, FCDO (via its Embassy staff). Germany interacts directly with the ISFL through BMU (Federal Min. of Environment) at the global level, while it is represented in countries mostly by GIZ and KfW. NICFI represents Norway in the ISFL and also provides the Norwegian funding for the program. The US contributing Agency is the State Department, while the US bilateral agency, USAID, works through delivery partners (source 2019 ISFL Evaluation).

The FMT has one Bank staff member who allocates 100% of his time for the ISFL (down from three in 2018[75]) and partitial time allocations from several other Bank staff members and consultants from the broader Climate Finance Mobilization Unit. This allows for flexibility, for tapping into the broad technical and institutional experiences of the Bank (which was especially appreciated by several Contributors), and bringing in know-how and lessons from other Funds, especially the FCPF, as well as from former Bank operations staff. Several (part-time) personnel have been added in recent years, especially to facilitate ERPD development. FMT coordination of PS activities was carried out by several consultants, mostly with IFC background. The administrative budget for FMT staffing seems adequate (according to the Fund Manager).

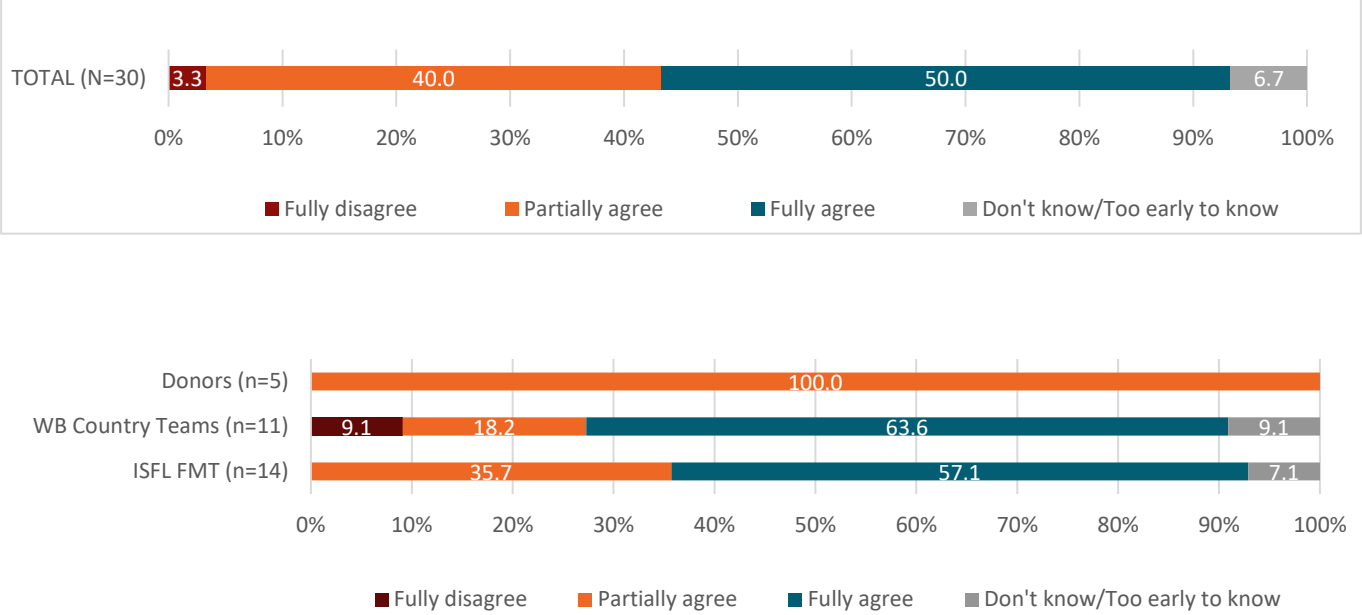
FMT did not have an oversight or coordination role in countries, or direct interactions with the PIUs or other executing entities, including the PS. The FMT had at least six-monthly meetings with World Bank TTs. Communication within the FMT and with Contributors was considered good.

ISFL operations form only a relatively small part of the responsibilities of the TTs and are not always prioritized by WB country directors due to their low financial value which affected efficiency. According to interviews, country directors' interest in ISFL increased in recent years as ER credit potentials became clearer to the TTs, and with the materialization of FCPF RBPs. Operational management efficiency by TTs is also affected by specific ISFL processes coming on top of already complex regular WB processes. The frequent changes of TT members (from Global Practices) was a challenge in some countries. The World Bank has been working towards changing its incentive structure to encourage the country's staff stability. Plans are being discussed to have two or three TTLs per country and adding someone from the FMT Secretariat to add capacity, thus moving towards a co-TTL system. ISFL also started systematic on-boarding for new TTLs. Some critical points raised by the first ISFL evaluation on governance and management have improved over time, with clearer operational arrangements and responsibilities for country grant implementation and other Fund activities. Decision-making in the different Bank teams also improved.

Responses from the e-survey suggested overall satisfaction with governance and management, but with clear potential for improvement as indicated by the differences between the World Bank and Contributor responses: World Bank responses were significantly more positive (full agreement) than those of the Contributors (who all partially agreed).

[75] According to the 2019 ISFL evaluation

Figure 16: How much do you agree with the following statement: The ISFL trust fund management and governance systems are efficient and effective.



Source: ADE

Finding 39: Although coordination and collaboration has partially improved in pilot countries since the first evaluation, the World Bank's potential convening function has not yet fully been realized including for communication with country Contributor representatives and projects.

Coordination and collaboration between national and jurisdictional levels was working well overall. The flexibility of the ISFL allowed country programs to apply different governance structures. Different ministries and agencies took lead roles and worked together, with diverse coordination mechanisms and relatively more active national roles and contributions in Colombia and Mexico, and relatively stronger jurisdictional responsibilities in Zambia, Ethiopia and Indonesia. This was partly related to the type of jurisdictions that covered several departments in Colombia and Mexico; whereas they were more narrowly defined in terms of single regions/provinces in the other countries. Work relationships changed over time with grant implementation, and were often determined by regional administrative capacities, efficiencies, and interests, as well as progress in countries' decentralization processes. Observations by the 2019 evaluation about national government agencies dominating country program implementation could no longer be confirmed by this evaluation.[76] There were good interactions between national and jurisdictional institutions, albeit they were not always free of conflicting priorities and administrative dependencies.

Cross-sectoral coordination and communication between ministries, WB/PIUs and CSOs has not been optimal

[76] See 2019 eval. findings 29, p.79, and 30, p.80: (1) National government agencies have taken a major role in country program implementation, which can disempower jurisdictional agencies. (2) There is no link between jurisdictional or country-level decision making and management of the larger initiative … even though those decisions affect the country program.

in all pilot countries. Coordination between the Ministries of Environment/ Forestry and Agriculture has been good in some countries, as when developing the ERPD, MRV, and safeguards systems in Colombia or in ERPD development and implementation in Zambia, but they were weaker in Ethiopia, Mexico and Indonesia for different reasons (see Sections 4.4 and 4.5). For example, efficient coordination of grant implementation remained an issue in Indonesia with the number of agencies and partners with different priorities and co-working modes in Jambi Province. Coordination committee meetings only partially helped in Jambi, as minutes with follow-up actions, responsibilities and agendas were rare.

The World Bank potential convening function has not been fully realized. Intra-country coordination was primarily the role of governments and PIUs, but the WB was considered essential in contributing to ISFL program coherence and interactions (such as in Indonesia, Colombia, and Ethiopia), including for interactions with bilateral TF Contributors. Country evaluations showed that the World Bank was also critical for bringing together PS activities, especially those of the PSES (see Section 4.7). Communication with bilateral Contributor programs and embassies in Indonesia and Colombia was still seen as insufficiently proactive, although improving since the 2019 evaluation. Several Contributors considered coordination within country programs between World Bank headquarters, Contributors and country teams/PIUs as critically important. They missed the institutionalization of such processes, reaching beyond personalities that could sometimes affect communication. This was also observed during the ET country visits. Given the far-reaching coordination and cooperation requirements in the complex Fund arrangements, the Bank's potential convening function in countries was not yet fully exploited, also in support of national and jurisdictional coordination and collaboration platforms. At the same time the 2019 evaluation assessment (para. 135) was still valid in stating that the "lack of streamlined coordination is not unique [in complex programs or specific countries] nor is it a result of only the World Bank actions".

Finding 40: Close interactions between ISFL Contributors and FMT with extensive Contributor engagement were a main feature of the Fund, given its pilot nature and interest by Contributors in its technical quality. FMT reporting has considerably improved, and overall FMT/Contributor relations were good. Client countries are not formally represented in Annual Fund meetings.

The ISFL was characterized by close interactions and engagement of Contributors in the Fund. Contributors have been strongly involved since the Fund's early design, especially in countries where Contributors are supporting ER (forestry and other) programs of their own. Several Contributors required detailed reporting due to their countries' accountability systems. While Contributor engagement appeared higher than in other Funds, it has decreased over time according to interviewed KIs, in line with the decline of outstanding decisions that needed to be made, such as on fund methodology and processes (ERPD, BSP etc.). Fund engagement was considered by most Contributors to add to the technical quality and integrity of the Program, although reporting and review processes were sometimes considered as extensive, such as reviews of specific country methodologies, adding to transaction costs and some delays. Such trade-offs were acceptable to Contributors. Arrangements for taking ad-hoc decisions between annual meetings were helpful.

World Bank/FMT and Contributor relations were widely considered as good. The World Bank accommodated Contributor wishes well, facilitating good coordination among them, and being inclusive in developing strategies

to advance the PS or biodiversity in the ISFL. Coordinators appreciated a good communication flow, with ISFL Contributors receiving monthly updates of program progress. The program and Bank systems reportedly improved over the last three years in contributing to annual reporting by some Contributors which required a lot of information. Although Internal administrative processes by all parties could slow down communication, this helped with quality assurance which was considered as important in such a novel and complex program.

There have been regular annual and mid-year meetings. They were considered well prepared and effective, with good communication between the meetings. However, a question raised by the 2019 evaluation about regular pilot country representation has not been addressed. One global Contributor KI also proposed more participation in these meetings from other, similar programs, such as the FCPF.

Finding 41: External Fund communication is regarded as a priority area for the coming phase of the Fund.

While good ISFL internal communication is an important priority, external communication was an area that has increasingly drawn attention and comments during this evaluation. The evaluation found scarce knowledge about ISFL in its search for external key informants, especially compared with FCPF. External communication also includes more South to South knowledge exchanges, as recently decided by the 2023 Annual ISFL Meeting in Zambia, but also a better representation of ISFL and its preliminary lessons in international fora. Although the evaluation noticed some interactions between pilot countries have been relatively scarce so far.

6.2 MEL system

How effective is the MEL Framework for monitoring the progress of the program? Is there something missing or that could be improved? Are there indicators/results that the ISFL program is not currently monitoring that it could be? Are the assumptions in the program's theory of change appropriate?

Finding 42: The ISFL MEL framework and reporting system has been improved over the years and seems adequate, yet heavy, to monitor ISFL progress at the global and country levels, as well as to inform Contributors. There were challenges on the ground to the consistent collection of data across time given the wide variance in each program's context and design, and the numerous data needed to feed the ISFL Logframe and the individual country Results Frameworks. The current MEL process fosters adaptive management at country and at the initiative level and enables sharing knowledge with a wider audience.

The ISFL MEL (Monitoring, Evaluation, and Learning) Framework is a well-structured, well-described, and suitable system to monitor the ISFL progress. The framework is constructed around two key blocks: the ToC and the Logframe[77]. It facilitates the annual tracking of ISFL implementation progress and achieved results at the initiative and country levels, for communication within the ISFL community, including Contributors, and a broader audience. Global indicators are translated into country-specific Results Frameworks and discounted when

[77] Biocarbon Fund Monitoring, Evaluation, and Learning (MEL) Framework, June 2023b Version.

relevant[78]. Moreover, the MEL data of the grant projects are not only used for reporting to ISFL, but also at country level for informing implementation support missions and project adjustments and aiding informed decision-making. Most respondents from the e-survey perceived the MEL Framework as moderately to very effective[79] in monitoring program progress, as indicated in Figure 21 in Annex 4, while a minority considered that the system was not or little effective, especially in Indonesia[80] and global respondents.

While the MEL Framework provides the layout and good guidance to aggregate results from individual ISFL programs, and to report progress for the ISFL as a whole, the process is heavy, and challenges persist in implementing an effective MEL system. Given the complexity of the program, the number of indicators to populate the ISFL Logframe seem reasonable[81]. Noting that this is without the additional country-specific indicators from country program Results Frameworks. Moreover, data needs are not straightforward or easily extracted from existing databases and require the use of various datasets and complex computations to populate the indicators. Additionally, local capacity in MEL was sometimes insufficient for implementing such a complex MEL approach. Harmonized reporting templates, systematic checks and regular support from the FMT were in place, but challenges to uniform understanding of indicator definitions and in data gathering persisted. Therefore, the FMT, as well as the TTs had to commit serious time to ensuring data reliability and consistency across years and countries. The MEL capacity building provided by ISFL is highly recognized on the ground and appreciated. However, turnover in local staff remains a challenge.

Due to regular updates, the MEL Framework has been improved to better reflect the program's ambitions and evolving context. Since 2019, the MEL Framework indicators have been progressively updated to reflect the evolving situation of the ISFL and learning from implementation, including revisions of targets when relevant, as outlined in the ISFL MEL Framework. Contributors recognized the improvements in the MEL Framework over the years to provide a clearer picture of the progress made and appreciated the regular monitoring information received from the FMT. Careful consideration was given by the MEL team before including new indicators to meet Contributors' demands and/or changes in the context or program needs, making sure of data availability and avoiding unnecessary burdens on in-country teams. However, there has been no reflection or decision to withdraw any indicators to date.

While some targets were revised to reflect contextual and program changes, the MEL team preference leaned toward maintaining initial targets to foster learning. Stakeholders consulted acknowledged the initial ambitions of the targets, leading to a perception of delayed progress in some indicators, such as ERPA signature. Even if revising the targets to lower values for some indicators would result in a better rating of the program, it would prevent from understanding the delays which are useful insights. When interpreting MEL data, it is important to

---

[78] In Zambia and Mexico, some ISFL reported annual indicators are discounted either to account for the cofinancing arrangements with IDA and GEF operating in the same area as ISFL (in Zambia), or to account for the fact that indicators relate to the whole PROFOEM area while the ISFL only cover a smaller part (in Mexico). The discount rate corresponds to the percentage of financing for ISFL compared to the other programs. Hence, these might not be the perfect proxies as effects are not necessarily linearly correlated to available funds, but at least reflect the financial reality in the MEL results framework.

[79] The number of respondents who see it as very effective (42.4%) is relatively low compared to other survey questions.

[80] In Indonesia, it could be explained by the fact that the Task Team recently hired a new MEL specialist to provide capacity building at the jurisdiction level, hence the whole process was not yet fully mastered at the time of the survey.

[81] Impact level (4); Outcome/Output level (11 mandatory, 23 optional); Input level (17); cross cutting outputs for program design and preparation (Biocarbon Fund Monitoring, Evaluation, and Learning (MEL) Framework, June 2023b Version, p.11-12).

be able to explain why the reported measure of indicators might differ from the expected target.

The MEL Framework also guides, and monitors, the ISFL's Learning Agenda, emphasizing the creation and dissemination of knowledge products and the organization of in-person events. The objective is to capture and disseminate results from M&E data into program implementation, reaching a broader land-use and climate change community. The learning agenda was organized into thematic "learning modules," evolving over time and agreed on during annual meetings with Contributors.

Finally, the MEL framework reports noted many evolutions over the program period, which is indicative of programmatic learning behavior. There were however no documented strategic changes or evolution to the ToC as a whole. Adaptability of the ToC is particularly important in complex operating environments characterized by high uncertainty. Each ToC pathway is a hypothesis, and hence should be adapted if the desired outcomes are not being achieved.

> Finding 43: The existing indicators are relevant to measure program progress, but their measurement remains challenging, especially as regards assessing behavioral change. While causality is clearly mentioned in most indicator definitions, attribution is hard to demonstrate. Assumptions in the ISFL Logframe mostly remain similar for each level of results and are not tailored to country contexts. Furthermore, most of them are directly influenced by ISFL support, hence questioning their assumption status. Finally, they are not explicitly monitored.

For example, the behavioral change indicators are defined as the number of people adopting sustainable practices as a result of ISFL support.[82] This is hard to measure without primary data collection, and therefore feasible proxy measures were used in each pilot country. The MEL team is aware of this issue, but alternatives such as farm household surveys are not feasible at this stage, as significant additional resources would be needed and are not budgeted for. Measuring the exact proportion of women is also very challenging in these indicators.

The ISFL ToC, while outlining programmatic elements supporting effective ISFL program delivery, lacks clarity on how the activities will lead to the expected results, particularly regarding behavioral changes in target groups, i.e., it lacked strategies The first ISFL Evaluation highlighted the need for clear impact pathways, recognizing the programmatic and contextual complexities. It also suggested that behavior changes, relying on implicit assumptions and facing inherent risks, should be monitored.

ISFL causality is of interest as most indicators ending with *"....as result of ISFL support"*. In practice however, for many indicators isolating ISFL effects from other factors is not feasible. Again, only a rigorous impact evaluation design would have enabled this, and at this stage there are no resources for such an approach. During annual reporting, the attribution question is debated between country TTs and FMT, and numbers are adapted accordingly, to reduce the risk of overestimation.

---

[82] Such as T2.01.5 land users who have adopted sustainable land management practices (%women) as a result of ISFL support, including the following sectors where relevant: forestry, agriculture, other; or T2.03.3 Number of people in private sector schemes adopting sustainable practices (% of women).

ISFL reporting does not allow to qualify the proportion of people, companies or land positively impacted by ISFL in the jurisdiction as a whole or for the entire ISFL countries. Most indicators report absolute values[83], for which the proportion of target achieved can be computed but it does not say whether the targets reflect the total potential of change within a jurisdiction or for the ISFL program[84].

The ISFL Logframe provides the program assumptions. However, the assumptions are more or less the same for all levels of results, and remain general, not tailored to country contexts. The MEL Framework indicates that these assumptions should be monitored alongside the ISFL programs' progress, so that strategies and interventions could adapt to changing assumptions. However, the MEL Framework does not explicitly state which assumptions and risks should be (or are being) monitored for each logical step of the results chain.

Many Logframe assumptions are directly influenced by ISFL program implementation. They are therefore not external conditions for the program to achieve its intended results. As shown in the ToC, the ISFL intends to stimulate PS investment in the program area, to support policy reforms and effective stakeholder engagement (e.g., through multi-stakeholder platforms), to provide appropriate capacity building, and to generate sufficient incentives for behavioral change by program participants. These expected results are presented as assumptions in the assumption column of the MEL Framework.[85] While these elements are critical for demonstrating ISFL success, they should not appear as assumptions (except assumption number 6). Note that PS investment is monitored in Outcome 3, but the other elements are either not monitored, or partly monitored through MEL indicator reporting.

[83] Such as reporting number of communities…; number of people involved or reached…; number of land users…; land area under…; number of government officials…; etc.

[84] Example: T2.O2.1 Number of communities or other organizations that have received benefits (assets and/or services) from emission reductions payments, target is 2,000. Is 2,000 a lot or little compared to the total number of communities or other organizations that could have been impacted by the ISFL?

[85] The assumptions are the following: (1) The private sector is willing to invest in the program area; (2) Relevant strategies and policies adequately support, or at least do not contradict, the program's objectives and are adequately governed and funded. This includes relevant sectoral policies, as well as the impact that other sector strategies and policies may have on forests and land use (i.e., agriculture, energy, mining, etc.); (3) ISFL program countries have adequate financial and technical capacity; (4) Different stakeholders involved in the program's design and implementation have been appropriately engaged; (5) Appropriate incentives are tailored to relevant stakeholders involved in the program, in a manner that encourages behavioral changes to fulfill the program's objectives; (6) External disruptive factors (such as macroeconomic, political, environmental, and anthropogenic factors) are minimal.

7 Impact and sustainability

7.1 Emerging impacts

What are the emerging impacts (intended and unintended, positive and negative) to date of ISFL pilot programs and activities in participating countries as related to both carbon and non-carbon benefits/co-benefits? How do these impacts differ by country context, stakeholder group, gender and/or other factors?

The ISFL intended impacts were the (1) development of a rural low-carbon economy in each of its program areas that will simultaneously result in (2) livelihood opportunities for communities and (3) an overall reduction in land-based emissions. The ISFL also aimed to contribute beyond the direct reach of its programs to broader and global goals (e.g., UN SDGs and Paris Agreement targets related to improved livelihoods, increased agricultural productivity, and sustainable land use).

> Finding 44: At the time of the evaluation there were few emerging impacts of the ISFL, mainly because many activities were still only partially completed. However, some progress towards impacts were identified such as early signs of improved land use and integrated land use planning, and emerging evidence on co-benefits.

There was consensus among KIs that assessing long-term impacts from the ISFL activities was premature, and that it was not yet possible to attribute higher level impacts (e.g., GHG reductions) to the ISFL. But there was evidence that many lower-level outcomes were achieved, indicating progress towards impacts from the ISFL grant activities. But sustainability, and therefore longer-term nature, of some of these co-benefits, especially livelihood co-benefits, is unclear since they were quite dependent on program activities.

Emerging impacts related to low-carbon development were identified. For example, the ISFL made significant progress in fostering integrated land use planning, with varying degrees of performance and success across the five countries, although fully integrated and effective land use planning and landscape management remains a challenge. The ISFL interventions also have laid the basis for SLM, and there are early signs these have led to improved practices (e.g., reduced forest degradation, CSA practices, adoption of low-carbon models by at least some farmers, development of alternative livelihoods, etc. – see Section 4.8 for details). However, support and incentives seem insufficient to change larger scale behavior to date due to adoption constraints (see Section 7.2).

Emerging co-benefits to communities were also notable. In Ethiopia, Indonesia and Zambia, progress has been made in diversifying livelihoods, CSA adaptation and biodiversity co-benefits. This progress is reflected in the e-survey – although the survey revealed some mixed views, they were quite positive for agricultural productivity in Zambia and Colombia, and for community livelihoods in Zambia and Ethiopia (See Annex 4, Fig. 17).

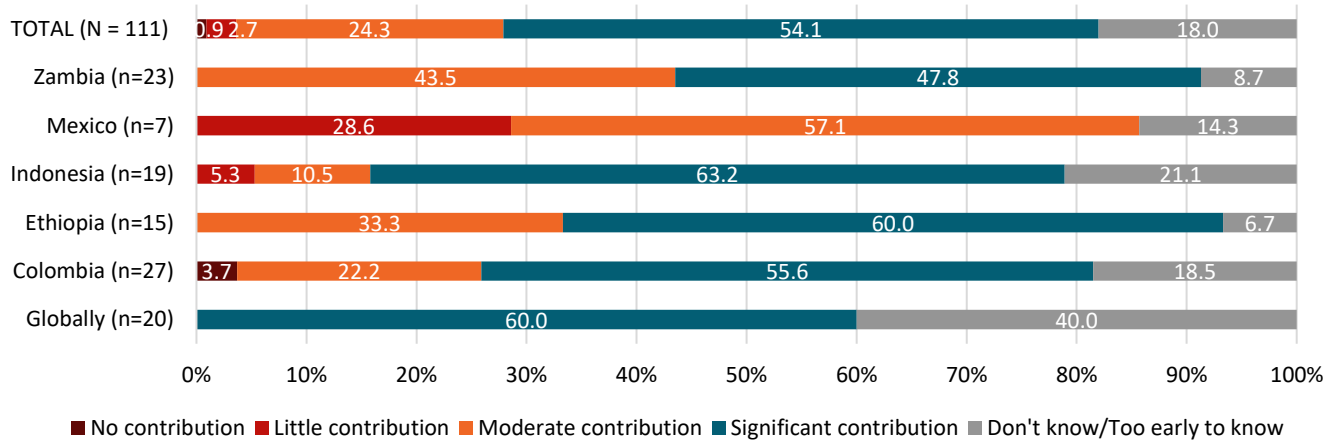
In Colombia, the biodiversity focus and future impact is expected to be enhanced by a planned DEFRA-funded project on biodiversity impact assessment of low-carbon rice, palm oil and cattle production in savanna areas. Biodiversity benefits are also incorporated into the sustainable agricultural production landscape charts for cocoa

(in Meta) and livestock (in Casanare).

> Finding 45: The ISFL has established a firm basis for positive long-term impacts, mainly by strengthening capacity building and some aspects of the enabling environment. No negative co-benefits or environmental impacts resulting from ISFL activities were reported.

Although it was too early to identify emerging impacts on GHG emissions reductions, stakeholders recognized that the ISFL activities have established a basis for emission reductions. About half the respondents in the e-survey felt the ISFL was making a significant contribution to reduced emissions, although 18% thought it was too soon to say or did not know.

Figure 17: Based on your experience, to what extent are the ISFL activities contributing to: the reduction of GHG emissions?



Source: ADE

According to perceptions of e-survey respondents from pilot countries (expressed in open-ended answers), the program's impact ranged from addressing the depletion caused by expanding land and energy demands to better NRM/forestry monitoring and the implementation of corrective measures (Ethiopia) and awareness raising, as on reducing forest and land fires (Indonesia). Respondents from Mexico saw the main impact in moving the national climate change mitigation and REDD+ agenda forward, thus contributing to long-term impact, and undertaking workshops with communities and community forest enterprises to find local solutions to pressing environmental degradation and livelihoods problems. Country partners in Zambia and Ethiopia saw major emerging impacts in introducing technical innovations and adopting regenerative farming practices and using small grants as an incentive for farmers and communities to adopt such innovations, and exposing them to carbon market procedures and policies that could open new windows for carbon finance. ISFL was also helpful for countries through contributing to SDG 13 (Ethiopia). External partners in Colombia pointed to the advantages of ISFL for supporting inter-institutional articulation and broader partnerships with the PS in ER programs. A government respondent in Colombia particularly appreciated that the ISFL focus was on Orinoquía which was usually not targeted by climate change mitigation programs.

The ISFL country programs have contributed in several ways to a stronger enabling environment to transit towards jurisdictional ER programs and sustainable land use. They have supported reforms in policies, legislation, and other regulations necessary for a successful transition towards jurisdictional ER programs, SLM and ILM. The ISFL has supported host countries in strengthening their capacities in ERPD document development, GHG baseline computations, carbon accounting elements, MRV, BSP development, stakeholder consultations/awareness and safeguards. The progress on MRV and carbon accounting has also increased the possibility of accessing additional climate finance, as discussed in Section 4.3.

For instance, in Colombia, positive long-term livelihood benefits are expected from the activities (e.g., increased tenure security should result in small farmers making long-term investments, and/or from more sustainable farming systems in agricultural frontier areas given appropriate technical and financial assistance/incentives). The new ordinances, e.g., on the development of a 'cocoa culture' in Meta Department, should also generate positive social co-benefits (see Section 4.8).

No negative co-benefits or environmental impacts resulting from ISFL activities were reported in the five countries. The robust safeguards management systems, including the social and environmental risk assessment process, were seen as one of the program's strengths, as explained in Sections 4.8 and 4.9. In Indonesia, some negative social effects reported referred to cases of envy from villages outside the J-SLMP grant zone. These complaints were expected to be addressed once the program enters the operational stage.

7.2 Behavioral change

To what extent are the incentives and structures supported by ISFL (e.g., pricing/floor price, integrated TA support, PS strategy support etc.) sufficient to change behaviors related to halting deforestation, forest degradation, and unsustainable agriculture while enhancing sustainable integrated land use more broadly?

The ISFL program was designed to incentivize behavioral changes in governments, among farmers and other community members and PS and non-governmental actors across all relevant land use sectors through technical and social support for ILM and results-based emission reduction payments.

Government and public services

> Finding 46: ISFL contributed significantly to behavioral changes in government and public services through higher awareness, integrating SLM and ILM better into policy, planning and regulatory approaches, and increasing inter-institutional and cross-sectoral coordination.

By working with the ISFL program, Governments already indicated their interest and motivation to change their behaviors to mainstream ER accounting and increase their funding through ERC to support jurisdictional ER programs and ERC accounting. **As documented earlier (Sections 4.1 and 4.4) the ISFL program led to significantly increased integrated land use planning and landscape management and partnerships on ILM and SLM in most targeted countries.** Stakeholders linked these changes to the program's various activities and achievements of awareness raising capacity development and concrete land use management in Colombia, Indonesia, Ethiopia

and Zambia. E-survey respondents also supported these findings: 47% of respondents perceived a significant contribution of the program to positive institutional, regulatory, legal and policy outcomes in favor of SLM. This is a relatively high level of full agreement relative to other survey questions (see Annex4).

In Colombia, four municipalities integrated climate change issues into territorial land use plans in the Meta department, while three municipalities in Vichada department were in the process of doing so. Departmental ordinances facilitated the promotion of low-carbon approaches in agricultural, environmental and forestry sectors, and established roundtables and cross-sectoral/multi-actor platforms for low-carbon development approaches. PPPs and low-carbon agreements were also established in cocoa, meat and dairy value chains.

In Indonesia, Government institutions developed better climate change awareness which was gradually integrated into policies and governmental regulations. Institutions involved in the J-SLMP were also starting to show a positive change in attitudes to integrated land use and SLM approaches.

The ISFL program in Ethiopia built institutional capacities and more awareness at higher political and administrative levels in the Oromia State Government about ERs, ERC and participatory, integrated NRM.

In Zambia, integrated development plans and participatory land use plans were developed, which mainstreamed NRM and SLM considerations. Positive shifts in mindsets were observed through the development of participatory land use plans and the increased establishment of CFMGs. ZIFLP awareness raising influenced communities to internalize the importance of NRM and conservation which led them to establish sustainable land use rules in community-developed participatory land use plans. Additionally, by promoting sustainable CFM, ZIFLP incentivized an increasing number of communities to designate forest land to CFM. This process took time as communities were initially skeptical of designating land to be under CFM due to fears of land grabbing. This positive change in attitude was an important accomplishment.

However, certain capacity constraints and contextual factors are still barriers towards greater mainstreaming and implementation of ER priorities change and SLM elements into planning, policy and regulatory instruments. PIU and governmental stakeholders highlighted continued capacity issues of decentralized administrations which created implementation challenges in Colombia, Indonesia and Ethiopia. There was also evidence in most pilot countries of only slow and gradual shifts in attitude in favor of cross-sectoral and inter-institutional coordination for integrated work on SLM and ILM (Section 4.4). Interviewees emphasized how this required real change of policy priorities, mandates and mindsets for people and institutions that are used to operating separately.

In Colombia, PIU and governmental stakeholders observed improved inter-institutional coordination across the MoA, Ministry of Environment, Hydrological Institute, Institute of Meteorology and Environmental Studies (IDEAM) and the National Planning Department (DNP). Departmental regulations were enacted to establish inter-institutional, multi-actor coordination platforms to promote joint policies and projects for low-carbon development. Nevertheless, stakeholders highlighted continued coordination challenges between the ministries of Agriculture and Environment, which were accentuated by constant changes in high-level ministerial staff and ministers.

In Zambia, stakeholders mentioned that siloed mindsets persist and that changing mindsets takes time, but that the promotion of integrated approaches by the program contributed to institutional internalization of the need

for cross-sectoral coordination and an integrated approach.

In Indonesia, stakeholders noted improved coordination across provincial line agencies and between the provincial and central governments. However, coordination issues between agencies remained, with stakeholders emphasizing the challenge of silo attitudes for coordination.

In Ethiopia, cross-sectoral coordination was less evident. All relevant jurisdictional sectoral bureaus for AFOLU, including agriculture, land administration and energy, were included in the OFLP Steering Committee. However, the engagement of agriculture was limited and there was little evidence of sectoral institutions taking on a more integrated and coordinated AFOLU approach.

In Mexico, some positive developments occurred with the development of inter-sectoral agreements linked to ER (to be operationalized in the ERPA stage only), scaling up integrated SLM in support of rural communities (between CONAFOR and INPI) and sub-national participation agreements with the state governments involved in the program.

Communities and farmers

Finding 47: ISFL incentive structures appear to have enabled behavioral change towards more sustainable land use by some land users, although potential future carbon payments were not generally perceived at this point as a key incentive for changing management practices and behaviors at a larger scale.

Future carbon payments (or RBP) were seen as an additional potential incentive that could reinforce other incentives for lower emission production systems and behavioral changes. But most key informants thought that such carbon results-based payments would be unlikely to be the key drive but would rather work in combination with others, especially higher investments into broad landscape management programs with a clear ER focus. This perception was also guided by the realization of the likely dilution, especially in larger jurisdiction, and the time-lag of potential future results-based payments. At the same time, the evaluation also met various rural beneficiaries that were indeed motivated in their participation in sustainable forest management by their expectations of payments for their stewardship.

But the program incentive structures facilitated behavioral changes in different ways. Stronger incentives include: Awareness raising and training, the realization that SLM/CSA production systems should over the long run mean higher crop yields and lower production costs; other stronger financial incentives, e.g., preferential credit or payments for ecosystem services (i.e.: present time behavior inducing cash/kind transfers), alternative livelihoods, law enforcement and high-quality farm-level extension support.

In Indonesia, awareness raising and training on burning practices have made significant progress in changing farmer attitudes and behavior. Community stakeholders explained how they now better understood the dangers of fires to the environment and health[86]. Field schools, training and awareness raising by the J-SLMP also contributed to smallholder farmers starting to intensify their production, using organic fertilizers and planting

[86] There is a reported reduction of 20% of burning in targeted areas (ISFL's 2023 MEL data).

crops other than oil palm (e.g., coffee, cinnamon and perennial fruit trees – durian, mango, avocado, papaya, etc.). The food crop line agency supported them in this diversification and connected them to markets. Smallholders and PS plantations obtained ISPO certification for oil palm production thanks to SNPMU support.

In Zambia, more farmers adopted CSA practices and reduced other unsustainable practices. The approach of training lead farmers who then recruited and trained follower farmers has led to a reported 150,000 farmers adopting CSA in 2023 (including the co-financed part of ZIFL-P). Sustainable practices were encouraged through grants, input transfers for CSA and alternative livelihoods. There has also been reduced tree felling for charcoal, forest encroachment and burning for land clearance. Illegal activities in protected areas have also reportedly fallen as law enforcement increased. These adoption figures are proxies for behavioral change as they indicate farmer behavior in a project environment with transfer payments to encourage such behavior. It remains to be seen whether they constitute a sustainable, more permanent behavior change which would require a more thorough and longer-term survey.

In Ethiopia, ISFL incentives related to A/R, PFM and alternative livelihoods have contributed to better SLM practices by communities and cooperatives, mainly in forestry. In addition, 6,000 farms adopted SLM techniques in coffee production.

In Colombia, the ISFL has been working with potential high-impact PS actors to transition to low-carbon models and eventually disseminate changes for wider replication. Behavioral changes were targeted through multiple events, training and platforms such as value chain roundtables and networks (e.g., sustainable livestock tables, and Meta Meat Cluster.). The evidence for behavioral change due to the ISFL was mixed or unclear: since: firstly several interviewed producers said that different kinds of support (e.g., more direct action such as participatory on-farm trials that would validate the viability of the proposed technologies and practices) and financial incentives were necessary for them to change their management practices; and secondly because there were multiple sources of information on low emission technologies and practices (e.g., Colombia's Regenerative Agriculture Network) so attribution was difficult.

The ISFL has also facilitated zero-deforestation agreements and PPPs with PS entities, such as La Catira dairy company, that will then work with their suppliers to help them adopt zero-deforestation practices. Similarly, the ISFL in collaboration with the IFC has been working with agribusinesses in the piloting of lower emission production models, this support being conditional on a commitment by the companies to promote low-carbon production in their supply chains, including with smallholder producers.

In Mexico additional carbon RBPs through the ISFL could reinforce the already existing PES for SFM and hydrological services, although the likely additional impacts seem unclear. Mexico has a long experience with its system of payments for hydrological services to the ejdios and communities. Community forest management incentives could further help with resource managers and users changing their behavior, but the extent was unclear given the strong social objectives.

There were still significant barriers towards adoption of sustainable practices at a larger scale. The challenges raised by many farmers and other stakeholders during the course of this evaluation included: i) access and high costs of some of the equipment and inputs of alternative practices, and limited labor and green finance constraints (Indonesia, Zambia, Colombia); ii) uncertainties and time lags of economic returns from such practices

(Zambia) and weak financial incentives to apply them due to regulatory constraints (Ethiopia SFM) iii) continued awareness, knowledge and skills constraints (Indonesia); and iv) the need for more on-farm participatory action research and demonstrations, in addition to communications and training on more sustainable technologies and practices (Colombia). There were bound to be challenges in achieving behavioral change and large-scale adoption – above all it is a slow, continuous process that was still at an early stage, although with some promising signs, at the time of the evaluation.[87] It was therefore too early to assess the extent to which the ongoing activities will effectively address the identified barriers towards larger scale replication and behavioral change, particularly at the more micro community and producer levels.

- Access and costs of alternative practices, inputs and equipment (e.g., requiring capital equipment such as bulldozers, fire suppression equipment, rippers, direct seeders, etc.). Community FGDs in Indonesia emphasized the economic costs of adopting agroforestry and sustainable land use models promoted by the program, mentioning the extensive care, labor, time and inputs needed to grow the alternative perennial tree species, as well as the operational costs of using organic fertilizers.
- Uncertainty of economic viability of proposed models which require considerable time to see economic returns. Many farmers depend on immediate, concrete economic returns when adopting new technologies and practices which may take time and can be costly in the case of SLM (e.g. deferred benefits of CSA and agroforestry in Zambia).
- Capacity and knowledge constraints: some stakeholders in Indonesia questioned the appropriateness and sufficiency of training approaches to achieve greater levels of behavioral change, and some farmers still lacked the knowledge and understanding of agroforestry farming techniques despite training (e.g., still holding beliefs that fire burning, including of crop residues, helps soil fertility), although labor intensiveness and scarcity can also be a key factor in attitudes to burning, e.g., for weed control.
- Weak financial incentives for PFM due to regulatory constraints: in Ethiopia, forest cooperatives were not allowed to engage in commercial forest management in non-plantation forests (the large majority of forests), thus reducing the incentive to retain the forest. Draft regulations to allow potential timber harvesting and other economic activities from natural forests have been proposed by ISFL reviews.
- Constraints to scaling up promoted low-carbon technologies and practices in Colombia highlighted by producers, PS and institutional actors include:
    - Several producers and observers felt that more direct and on-farm action was needed to promote farmer adoption, e.g., on-farm participatory research, rather than communication through roundtable meetings, trainings, discussions, etc., These were considered by some as often being too theoretical, technical or complex (clearly there was a need for information dissemination, but this needed to be balanced by more direct action).
    - To the extent that the lower emission technologies and practices are more labor-intensive, labor

[87] Please also refer to Annex 9.1, Box 3, which describes some elements and pathways to behavioral change that could be useful for the ISFL – a model associated with changes in Knowledge, Attitude and Skill, KAS.

scarcity (e.g. in the sparsely populated savannah areas) can be a critical constraint.

- The lack of financial incentives, such as preferential credit, except for low-carbon rice production due to the new credit line being introduced with strong ISFL support.

7.3 Sustainability

To what extent have other programs, jurisdictions, organizations and countries taken up lessons learned or adopted ISFL approaches in their design and implementation?

To what extent has the ISFL and its programs established the foundations/pre-conditions for future sustainability of ISFL activities and approaches, and what are the likely facilitators and barriers for changes needed to attain sustainability?

Enabling environment

Finding 48: ISFL contributed to sustainability of results achieved by improving the enabling environment, partnerships with commercial and non-profit entities, and expanded capacities for MRV of AFOLU ER and integrated landscape management. Sustainable adoption of ER technologies remains to be seen. Cross-sectoral coordination and cooperation constraints are likely to continue as sustainability risks.

The ISFL contributed to sustainability through stronger policy environments, institutional capacities and partnerships. In Zambia and Indonesia, the program helped develop broader carbon market policies, mechanisms and awareness (combined with FCPF)[88], and in Ethiopia, it addressed gaps in the legal framework of ER ownership and title transfer. In Jambi Province and Orinoquía (see Sections 4.1 and 4.2) the ISFL mainstreamed climate change, land tenure and SLM into policies, regulations and administrative procedures.[89] As noted earlier, this included territorial plans in Colombia and Integrated development plans and Participatory land use planning in Zambia. Cross-sectoral dialogue and coordination increased in several countries. The program also fostered partnerships with commercial and non-profit entities on SLM and ER activities. In Colombia the program entered into several partnerships for SLM with the PS, producer federations, and non-profit-agencies, including through PPP. In Ethiopia, the ISFL engaged strongly with international NGOs for PS support. The program also worked with PS entities and NGOs on ISPO certification in Indonesia and with NGOs/technical service providers for sub-grants and alternative livelihoods in Zambia. The program significantly improved carbon accounting capacities and MRV systems likely to contribute to sustainable improvements in jurisdictional

[88] Zambia: The Forest (Carbon Stock Management) Regulations, 2021 (Statutory Instrument #66 of 2021) and the upcoming Climate Change Act (expected in 2023). Indonesia: Presidential decree No 98 / 2021 Implementation of carbon economy for the achievement of Indonesia NDC; MoEF Regulation 21/ 2022 Procedures for the implementation of carbon value economy; MoEF Regulation 7 / 2023 Carbon trade procedures for the forestry sector; Jambi province a decree for the establishment of J-SLMP (SK NOMOR 10 /KEP.GUB/BAPPEDA-4.1/2023).

[89] Jambi: regulatory actions to establish frameworks for more unified land administration in; land regularization and multi-purpose cadaster work; Orinoquía; legal proposals to reform land and customary rights, land regularization; Zambia: development of digitized land management system; Ethiopia: analytical work to assess options to improve the legal framework surrounding land tenure.

and national systems and replication beyond ISFL jurisdictions (see Section 4.3). These findings were corroborated by e-survey respondents, 43.2% thought the program had made a significant contribution to creating an enabling policy, legal and institutional environment for SLM, while 39.6% reported a moderate contribution (see Figure 23 Annex 4). The extent to which there will be sustainable adoption of SLM technologies and practices due to awareness and capacity development remains to be seen, given the constraints discussed in Section 7.2.

There was still much room for improving the conditions for effective and sustainable ERs as pointed out by several stakeholders. These included:

- **Continued support for higher adoption of sustainable use practices during the ERPA stage** (see Section 7.2)
- **Removing structural barriers for cross-sectoral coordination and cooperation**, as detailed in Sections 4.4 (AFOLU) and 4.5 (MSP).
- **Improving capacities to ensure the effective implementation of ER programs and SLM, particularly at the decentralized level** (see Section 7.2). Interviewees in most countries also noted the risk of skilled staff turnover and subsequent gaps; and, finally,
- **The mainstreaming of SLM, SFM and ILM within national budget sectoral and cross-sectoral allocations, as well as into national financing mechanisms,** including support through banks, etc.

Ownership

> Finding 49: The ISFL is well embedded in national and sub-national institutional frameworks in all countries, with strong political support in most countries. But the evaluation's e-survey showed mixed views on how this was translating into national planning.

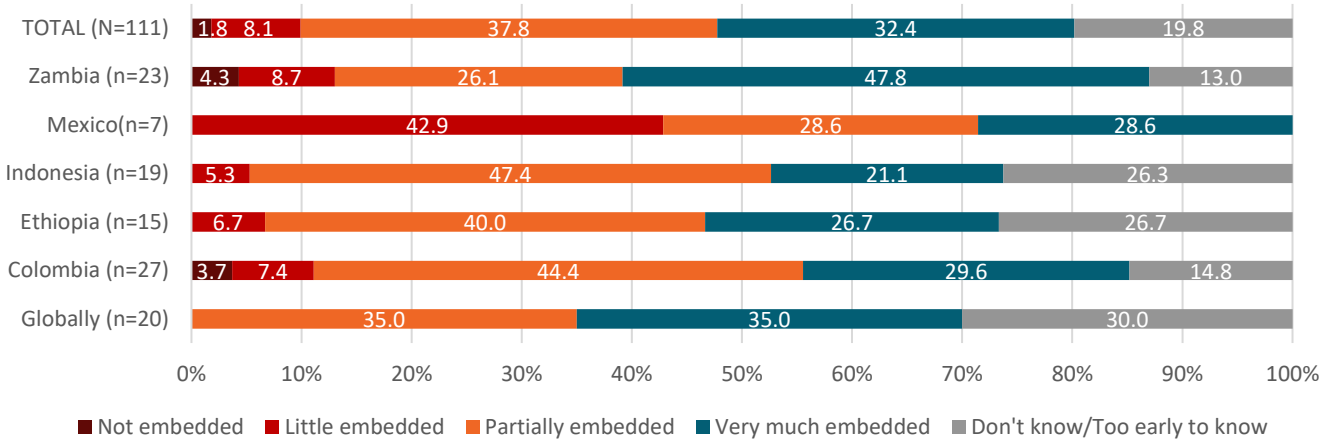
There was evidence of national and sub-national ownership of the program in most pilot countries. In Indonesia, the ISFL was embedded in national and subnational planning and processes at central and provincial levels. Subnational ownership was increased through cooperation with Bappeda Jambi, the provincial branch of the national planning ministry. In Zambia the program was firmly anchored in existing national, provincial and district institutions, and including line ministries and agencies. In Ethiopia, critical national and subnational entities, such as the national Ethiopia Forest Department and the state Oromia Environmental Protection Agency fully backed up the program. In Colombia, the MoA and MoE engaged strongly at the national level, but subnational ownership was weaker, partly due to the program complexity resulting in centralized decision-making and difficulties of raising subnational capacity (e.g., in MRV) as well as logistical (distance), political and security issues.

Strong political will and program alignment with national and jurisdictional priorities indicated national and sub-national ownership of the program. Stakeholders across most countries highlighted the strong political will for the country's programs. Moreover, as explained in Section 3, the program was highly relevant and coherent with existing national and sub-national policy and strategic country priorities, often helping to operationalize them.

Positive embedding of the program to some extent recognized by e-survey respondents, 32.4% felt the program

was very embedded, while 37.8% thought it was partially embedded (see Figure 18). But the overall picture is mixed, with relatively low figures for 'very much embedded' across the sample (compared with responses to similar categories in other survey questions) and in most countries.

Figure 18: To what extent has the local ownership of the ISFL-related approaches become embedded in national planning and policies?



Source: ADE

Replication

Finding 50: There was some evidence of replication of certain ISFL approaches in other pilot country jurisdictions and programs. Other jurisdictions, programs and countries expressed interest or have plans to adopt or reproduce ISFL approaches in the future.

There was evidence of other jurisdictions, programs and organizations adopting elements of the ISFL approach:

- Lessons from ISFL on agricultural value chains were incorporated into the new UK-funded Sustainable Forestry Territories (TEFOS) project in the Amazon region of Colombia.
- In Zambia, Integrated development plans and participatory community land use plans were being developed for other provinces, and SLM interventions (CSA, agroforestry etc.) were being replicated. Zambia's BSP design was adopted by the MGEE as a standard approach for future BSPs. Some ISFL elements were also being implemented in the World Bank financed TRALARD project.
- In Ethiopia, Ethiopian Forest Development was building on experiences on MRV and other lessons in Oromia OFLP in its national MRV systems development, including its work in other states.
- In Colombia, stakeholders mentioned the potential of the strengthened MRV system which could feed into other systems and generate data for other programs.
- Globally, the ART Tree and Jurisdictional REDD+ approach has reportedly drawn lessons from the ISFL and

FCPF.

Some pilot countries were considering replicating jurisdictional ER programs in other regions. The Government of Zambia planned to replicate the jurisdictional approach in other provinces. In Indonesia, the MoEF received several requests for replication, including from the forest-rich Aceh and Papua Provinces. Senior MoE officials in Colombia mentioned a high potential for replicating the ISFL jurisdictional model in other regions, such as the Caribbean coastal region, but this depended on the progress of ERPA negotiations. In Ethiopia, jurisdictional approaches similar to OFLP were planned for Amhara, Tigray and Southern regions, but were on hold. Stakeholders across these countries mentioned the pilot nature of the ERPs, and that replication would depend on the effectiveness of the ERPA stage in practice. The Ethiopian Government was also concerned about coherence of the ISFL approach with the ART TREES standard being considered for the country.

Other countries were considering replicating the ISFL model by implementing similar AFOLU ER programs. For instance, Costa Rica was drawing lessons from the ISFL in moving towards a stronger AFOLU approach (especially agricultural carbon) to meet their NDCs. Tanzania, Nigeria and Zimbabwe were also reportedly interested in adopting AFOLU ER approaches.

The e-survey supported this finding only to a very low extent, with 26.1% of respondents fully agreeing and 30.6% partially agreeing with the statement that the ISFL approach was being replicated (see Figure 25 in Annex 4). Ethiopia was most confident about replicating.

Finding 51: The ISFL attracted some external sources of funding for the grant programs and PSES activities. However, there was little evidence of significant external financing being leveraged for the ERPA phase, and for sustainable investment in ER generating activities beyond the anticipated RBPs.

The ISFL successfully leveraged external finance, particularly for Colombia. In the other countries, leveraged financing was mainly related to co-financing for the grant programs and PSES activities rather than long-term financing of the ERPA phase. Around US$10.15 million were leveraged from non-profit entities in Colombia[90]. In addition, PS anchor companies (e.g., CIALTA, Gomarlac SAS, Bacao, Casa Luker, Hacienda San José and La Catira SAS) provided US $1.5 million through various PPPs for transforming value chains. The Hacienda San José is supported by several other funds and donors, such as the &Green Fund. In Ethiopia, a US$4 million Swiss grant was used for PS pilot activities of coffee tree rejuvenation and low-carbon dairy (working with TechnoServe and Solidaridad). AccelREDD contributed US$1.2 million for strengthening livestock MRV for ERPA Phase II. In Mexico, the PROFOEM program that included the $10 million ISFL grant was cofinanced by an IBRD loan of US$56 million and US$119 million from the Mexican government. In Zambia GEF contributed US$8.1 million and an IDA loan of US$17 million for the ZIFL-P program which was initiated by the ISFL grant.

[90] Prorural working jointly on producer baselines and strengthening agricultural supply networks; Amazonia Connect promoting low-carbon agriculture in entire supply chains; ECOSOIAL with zero-deforestation development platform for La Catira; USAID joint work with ISFL and ASA for cocoa; Productive Alliances and the Science, Innovation and Technology Directorate regenerative livestock in the region.

But there was no evidence so far of further finance leveraged from external sources for the ERPA phase, with the exception of some transition funding between grant completion and ERPA stage carbon payments in Zambia and Ethiopia. In Ethiopia transition co-financing will be mainly for PSES pilot activities, but this had not yet led to attracting PS financing. In Zambia, Indonesia and Mexico little to no PSES has taken place due to difficult contexts. Crowding in of PS in Colombia has not yet materialized to the extent hoped for despite some good progress.

Transition financing

> Finding 52: There are transition financing gaps between the end of the grant programs and expected RBPs, for covering ERPA stage implementation costs and for continued financing of ongoing ER activities. The ISFL started addressing these gaps but required additional financing has been limited so far. This constitutes a high risk to ERPA implementation performance and maintaining program momentum.

Stakeholders across countries highlighted financing gaps for the ERPA phase to cover implementation costs before the first ISFL RBPs and for continuing activities to expand ERs beyond the grant programs. In Ethiopia and Zambia, many informed institutional and PIU stakeholders were concerned that currently allocated resources were insufficient to cover the costs of ERP implementation, especially of BSP operations, and for generating the underlying ERs, particularly before the first RBPs are triggered. This risk was also brought up for Colombia. These transition funding gaps were at least partly related to the delays in negotiation and signature of the ERPAs. This prevented overlaps between country grant and ERPA phases.

The ISFL realized the risk of these financing gaps and has taken some steps to mitigate them in the two countries most advanced in the program timeline (Ethiopia and Zambia). The ISFL provided an additional US$0.75 million grant to cover operational costs of implementing the ERP in Ethiopia pending the first RBPs, and the AccelREDD grant continued to support livestock MRV. For Zambia, ISFL Contributors agreed to transition funding of US$4 million, plus GBP 6 million, at the October 2023 annual meeting and afterwards, and GEF also committed about US$2 million as a cofinance grant for the ISFL supported ZIFLP in Eastern Province.

RBPs themselves were not considered sufficient and timely to fund and incentivize ER activities, but some ERs were expected through dedicated ER activities in BSPs (e.g. in Ethiopia 50% of benefits going to communities were supposed to be for ER). In Colombia, PIU, governmental and donor interviewees noted opportunities to attract public and private co-finance for the ERP from (sub)national institutions and other entities[91]. Their view was that the ordinances and regulations supported by ISFL were likely to lead to the public sector to fund their adoption and implementation. A motivated Colombian PS also meant good potential for future funding. For other countries, the situation was less clear.

[91] Such as work on strengthening and implementing PRICCO/NORECCO, territorial use plans, the PDEAs, extension services and the guidelines for low-carbon development at the department/municipal levels, among others.

Part III – Conclusions & Recommendations

8 Conclusions

Introduction

The Initiative for Sustainable Forest Landscapes (ISFL) is an ambitious and innovative pilot program that aims to contribute to developing low-carbon rural economies, reducing land-based GHG emissions, and enhancing livelihood opportunities (i.e., ISFL impact objectives). Launched in 2013, the program has been operating in five countries since 2017 piloting sub-national jurisdictional AFOLU approaches. It has three interrelated work areas: scaling cross sectoral AFOLU MRV and carbon accounting to jurisdictions (ISFL jurisdictions and national); broadening REDD+ to integrated landscape management (ILM); and engaging the private sector. The implementation of its country grant stage aims to be completed by 2024 (except in Indonesia) as several second stage emission reduction purchase agreements (ERPA) are about to start and Private Sector Engagement Strategies (PSES) continue their implementation in Colombia and Ethiopia. The ERPA stage is expected to last until 2030.

This means that the ISFL program has reached its mid-term, and this second Fund evaluation looks backward at performance and results from about six years of country operations and global activities, and forward to inform ISFL's adaptive management for the remaining program period, especially the ERPA implementation stage, and contribute to learning for this and other programs. The evaluation focuses on performance in the five pilot countries, and builds on extensive key informant consultations, surveys and documentation, but it has also encountered some challenges, including many ongoing and few fully completed activities, limited opportunities for community or farm-level field visits, and varying availability and reliability of data. Triangulation of information and extensive support from the World Bank FMT have helped reach the following conclusions.

Overall progress

Conclusion 1: The ISFL is filling a unique and important niche for countries to move to jurisdictional GHG accounting and moving REDD+ towards integrated landscape management, with high country relevance, coherence, and adaptive learning. The program has made good progress in recent years despite difficult country and global contexts, and achieved many results given its ambitious and complex transformation agenda in high risk, diverse and evolving country environments. Program management is satisfactory, with some room for better managing complexity and expectations.

The program has been visionary and highly relevant for countries and the international climate finance agenda. ISFL has been a pioneer in simultaneously developing jurisdictional GHG accounting across all land use categories and related MRV capacities (AFOLU), moving REDD+ to a stronger integrated landscape approach, and focusing on engaging the private sector. The program was fully aligned with country contexts and needs, and coherent with UNFCCC and national REDD+ processes. It has adapted well to changing global climate priorities and

methodological developments in global carbon market contexts while sharing its experiences in several international learning events and publications. Beyond its own trust fund resources, the program leveraged several World Bank and similar programs and projects.

The country grants made good progress on many of their environmental, policy and institutional capacity aims, including on parts of their PS engagement and on co-benefits, as documented in detail in this evaluation. Strong attention was paid to safeguard issues around gender and inclusion, as well as grievance redress mechanisms. ISFL is appreciated by stakeholders for its contributions to integrated land use planning, strengthening ERC related policies and regulations (with critical improvements in legal ER ownership), developing the ERPDs, especially the AFOLU MRV systems and other conditions for high-integrity ERCs, and sustainable and productive land use practices (SLM and SFM). ISFL programs have achieved this with a complex design, a diverse set of operations responding to pilot country demands and contexts, and in rapidly evolving and risky environments in most countries. Readiness, capacities and know-how in implementing complex programs like the ISFL vary widely across the five pilot countries. The ambitions of ISFL's transformational agenda for GHG accounting, its holistic, integrated landscape approach, and on PS engagement, were high. Much has been achieved given the levels of complexity, diversity and risks, and relatively low program budgets (by World Bank standards). Yet, finding ways to manage and reduce program complexity, increase focus, and manage expectations and ambitions in line with program resources and country contexts appears to be important at this stage.

The World Bank has managed the program well. Operational performance has improved since the first Fund evaluation in 2019, in terms of disbursements, results and management of Bank teams and relations with countries and ISFL Contributors. There has been good internal Bank communication and with the Contributors. Most ISFL country grants took slightly longer than planned, with extensions in several countries of 12-18 months, partly due to COVID-19, and a late start-up in Indonesia for country institutional reasons. Early timelines for delivery of ERPD and ERPA have proved unrealistic (see conclusion 2). The Fund has had high Contributor engagement throughout design and implementation and close interactions with the Fund Management Team (FMT), given the Fund's pilot nature and interest by Contributors in the technical quality and linking their bilateral programs. FMT/Contributor relations were good. Relatively complex institutional arrangements in the World Bank and of Contributors' global and country structures have tended to slow down some processes and interactions.

A novel approach to jurisdictional ERPD and ERPA

Conclusion 2: Through its jurisdictional ER accounting and crediting systems the ISFL responds to the high demand by the pilot countries to increase their carbon market readiness for implementing and reporting on NDCs, with in-built and innovative flexibilities in ERPAs for maximizing countries' carbon revenues. Lengthy processes for ERPD development are generally justified by the cutting-edge and innovative and nature of the program involving a steep learning curve, and due to the challenges and time needed for institutional capacity building necessary for high-value ER credits. Among these challenges is the ongoing process of achieving cohesion with the VCM sector - most pilot countries were still in the process of developing nesting systems.

Pilot countries showed strong interest in increasing their carbon market readiness in REDD+ and beyond through testing jurisdictional ERC approaches with the ISFL and expanding their know-how, institutional capacities, and legal frameworks, in order to increase their understanding for designing and implementing their NDC strategies

and reporting systems. The jurisdictional approach has become even more relevant in the last year due to the doubts, established by The Guardian et al (2023) and other research, over carbon additionality from VCM REDD+ projects. Countries were also interested in several innovative features for carbon payments and marketing that are being tested in the ISFL such as of floor prices for ERs, the ability of third parties to purchase contract ERs, call options for selling excess ERs to the ISLF (through the World Bank) , and a more flexible negotiation structure in dealing with the ISFL Fund compared to other facilities (such as FCPF). These ways of increasing carbon revenues are appreciated by the pilot countries.

Jurisdictional approaches for carbon accounting and marketing are the preferred option for most countries, but their complexity, monitoring and legal requirements are high. Developing ERPD and ERPA across all ISFL pilot countries has taken longer than planned (up to three years), although the process has been significantly faster than under the FCPF, as the program (and countries) learnt much from earlier FCPF experiences. The program's jurisdictional and cross-sectoral AFOLU approach, its complexity, and external conditions, such as pending policies and regulations on carbon markets and legal gaps in ERC ownership, have contributed to these time lags. The security and political context has also affected progress in some places (notably Ethiopia and Colombia). Despite lengthy ERPD/ERPA processes, country counterparts have seen these as learning opportunities, especially as regards development of MRV systems that meet ISFL and IPCC GHG requirements and have the potential to attract higher prices from private buyers in future carbon markets. The process was also generating ERC issuance and transaction infrastructure and experience to leverage VCM projects in future.

The future relationship between the ISFL jurisdictional programs and the VCM sector, involving the development of "nesting" systems, is an area of evolving understanding and considerable current uncertainty, including due to ongoing national carbon market regulation processes in several pilot countries. Nesting is a high priority in a jurisdictional approach in order to achieve coherence, align baselines and MRV methodologies across jurisdictional and VCM project accounting (WB 2021). It is also necessary to avoid double-counting, design jurisdictional BSPs that consider VCM projects, and generate incentives for PS and CSOs to engage in ER activities. Only one country, Zambia, has regulated its national carbon markets so far (with support from ISFL) to arrive at a clear nesting system for the ISFL jurisdiction; others were in the process or considering doing so. The evaluation has found divergent interests between ISFL jurisdictional approaches and the VCM sector in several countries that, whether regulated or not, are likely to affect ISFL's jurisdictional ERC outcomes and benefits sharing.[92]

MRV, BSP and Safeguards

Conclusion 3: All pilot countries made significant progress on jurisdictional MRV and improving national systems for AFOLU sectors, including safeguards management. Recurrent challenges are their harmonization with existing MRV systems, complex data requirements, and the anticipated complex implementation of Benefit Sharing Plans (BSP). Developing MRV systems for enteric fermentation and building capacities at sub-national proved to be difficult.

ISFL country programs have advanced effectively in developing jurisdictional AFOLU MRV systems and related capacity building in a participatory way. But this has been a slow process as much of it has been complex and

[92] For details please see the 2021 World Bank Group report "Nesting of REDD+ Initiatives: Manual for Policy Makers". https://documents1.worldbank.org/curated/en/411571631769095604/pdf/Nesting-of-REDD-Initiatives-Manual-for-Policymakers.pdf

pioneering work based on IPCC rules developed for GHG assessment rather than MRV systems and methodologies. Harmonization with country MRV systems has played an important role in Indonesia. Rigorous ISFL reviews and audits, involving a lot of to and for between the auditor, ISFL and the country MRV teams, have been needed to ensure their quality. It is recognized that AFOLU MRV is much more difficult than REDD+ MRV. More upfront MRV TA and training than learning-by-doing could have helped to facilitate the process.

The program has supported and built on existing MRV systems capacities where possible, thus laying a basis for future replication and NDC implementation. In several countries this happened more at the national than jurisdictional level due to systems complexity and low capacity in the jurisdictions. Complexity and data limitations of MRV systems were most notable in livestock ('enteric fermentation'), the most important agricultural GHG category in three pilot countries. Partnerships with several technical expert organizations helped to fill data and other gaps. The use of MRV for performance-based ER benefit sharing at sub-jurisdictional level was still uncertain due to data granularity and high costs.

The BSP for ER credit revenues have been designed in an inclusive, participatory manner, but the consultation/negotiation process was complex and challenging in most countries, including due to beneficiary expectations. The process to ensure communities and other beneficiaries obtain their fair shares engaged a wide range of stakeholders with often competing claims; in three of the countries the high levels of expectation of cash payments added to the complexity of the process. The problem of expectations has delayed detailed discussions and negotiations with some local and other stakeholders (while recognizing that finalization of the BSP is not necessary until 12 months after ERPA signature) and resulted in several stakeholders having only a weak understanding of the BSP. In some cases, this has resulted in low confidence in the beneficiaries, especially the PS, in the BSP. Another problem is the complexity of BSP implementation, e.g., the need for localized MRV to estimate payments (see above) and the management of payments, depending on the BSP implementation arrangements, which have (so far) ranged from complex government managed mechanisms (Ethiopia) to systems to be managed by technical service providers/CSOs (Indonesia).

The safeguards management systems for the co-benefits, building on the World Bank ESMF and SESAs, was a positive and strong component of all country programs. The safeguards systems are likely to be tested under the ERPs and implementation of BSPs (which will no longer be WB's responsibility); the programs have also put grievance mechanisms in place to uphold the rights of vulnerable groups when there are trade-offs between carbon and social objectives and raised awareness of rights and complaints mechanisms.

From REDD+ to AFOLU GHG accounting and landscapes

Conclusion 4: The concept of moving REDD+ to more cross-sectoral AFOLU landscape approaches (ILM and forest landscapes) has been successfully introduced in all countries, but its practical implementation varied according to the country context and stage of overall progress. Coordination and cooperation across sectors in jurisdictions and on the ground remained difficult in several countries, but some progress has been made. There has been better progress in decentralized environments and where agriculture has been fully involved in operations and applying farmer ER practices on the ground. As adoption of ER technologies and practices increased, adoption constraints remained, mainly related to farmer financial incentives and on-farm demonstrations. The evaluation found emerging behavioral change among governments and farmers because of the ISFL, mostly incentivized by new

sustainable and viable ER technologies and practices, and supported by land use policies and ILM.

The ISFL has effectively introduced the concept of integrated landscape management (with a focus on forest landscapes) in all pilot countries, but progress on cross-sectoral integrated landscape management (ILM) has varied. The ISFL AFOLU approach has been covering the (most) relevant cross-sectoral GHG sub-categories for land-use in all targeted jurisdictions supported by cross-sectoral coordination at national and jurisdictional levels. The pilot countries have adopted different forms and combinations of land-use planning, ER reducing technologies and practices and cross-sectoral SLM and ILM activities. Landscape approaches have been most comprehensively implemented in Zambia (and in Ethiopia's underlying projects). Indonesia has relied mostly on reducing damaging farming practices for forest protection, and in Colombia land use planning and agricultural ER practices were linked to forest protection. Effective participatory forestry management was part of landscape management in most countries, especially in Ethiopia and Mexico.

Integration across landscapes has worked best where the Ministry of Agriculture and its services have been directly involved in ISFL grant execution (Zambia, Colombia, and to some extent in Indonesia). Awareness of ER credit benefits, supportive agricultural policies, and commitment to cross-sectoral collaboration have tended to be stronger in these countries. Effective decentralization was a positive enabler for AFOLU implementation in Zambia and Indonesia. Jurisdictional capacities, lead responsibilities in ISFL country programs, and the mandates, priorities and perceptions of different ministries on cross-sectoral cooperation have been key factors in the process.

Various ER reducing agricultural technologies, changed practices and business models have been successfully scaled in the ISFL programs, especially in agricultural sector in Zambia and Ethiopia (coffee), and to some extent in Colombia. Yields and profits have increased by adopters. More of the low emission technologies and practices were under preparation to be rolled out in Colombia and Indonesia with proceeding program implementation, e.g., technologies involving soil organic nutrient management, and intensification of livestock management. Sustainable adoption of such technologies and practices provides a good indicator of program progress (see MEL conclusion). The adoption of new agricultural technologies and practices is always challenging, especially for resource-poor farmers with high risk aversion, and farmers usually need to see convincing evidence of the technology's and practice's economic viability, e.g., through on-farm research trials. Farmers' readiness to adopt new technologies and practices for sustainable higher productivity, rather than expansion into new (often forest) areas, also depends critically on financial incentives. This includes among others the profitability of ER technologies and practices, green credit, attention to relative resource scarcity and costs (e.g., availability of labor for more labor-intensive technologies and practices), and new marketing models. Mainstreaming good practices in government policies and services is key for sustainable results.

Low adoption of low-carbon technologies and practices is often due to a combination of weak financial incentives compared to farmers' opportunity costs, resource constraints, and poor understanding of decision-making criteria. This may be an area that needs strengthening (e.g., through selective micro-economic analysis of farming systems and more emphasis on participatory on-farm research in commissioned studies) during the implementation stage and replication of ISFL approaches, with a focus on hot-spot areas (recognizing the cost of micro-economic analysis and the often vast landscapes and farmer diversity) in ISFL jurisdictions.

The ISFL support and incentive mechanisms appear to have enabled behavioral change towards more sustainable land use and ILM by governments and some land users, be it through better jurisdictional land use planning or gradual adoption of ER technologies, practices and business models. However, **a potential future carbon payment was at this point considered by most stakeholders to be, on its own, an inadequate incentive for broader adoption of low-carbon technologies and practices and behavioral changes.** As noted above, technology adoption is challenging and complex, with the implication that a combination of strategies and actions is vital. Therefore, potential future carbon payments, especially given current relatively modest carbon values (e.g., compared to farmer opportunity costs) provide an additional complementary incentive (some KIs, including WB ones, referred to the "cherry on top of the cake"). Long time lags before potential payments and dilution, especially in larger jurisdictions, will further weaken the incentive effect.

Private sector

Conclusion 5: While several country programs have engaged successfully with private farmers as drivers of deforestation and related aggregators, such as agricultural processors, this has happened so far to a limited extent with whole value chains and in mobilizing PS contributions (except in Colombia). Complementary PS Engagement Strategies (PSES) were successfully launched in only 2 out of 5 pilot countries, for various reasons. Critical constraints have included finding appropriate implementation schemes and agencies for PS engagement (e.g., Mexico), moving from knowledge-work to ground-testing and implementation, and ensuring complementary farm-level extension and green finance, and/or other incentives for adoption of low-carbon technologies and practices.

Most of the PS work has focused on farm enterprises, especially semi-commercial and commercial farmers, ranchers and perennial crop producers as key drivers of deforestation; and with community forest enterprises on forest protection and SFM. There was more limited engagement with PS entities in other parts of the commodity value chains (markets, demand) and in mobilizing funding. Including non-ISFL PS activities and VCM projects in jurisdictional BSPs has been challenging.

There were several reasons for the cancellation of PSES grants in Zambia, Indonesia and Mexico. The relatively low volume of PSES grants, coupled with high transaction costs for implementing agencies, a lack of existing long-term private low-carbon strategies and investments in several countries, and the need for the IFC to identify willing and qualifying companies to work with and eventually provide non-sovereign loans, as well as the size of the jurisdictions, political considerations and the large task at hand, all contributed to challenges for PSES implementation.

The ISFL programs have carried out some significant, but still ongoing, knowledge enhancing work on commodity chains and PS engagement opportunities (Colombia, Ethiopia). Early PS results in three countries include achievements by IFC and other engagements in Colombia's beef, rice and cocoa sectors; and farmer adoption of sustainable technologies and practices in Ethiopia and Indonesia. Much of the PS work was at an early stage at the time of the evaluation, or at a review/design stage through studies and consultancy reports. Implementation was most advanced in Colombia. It remains to be seen how much of this knowledge building work will move from desk analysis to field testing and concrete activities in the field, and where the finance will come from (e.g., green credit).

Key challenges have been to identify appropriate implementation modalities and entities (Mexico, Zambia, Indonesia), green finance, and how to disseminate the knowledge work more broadly (Colombia). Several early designs in grants and PSES were not implemented or finalized, especially in Zambia, Indonesia and Mexico, and to a lesser extent in Ethiopia.

The collaboration with IFC has been working well in Colombia, and to some extent in Ethiopia (through engaging third parties, such as international CSOs and NESPRESSO), but it worked less well for providing planned complementary loans (Ethiopia and Indonesia) and field work with smallholder farmers and SMEs. The key seems to be to identify appropriate implementing agencies for working with prioritized PS enterprises, sectors and VC segments, and to be flexible in implementation. Some government agencies have found it difficult or were reluctant to work with PS entities, unless these were direct technical service providers in the program (Zambia, Indonesia).

Coordination, collaboration and convening

Conclusion 6: Full coherence with country, UNFCCC and REDD+ policies and extensive cross-sectoral and institutional dialogue and collaboration with many partners have been an ISFL trademark in its global and country work. But the program has not yet realized the full potential of coordination and collaboration with all stakeholders and non-WB programs and projects in its multiple stakeholder platforms (MSP), including a more supportive convening role of the World Bank. Most MSPs were insufficiently empowered and inclusive, as regards having clear mandates and incentives for all stakeholders to actively participate and contribute at policy and operational levels.

The ISFL and its country programs have demonstrated their capacities for coherence, coordination, and cross-sectoral collaboration throughout the program's planning and implementation processes. As already mentioned, ISFL has been fully coherent with national and international policies, UNFCCC and REDD+ processes and GHG related methodological developments, adapting as necessary to global and country contexts. The program has collaborated across many partners and sectors in its design and implementation, across its ERC/carbon market, ILM and private sector activities. ISFL has also started linking more closely with other jurisdictional and national projects, programs and initiatives in order to leverage their knowledge and contributions, including for the ERPA implementation stage and ISFL replication in other jurisdictions.

The ISFL multiple stakeholder platforms (MSP) in jurisdictions and at national levels have contributed to starting cross-sectoral dialogues and raising awareness to AFOLU, but their performance and sustainability has varied across countries. The best experience has been the provincial and district platforms in Zambia, where the MSPs were built on already established local institutional bodies, and participants were motivated through their active program participation and funding. The jurisdictional MSP in Indonesia appeared to be rather top-down and lacked decision-making powers, while in Ethiopia MSP functions were mainly confined to information exchange and more basic coordination. In Colombia and Mexico, periodic changes in decision-making staff in line with political cycles were challenging for the continuity and institutional memory of MSPs. There were also question marks about sustainability of the MSPs (beyond program/donor funding) in some countries, with implications for sustainability of the national programs.

There has also been some evidence of limited coordination of different work areas (PS) and instruments in ISFL

country programs, with stronger ties between ISFL and similar programs only recently emerging.[93] Coordination and collaboration have partially improved in pilot countries since the first ISFL evaluation, but the World Bank's and ISFL's potential convening functions have not yet been fully realized, including for closer communication with country Contributor program representatives and other projects. The ISFL PIUs and World Bank could play a more critical convening role across all partners through bringing to bear 'soft-skills' (e.g., professional facilitation, mediation and negotiation) to enable cross-sectoral and - scalar engagement of stakeholders and other programs with differing interests in the landscapes and carbon markets.

Impact, co-benefits and sustainability

Conclusion 7: Impacts from ISFL programs are emerging slowly since many activities were still ongoing, but there were signs of enhanced institutional capacities and enabling environments for future impacts, as well as significant livelihood and some biodiversity co-benefits in several countries due to ISFL activities (although their post-project sustainability was unclear). The sustainability of emerging ISFL benefits and the success of the ERPS stage will largely depend on transition funding and partnering with other projects that can help promote sufficient ER and related co-benefits.

There have so far been few emerging impacts of the ISFL because many activities were only partially completed. However, some progress towards impacts on land-based emissions and improved livelihoods were identified, such as early signs of improved land use, especially through SFM, better integrated land use planning, and emerging evidence on co-benefits. Positive long-term impacts can be expected from the program's strengthening of country enabling environments, partnerships and institutional capacities of public and other entities. These were also expected to contribute to longer-term sustainability.

Several ISFL country programs have generated significant co-benefits, mainly livelihood benefits. This has happened among others through higher crop yields, diversified production, support for alternative farm and non-farm livelihood opportunities, agroforestry and fire prevention (Ethiopia, Indonesia and Zambia). In Mexico, the highest priority was for social co-benefits in the targeted *ejidos* (farming cooperatives) and other collective land-owning (mainly indigenous) communities. In Colombia co-benefits were expected to rise over time with increased attention to smallholder farmers during the ERPA implementation stage. Biodiversity co-benefits were mainly reported in Zambia (wildlife) and Indonesia (fire prevention). Some ISFL partner programs were keen to focus more on biodiversity co-benefits, as UK DEFRA in Colombia. The sustainability of co-benefits was however less clear, since they were mainly dependent on continued program activities, such as funding of forest protection patrols or uncertain ERP payments at this time.

Transition funding is considered vital for maintaining the momentum of the country grant ER investments – and is also needed to meet the gaps between the end of the country grants and, firstly the ERPA signatures, and secondly to maintain program implementation until the RBPs start to flow. It should be recalled that several countries have abandoned their REDD+ programs following long and expensive readiness processes, as momentum carefully built up was lost, at least partly due to the lack of implementation finance. In some ISFL pilot countries national ownership was quite strong, but subnational ownership seemed weak or unclear, e.g.,

[93] For Colombia this refers to, for instance, the limited coordination with Vision-Amazonas (according to several KIs) another landscape level RBP program supported by three of the same donors as ISFL.

Colombia - another argument for continued support to ensure sustainability.

In most pilot countries there was potential to leverage more funding through partner and underlying projects for covering ERP implementation costs and continued ER activities, and some countries have already shown interest in replicating ISFL approaches. This would be crucial for the ERPA phase which will rely on continued government activities and that of other external underlying projects and programs to maintain momentum in producing ERs and co-benefits. The ISFL has already attracted some external sources of funding for the grant programs and PSES activities, but not much (as yet) for the ERP implementation stage. The program could benefit from more engagement and coordination with these external/parallel programs and initiatives. Ultimately sustainability and scaling will depend on the extent to which governments recognize the value-added of SLM and ILM approaches and the ER focus, such as in the context of NDC implementation, adopt and mainstream a transformational agenda, and provide finance through their regular budgets. The evaluation found some evidence of early replication of ISFL approaches in other pilot country programs and areas. Several countries and programs have expressed interest or have plans to reproduce the ISFL approach or different elements of it. Others have said that they would firstly like to see some concrete results from the ERPs.

MEL, learning and communication

Conclusion 8: The MEL balances accountability and learning well, but critical indicators and external assumptions were not well defined, partly related to the ISFL ToC which lacks clarity on the impact pathways. External program communication is gradually expanding, becoming a priority for the ERPA stage.

The ISFL MEL framework and reporting rightly balances accountability to inform Contributors on Fund progress, and learning which facilitates adaptive country management and knowledge sharing with a wider audience. However critical indicators of the adoption of low-carbon technologies, practices or models (as an indicator of behavioral change) were not well defined (beyond basic adoption rates), resulting in an insufficient basis for systematic learning. A second MEL problem was the lack of a set of explicit assumptions around national and external contexts and risks, and that link to the theory of change around the process of achieving program outputs, outcomes and impacts.

The Program's theories of change of the program as a whole and of its PS strategy lay out in broad strokes the elements of what the program tries to do and achieve. But they are weak in identifying and describing the relationships between these elements, i.e. some typical impact pathways, concrete strategies and assumptions for change, that could be proposed and supported across countries, while leaving room for country specific contexts and adaptations. Moving the ToC more from the 'what' to the 'how' would also facilitate monitoring across countries. This is a potential consideration for future programs.

The ISFL is at a relatively early stage in its overall lifetime (with few grants completed), and thus the program's external communication on accomplishments and learning has only expanded gradually but is becoming a priority for the ERP implementation stage. The ISFL appears to have no formal communication strategy, is much less well-known than the FCPF and does not yet have much presence in international fora and the media as regards its extensive jurisdictional AFOLU carbon accounting and ILM experiences. Learning events, as referred to in an earlier conclusion, and the approval by the 2023 Annual Meeting of South-to-South learning exchanges, are a step in this direction. Communication within countries varies, with room for improvements, and is partly

related to the ISFL's coordination and convening functions. It is especially important given the program's range of activities, complexity, and leverage requirements, and the demand/high potential for replication already noted, among others for NDC implementation and reporting.

9 Recommendations and Lessons

9.1 Recommendations for ISFL's ERPA stage

The evaluation makes the following recommendations aimed at informing the next stage of the ISFL until 2030, its implementation of ERPA programs, and improving the ISFL's overall performance.

1. Support the effective and sustainable completion of ISFL grant and PSES activities (ongoing and approved) and the transition to and implementation of the ERPA stage as outlined below : *(FMT/Contributors, in collaboration with relevant stakeholders such as pilot country governments, ISFL PIUs, and World Bank country task teams)*

   a. Identify crucial activities within completed and ongoing ISFL country programs (grants and PSES) that remain unfinished or are unlikely to be concluded by the end of the grant and PSES periods. These activities should be earmarked for follow-up during the ERPA stage and secured with necessary funding (as far as possible). Examples include the implementation, dissemination, and roll-out of PS technical and business models in Colombia, activities related to ERP Phase II (agriculture ER) in Mexico, discontinued grant initiatives with forest groups and communities in Ethiopia, and the updating of BSPs (such as potentially required updates due to changing carbon market regulations, deferred decisions as a result of earlier expectations management and finalization of specific implementation arrangements). *(FMT and World Bank country task teams)*

   b. Allocate transition funding to pilot country programs during the ERP program as needed, at least until results-based payments (RBP) become available. Given the substantial time it is likely to take for to disburse RBP from ERC (for instance, the gap between ER verification and payment in Ethiopia is likely to be longer than planned), it is imperative to ensure continuous support for critical field activities initiated under the grants but unrelated to ongoing PIU and MRV functions during the ERPA stage. These activities, particularly those essential for ongoing ER generation and meeting urgent beneficiary needs, should receive funding priority. Optional activities (such as those identified under Lesson 7.c below), may also be pursued contingent upon availability of funding (e.g. via savings or the non-materialization of planned ER purchases). *(Contributors/FMT)*

   c. Enhance the clarity and effectiveness of government-led ISFL multiple stakeholder platforms (MSP) at various levels to ensure their sustained functionality throughout the ERPA stage as necessary. This can be achieved by refining and potentially expanding their mandates and terms of reference (TORs), empowering them with decision-making authority, and offering incentives for active participation and collaboration. Furthermore, these platforms should be well-connected with communities, farmers, forest organizations, and the private sector through respected representatives. It is crucial to monitor the performance of these platforms closely. *(World Bank country task teams in collaboration with relevant countries/governments)*

d. **Foster close linkages between ISFL ERP programs and other World Bank, government, and non-government programs involved in ER monitoring and grant follow-up** (such as Contributor programs, GEF/GCF initiatives, etc.), through MSPs and other forms of collaboration in the field (most of these programs are already listed in ERPDs). Encourage collaboration to develop coherent, synergistic rural ER strategies, implementation plans, and fit-for-purpose MRV systems within the context of NDC implementation. *(WB country task teams - in collaboration with countries)*

e. **Monitor emerging risks and support risk mitigation in pilot countries during ERPA implementation.** For instance, in Ethiopia, where a comprehensive ERPA stage risk analysis has been conducted and is part of the ERPA stage program document, all risks except one remain 'substantial'. Manage and monitor particularly risks, uncertainties, and opportunities associated with global carbon markets, country regulatory policies, and NDC implementation that could impact ISFL ERP implementation, including the nesting of VCM projects. *(FMT/WB country task teams - in collaboration with countries)*

f. **Strengthen government capacities in potential third-party ERC marketing in alignment with the World Bank's Carbon Market Engagement Road Map**.[94] This should be initiated once ER monitoring reports for years 1 and 2 have been received or validated. Include funding for such capacity development in remaining ERPAss and make it available for Ethiopia from current program savings. *(FMT/WB country task teams - in collaboration with countries)*

g. **Support government efforts and enhance their capacity and understanding in developing nesting systems for VCM projects and future non-public ER projects in jurisdictional programs.** This includes addressing legal, MRV, BSP, accounting, and carbon market implications. *(FMT/WB country task teams - in collaboration with countries)*

h. **Update or refine country BSP implementation and targeting mechanisms as necessary and feasible**, addressing current gaps, potential expansion of coverage of GHG sub-categories, and adaptation to relevant new government regulations and policies (such as those related to VCM projects). Address gaps by facilitating more stakeholder consultations and agreements with BSP arrangements in countries that have avoided raising stakeholder expectations prematurely. Encourage the use of BSP implementation systems, mechanisms, and organizations already in place, and explore other appropriate modalities for facilitating BSP implementation. Additionally, reassess the necessity, criteria, and options for performance-based allocations at the sub-jurisdictional level. *(WB country task teams - in collaboration with countries)*

i. **Monitor the costs and benefits of jurisdictional MRV for different GHG sub-categories**, as well as for BSP implementation. Recognize that costs are expected to decrease over time, and overall benefit-cost ratios are likely to increase. *(Responsibility to be determined)*

2. **Enhance program learning and communication efforts as well as replication of effective ISFL program elements:** *(FMT)*

a. **Elevate the ISFL program's internal and external cross-country learning and communication efforts to a higher level**, with a focus on disseminating ISFL achievements and experiences for potential replication.

[94] https://www.worldbank.org/en/topic/climatechange/brief/the-world-bank-engagement-roadmap-for-carbon-markets

Particularly emphasize the program's extensive jurisdictional AFOLU carbon accounting and Integrated Landscape Management (ILM) experiences. Utilize learning events and recently approved South-to-South learning exchanges as foundational platforms. (i) Enhance internal communication and learning among pilot countries. (ii) Expand external communication efforts to facilitate fund mobilization for replication initiatives.

b. **Create and finance a communication strategy highlighting the ISFL AFOLU experience as a pioneering REDD+ originating program for Natural Climate Solutions** within a broader rural landscape context. Emphasize the program's role as a jurisdictional, cross-sectoral ER credit generator that could become a valuable approach under the SCALE TF Pillar 1. The strategy should aim to boost ISFL visibility and contributions in World Bank publications and international forums.

c. **Widely distribute the merits and lessons of the ISFL approach and its various components** to facilitate countries' requests for replication, particularly emphasizing its relevance for National Determined Contributions (NDCs) implementation concerning Natural Climate Solutions.

d. **Explore and back the replication of proven elements of the ISFL approach where applicable and adaptable to specific contexts**, particularly in other locations within pilot countries and similar country contexts to expedite implementation. Begin by focusing on crucial initial steps such as raising awareness for ILM, ER, and ERC, supporting integrated land use planning, and enhancing MRV capacity.

9.2 Lessons from the ISFL Program

These lessons are oriented towards future programs, for instance under the SCALE Trust Fund and other (non-) Bank initiatives aimed at utilizing jurisdictional landscape planning with AFOLU ER accounting. Depending on country and other contexts, some lessons may also be relevant for ISFL program implementation during the ERPA stage.

Overall Program Design and Management

Lesson 1: Future programs could benefit from adopting ISFL's integrated AFOLU approach for forest and broader jurisdictional landscapes, leveraging its distinctiveness and value for climate mitigation and finance, and ensuring alignment with new initiatives like the SCALE umbrella Trust Fund.

a. **Program complexity, expectations, and ambitions in such programs should be managed by focusing on activities that best align with country readiness, addressing readiness gaps, risks, and complementary programs.**

- Generate program understanding among all relevant country stakeholders and complementary programs through effective program launch workshops and in-country communication.
- Integrate complementary programs and projects closely into ERP grants and ERPA stage from the outset, and establish a manageable division of labor if feasible.
- Incorporate adaptive management and learning mechanisms, especially in areas where ISFL implementation faced challenges (e.g., private sector engagement, full application of the ILM concept including a context-specific assessment of its implications).

- Place early emphasis on policy, legal, and regulatory enabling environments for ER, with a focus on ER ownership, land ownership, and titling. Leverage complementary programs, particularly in the context of NDC implementation, ILM programs, and other global REDD+ initiatives (e.g., LEAF/ArtTrees).

b. **Political economy analysis could help to understand stakeholder interests, relationships, and broader country risks** associated with cross-sectoral collaboration, ER commitment, and inclusive transformation and benefits sharing. Such analysis should pay particular attention to the differing interests and motivations of participating sectors, projects, various targeted private sector actors, and different community-level groups and beneficiaries; as well as the barriers and bottlenecks for cross-sectoral coordination.

c. **Recognizing the long-term nature of Integrated Landscape Management (ILM) and ERPD/ERPA development and planning for it would be useful**, as well considering the common time lags in RBP/ERC fund mobilization and disbursement, in both design and implementation. **Programs should be designed to ensure sufficient overlap between their grant (readiness/investment) stage and their results-based payments/purchase stage (ERPA phase)**.

d. **Private sector engagement should be integrated across the readiness, investment and RBP stages under a single design and programmatic Theory of Change**, with clear and coherent impact pathways aligned and adapted to specific country and jurisdictional contexts, demands, and constraints.

e. **Experience from the ISFL for future replication of ISFL approach elements shows** that decisions on replication sites should consider critical readiness factors such as jurisdictional capacities, commitment from all country stakeholders to ISFL AFOLU ER and ILM (especially from Agriculture), institutional mandates and supportive policies, and existing experiences with ILM within jurisdictions and countries.

Carbon Market Readiness – ERPD/ERPA Processes

Lesson 2: Program support for carbon market readiness and developing ERPDs and ERPAs should be designed and implemented considering the following experiences and lessons from the ISFL program:

a. **It could be useful to determine the duration of ERPD/ERPA development based on previous experiences, among others in the ISFL, and the scope of sectoral and jurisdictional program coverage. Options for accelerating delivery time could be explored considering the following ideas.** For instance, facilitate the ERPD/ERPA process through increased awareness building, technical assistance, and training for all relevant stakeholders, including political decision-makers and technical counterparts, from the start-up. Provide third-party legal and technical advice on carbon markets to high-level ERPA country decision-makers/negotiators, addressing potential political barriers associated with ERPA negotiations and lack of familiarity with ER ownership concepts. Carbon market awareness, readiness and participation by private sector companies and VCM projects could also benefit from third-party technical advice on carbon markets and their participation in jurisdictional ER programs.

b. **Emission reduction programs with two stages—an initial readiness/investment stage and a subsequent results-based payment (ERPA) stage—should have enough overlap between these stages to maintain program continuity and momentum during the ERPA stage**. If sufficient overlap is not possible, transition financing should be considered to bridge the gap between the end of the readiness/investment funding and the start of results-

based payments, ensuring the continuation or completion of program operations.

c. **Awareness generation and capacity development should consider the regular rotation of political and technical officials and operators, and preempt it to the extent possible,** such as through using adaptable training-of-trainer models, sub-contracting competent firms or developing other capacity building support tools (developing global virtual platforms, manuals, briefs etc.). Use capacity assessments for prioritizing capacity targets and scope.

d. **Expectations about the timing and completeness of BSP should be well formulated and managed, particularly regarding early participatory processes** when future payments, scope and mechanisms (cash, kind or mixed; and forms of delivery) are still uncertain, far away, and not agreed among all parties. BSPs should be kept simple and manageable, well aligned in their implementation with existing delivery systems and knowledgeable organizations.

e. **It would be useful for future jurisdictional programs to consider and support government efforts at the earliest opportunity to develop nesting systems for VCM and other non-public ER projects in jurisdictional programs.** Assist governments in assessing legal, MRV, BSP, accounting, and carbon market implications of nesting individual projects and programs in jurisdictional approaches.

f. In this context, **design BSPs to encourage third-party ER projects by private sector and CSO entities to engage in land-use ER activities.** To facilitate nesting, **explore performance/results-based BSP distribution systems at the sub-jurisdictional level**, aligned with ER MRV capacities and transparency.

Transitioning from REDD+ to AFOLU

Lesson 3: The transition from REDD+ to AFOLU integrated (forest) landscape management (or REDD++) can be challenging as it is a holistic and complex endeavor that requires multiple technical, social and communication skills.

a. **To achieve this transition it can be particularly helpful to clarify the understanding and expectations of the integrated (forest) landscape management (ILM) concept and principles among all stakeholders early on**, drawing from ISFL's eight themes of Integrated Land Use Initiatives and those of other global ILM experiences.[95] [96]

b. **It would be optimal to link any (REDD+ originating forest) landscape programs with national and sub-national platforms, while aligning them with broader country, and regional ILM ecosystems** of the World Bank, government and non-government programs (by other donors/ contributors, GEF, GCF). This could include the development of coherent, synergistic rural ILM-related ER strategies, implementation plans, and fit-for-purpose MRV systems.

---

[95] https://documents.worldbank.org/en/publication/documents-reports/documentdetail/831591628501365387/toward-a-holistic-approach-to-sustainable-development-a-guide-to-integrated-land-use-initiatives

[96] For instance, the Landscape For our Future (LFF) program (with engagement by CIFOR), draws attention to the human drivers of landscape change, and the processes and institutions needed to foster behavioural change among land users, governments and (policies/services) and other service providers to sustain landscapes. https://www.globallandscapesforum.org/presentation/landscapes-for-our-future-programme/

c. To facilitate inter-sectoral collaboration, particularly between Forestry and Agriculture, the ISFL experience has shown that involving relevant sectors in planning and field execution from the outset can be highly beneficial. Using decentralized, well-coordinated joint execution approaches has been especially helpful, while securing high-level political and policy support from relevant line ministries. This may require, among others, a thorough political economy analysis to address differing institutional mandates, policy priorities, and motivations across sectors, and best determine respective sectoral roles aligned with country and jurisdictional contexts.

d. While developing and disseminating low-carbon technologies and practices in agriculture and forestry, innovative firm business models, and alternative livelihoods among farmers and communities it can be critical to integrate participatory on-farm research, pilot testing, and the analysis of micro-economic, farm/firm level constraints as well as constraints and barriers of the enabling environment into program activities and investments. Prioritize low-carbon technologies and practices for hotspot areas and relevant farm categories, considering labor and capital constraints, adoption costs, and rural extension. Acknowledge and mitigate the high costs and opportunity costs of agriculture transformation.

e. Replication and scaling up can be facilitated by regularly communicating lessons and experiences from the field bottom-up to inform the formulation and revisions of sectoral and cross-sectoral policies to support ER. Regularly monitor, measure, and report on adoption opportunities and constraints to support learning.

f. Ensure sufficient financial and other incentives for farmers and forest guardians to encourage behavioral change. Consider incentivizing and compensating beneficiaries with early results-based payments for ecosystem services (PES) in cash or kind, including sustainable co-benefits, before ERPA stage results-based payments commence. Improve access to green credit etc...

Private sector

Lesson 4: Engaging the private sector for emission reductions depends on the right incentives, support programs and enabling policies for various PS players in critical commodity chains, implemented through skilled and competent agencies.

a. Private sector engagement requires program attention to whole commodity chains, including outgrowers, processors and aggregators, in addition to producers, as well as to rural service delivery firms. Assess PS incentives and possible motivations for participation at design to ensure they are conducive and that risks are well mitigated. Examine whether national and sector strategies support PS engagement for emissions reduction (ER).

b. It is helpful to focus on instruments and interventions that are most appealing to broader private sector engagement in targeted countries and jurisdictions. This may include green credit through national and local finance institutions and micro-finance, tax credits, and reimbursement of transition costs to a low-carbon economy. Assess and mitigate access constraints to such instruments for targeted private sector firms.

c. Program ambitions should be well aligned with available program resources and constraints and priority categories and impact pathways of targeted private sector actors well defined, in global and country-specific program Theories of Change and more specific interventions. When determining targeted PS categories and

entry-points, distinguish between private engagement along value chains and landscapes and the mobilization of funding and other support from private sector financial and other institutions and firms for ER activities or ER credit purchases.

d. The ISFL has shown the benefits of utilizing experienced international and national companies and service providers to help develop and execute private sector strategies, preferably building on prior and continuous country and regional activities in support of green and low-carbon technologies and practices.

Coordination, cooperation, and convening

Lesson 5: Given the integrative nature of AFOLU approaches and ILM, paying attention to developing and incentivizing cross-sectoral and cross-scale coordination and cooperation is a high priority.

a. Effective convening of relevant stakeholders through Government-led multiple stakeholder platforms (MSP) at different scales depends on clear mandates and Terms of Reference (TORs), real decision-making powers, and incentives for participation and collaboration for a wide range of program stakeholders. MSP sustainability and institutionalization beyond program completion are critical.

b. It is helpful to acknowledge and address the different interests in landscapes and carbon markets across sectors, scales, and social communities and groups within MSPs heads on. Utilize soft skills such as professional facilitation, mediation, and negotiation to bridge particular interests, enable the resolution of conflicts and facilitate cross-sectoral and cross-scale engagement by all stakeholders.

c. The World Bank can play a critical role of convening and technical assistance in countries and globally, supportive of governments, by mobilizing and deploying technical expertise and other capacities on climate mitigation and ER programs in World Bank country and other offices, and linking them with global, regional, and national teams of experienced service providers.

Monitoring, Evaluation, and Learning (MEL)

Lesson 6: Monitoring, evaluation and learning are most effective when they include specific and dynamic elements.

a. Ensure that program Theories of Change (ToC) include clear impact pathways while recognizing the programmatic and contextual complexities of heterogenous program locations. Impact pathways describe how activities will lead to expected results, particularly regarding behavioral change in target groups, including governments and ultimate beneficiaries.

b. To keep ToCs relevant, it can be helpful to regularly adapt them as well as embedded impact pathways, based on emerging learning, and especially why such programs are highly complex and implemented in rapidly changing environments.

Lesson 7: Certain program analyses and activities could be useful for accountability and learning. Some of these could also be considered for the ISFL ERPA stage in the context of learning from the program.

a. Impact evaluations could help to learn about the benefits and incentive effects of emission reduction programs,

including BSP implementation, as well as their benefits distribution and constraints among particular target groups. They could be particularly useful in pilot programs.

b. **Emission reduction programs could benefit from piloting results-based payments (RBP) or payments for ecosystem services (PES) early on, before specific RBP payments from ERC through BSP commence**, to uphold confidence and momentum and gain experience of their effects, particularly in cases where readiness and investment programs are making commitments and raise expectations of future farm/firm/community-based RBPs.

c. **Before initiating programs similar to ISFL, it could be beneficial to review ISFL experiences and insights, as well as broader experiences by other programs, in several key areas requiring particular attention.** (Future programs could benefit if ISFL experiences and insights in these areas were further analyzed and summarized during ISFL ERPA stage 2).

- **Insights from ISFL design and implementation regarding strategies to engage the private sector in grants and PSES.** Given partial success in implementing PS support in a number of pilot countries, develop essential criteria and implementation arrangements for a more manageable and coherent PS strategy in future ER programs, emphasizing an integrated public/private sector approach.
- **Experiences with implementing ISFL's Emission Reduction Program Requirements with the goal to improve and simplify them in future programs**, drawing on insights from ISFL pilot countries, auditing firms, and World Bank technical experts. (If ISFL chooses to further analyze and summarize its experiences, it would be best to do so after about two years of ISFL ERPA program implementation.)
- **Implementation of MRV systems for livestock (enteric fermentation)**, considering diverse contexts of animal husbandry, data availability, and the integrity and cost-effectiveness of livestock MRV ingeneral. Enteric fermentation represents the most significant and complex agricultural GHG sub-category in at least three pilot countries. Related livestock land use is critical for forest conservation and forest ER. ISFL offers experiences across pilot countries (Colombia, Ethiopia, and potentially Mexico) particularly on developing data improvement plans and capacity-building support.

Annexes

Annex 1: Methodology (General Approach)

Annex 2: Evaluation Matrix

Annex 3: List of stakeholder types interviewed & Stakeholder Interview Guide

Annex 4: E-survey Summary

Annex 5: Document Review list

Annex 6: MEL Indicators

Annex 7: Program Implementation status

Annex 8: Country Progress Reports

Annex 9: Complementary Information

Annex 10: Evaluation findings (list)

ADE

Evidence for better policy