

**Report of Ex-post Evaluation**

**PD 359/05 Rev.1 (F)**

**Building Capacity to Develop and Implement Afforestation and  
Reforestation Projects under the Clean Development  
Mechanism (AR-CDM) of the Kyoto Protocol in Tropical  
Forestry Sector**

**Prepared by  
DR KWAME ASUMADU**

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## LIST OF ACRONYMS

AR	Afforestation and Reforestation
CDM	Clean Development Mechanism
CERs	Certified Emission Reductions
COP	Conference of the Parties
CO2	Carbon Dioxide
DOE	Designated Operational Entities
EA	Executing Agency
GHGs	Greenhouse gases
IPCC	Intergovernmental Panel on Climate Change
ITTO	International Tropical Timber Organisation
LULUCF	Land Use, Land-Use Change and Forestry
ICERs	long-term CERs
PDD	Project Design Document
PSC	Project Steering Committee
SFM	Sustainable Forest Management
tCERs	temporary CERs
UNFCCC	United Nations Framework Convention on Climate Change

## **PART I: EXECUTIVE SUMMARY**

### **1. Background Information about the project**

The Project originated from the International Tropical Timber Organisation (ITTO) International Workshop on Climate Change and Forest Sector:-Clean Development Mechanism in Tropical Countries held in Seoul, Korea, in September 2004.

It also built on, and was complementary to, a number of preceding and ongoing projects and activities funded by ITTO in the field of climate change and sustainable forestry.

The AR-CDM Facilitation Project was therefore designed to assist the implementation of sustainable forestry projects in tropical developing countries, while at the same time delivering environmental and socio-economic benefits, and also assisting industrialised countries in meeting their emission reduction targets under the Kyoto Protocol cost-effectively.

The Project also aimed to:

- enable the participating countries, as well as selected AR-CDM pilot projects, to have access to buyers of the carbon credits (i.e., CERs) generated from CDM projects, as well as access to necessary financial sources for the implementation of AR-CDM projects; and
- help raise awareness among carbon credit buyers' and the broader investor community, of these investment opportunities, as well as the possibility for developed countries which were signatories to the Kyoto Protocol, to meet emission reduction targets in an economical manner through Public-Private-Partnerships (PPPs).

The Project's Development Objective was to "promote afforestation and reforestation project activities under the Clean Development Mechanism (AR-CDM) of the Kyoto Protocol, through Public-Private-Partnerships, linking host developing countries with industrialized investor countries."

The Specific Objectives were to:

- "build capacity to identify, formulate, and implement AR-CDM projects in ITTO Member countries; and
- assist in raising the necessary finances for the implementation of AR-CDM projects."

The Project strategy involved:

- conducting six regional workshops, two in each ITTO region i.e. Africa, Latin America and the Asia-Pacific, with the aim of developing six AR-CDM pilot project documents, which would be submitted to the CDM Executive Board for review and assessment;
- assisting in raising the necessary finance for the implementation of AR-CDM projects through dialogue with potential certified carbon credits buyers and investors;
- conducting four forums, over the life of the Project, in Japan, to promote the financing of AR-CDM projects;
- creating wider multiplier effects in AR-CDM project development in tropical regions, through the Project's capacity building and awareness raising workshops; and
- preparing and disseminating to interested parties in ITTO member countries in the developing regions of Africa, Asia-Pacific and Latin America, a manual on how to develop AR-CDM projects.

The proposed outputs for the Project were:

- A manual for AR-CDM project developers on how to identify and formulate AR-CDM project activities.
- Six regional workshops to provide training for potential project developers and/or other stakeholders in AR-CDM host countries, on how to obtain AR-CDM registration with the international CDM supervisory board and funding.

- Project Design Documents for six AR-CDM projects submitted to the international CDM supervisory body.
- Guide CER buyers and investors on emission trading schemes, focusing on the Japanese scheme, with targeted information about rewards, as well as risks and issues related to AR-CDM projects.
- Studies for the selected AR-CDM projects to facilitate investments.
- Extension programme for technical and financial support for AR-CDM projects.

The main target beneficiaries of the Project were:

- at the local level, local communities, land owners, and AR-CDM project proponents and/or stakeholders;
- at the national level, potential project developers and other stakeholders in ITTO producer countries;
- the public and private sectors in industrialized countries (i.e. Annex B to the Kyoto Protocol); and
- at the international level, the ITTO, in collaboration with FAO, through the opportunity to lead a unique, cutting edge initiative.

## **2: The Purpose of the Evaluation**

The ITTO commissioned the ex-post evaluation to provide a concise diagnosis of the Project, so as to point out the successful and unsuccessful outcomes, the reasons for successes and failures, and the Project's contribution towards ITTO's Objective 2000, and to draw lessons that can be used to improve similar projects in the future.

## **3: The Scope of the Evaluation.**

The evaluation assessed:

- the overall role and contribution of the Project in light of sectoral policies, development programmes, priorities and requirements to promote afforestation and reforestation project activities under the Clean Development Mechanism (AR-CDM) of the Kyoto Protocol;
- the contributions of the specific technical reports in various forestry-related disciplines prepared by the project to the development of AR CDM forestry in ITTO producer member countries;
- the results and impact of the capacity building workshops conducted by the project on AR CDM projects development in ITTO producer member countries;
- the results of project activities to assist in raising the necessary finance for the implementation of AR-CDM projects;
- the effectiveness of dissemination of project results;
- the overall post-project situation in the project's influence;
- the unexpected effects and impacts, either harmful or beneficial, and the reasons for their occurrences;
- the cost efficiency in the implementation of the project, including the technical, financial and managerial aspects;
- follow-up actions in order to enhance uptake of project results; and
- the project's relative success or failure, including a summary of the key lessons learnt; and the identification of any issues or problems that should be taken into account in designing and implementing similar projects in the future.

#### **4: Conclusions of the Evaluation**

The main conclusions of the evaluation are that:

- the Project's overall aims were consistent with the ITTO's core objective of supporting sustainable forest management activities in its developing member countries, aimed at securing the natural resource base for the international tropical trade;
- despite delays, overall, the Project was effectively and efficiently implemented;
- project outcomes achieved were effectively and adequately disseminated;
- the Project partly achieved its developmental and specific objectives through conducting six regional workshops: two in each of the three ITTO regions, and developing a manual to guide the identification, design and formulation of AR-CDM projects;
- the Project contributed to addressing some of the main constraints to the identification, design and formulation of AR-CDM projects in developing ITTO member countries;
- the Project contributed substantially to raising the awareness of AR-CDM projects, and in particular, the potential for these projects to support the SFM activities of developing ITTO member countries;
- because of the complexity of the methodologies and rules governing AR-CDM projects, as well as the fact that they are continually evolving, it is important that training and capacity building activities be on-going, with the ITTO Project as an important first step;
- the Project also contributed to laying the foundations in the participating countries in building human and institutional capacities in the identification, design and formulation of AR-CDM projects, including negotiation skills for REDD and preparation of projects under the ITTO's REDDES Thematic Project;
- the objective of developing six pilot projects for submission to the CDM Executive Board for assessment was not fully realized due in part to the many, complex and continually changing nature of the rules and requirements for AR-CDM projects, which reduced enthusiasm and commitment to the projects in the selected host countries;
- the objective of bringing project developers and potential public and private sector carbon credit buyers and investors was also only partially successful due to the risky nature of AR-CDM projects, because of often small size and long gestation in creating transferable carbon credits; and
- additional prior planning such as identifying suitable host countries and collaborators for the workshop would have been useful in minimizing the delays with the Project's implementation.

#### **5: Lessons Learned**

The main lessons learned are:

- Future workshops should also use real projects already under implementation as case studies, to better assist participants in understanding and grasping the critical issues and challenges involved in developing and implementing AR-CDM projects.
- More field visits and practical demonstrations would have assisted the participants better in understanding the concepts.
- Capacity building workshops of this kind should involve more scientists who are dealing with AR-CDM related issues than policy makers.
- Implementing a project which involved, and relied, on the support and cooperation of several collaborators and stakeholders can be costly, complicated, time consuming and risky.
- Future workshops should focus better on:
  - helping to increase the skills of professionals working on climate change in forestry at the national level;

- providing guidance on best practice land management and forestry that have been proven to allow more people to participate in the creation of the carbon project;
- explaining the basic concepts and methods of preparing Project Identification Notes (PINs), and the ability to assess carbon sequestration as part of a project scenario of the PINs; and
- practical exercises to enable each country to prepare Project Documents (PDDs) under the CDM which is based on a good selection of a methodology for the baseline;
- Future training workshops should include participants from the private sector cover topics including the following:
  - how to develop project ideas;
  - how to get funding for AR-CDM carbon projects;
  - how to establish an initial database for the project;
  - how to monitor the project; and
  - how to record, validate and verify the project.
- It is difficult or often impossible to guarantee the sustainability of projects which are part of high profile international initiatives such as climate change, because of the risk that global interest in the initiative may wane over time.
- Linking a project to an international initiative, whose compliance requirements are many, complex and continually evolving including its market, can be risky.

## **6: Recommendations**

### **6.1: For the ITTO**

- Carbon credits are one of a number of environmental services that can be derived from the successful implementation of sustainable forest management activities in tropical forests. Others are high quality wood and non-wood products, biodiversity and water. The ITTO may wish to explore how the lessons from this Project can continue to inform its approach and policy work in the area of sustainable forest management (SFM) to firmly embrace multiple use objectives.
- In this context, it is also recommended that the ITTO should continue to use its substantial skills, expertise and experience to provide international leadership to ensure that the focus of REDD++ continues to embrace multiple use including commercial wood production in native tropical forests and plantations, rather than conservation and preservation.
- For future workshops with scientific/technical content, the ITTO should work closely with the invited countries to ensure that individuals with appropriate technical and scientific background are invited to participate.
- The workshops were held at a time when few AR-CDM methodologies were available and even less projects had been approved by the Executive Board. Now that there is more experience with the developed methodologies and more projects have been developed and implemented, in some cases with the results studied and assessed, it may be timely for the ITTO consider conducting a new round of workshops focusing not only on AR-CDM projects, but on forest carbon projects in general (including REDD), by taking into account the fact that voluntary markets are better developed for the forestry sector. Alternatively, the ITTO should consider assisting countries who may want to conduct their own in-country training to provide on-going training in capacity building to do so.
- To reduce delays and ensure similar projects are implemented and completed within schedule, it is recommended that the ITTO undertake extensive prior planning and preparation as part of the project development involving:

- identification of potential host countries;
- collaborators; and
- other relevant stakeholders.

## **6.2: For the Countries**

- The sustainability of capacity building, particularly in an area such as AR-CDM where the rules and approval requirements are many, complex and continually changing, requires on-going commitment. For similar future projects, it is important for participating countries to be aware that ITTO's contribution can only be a starting point, and that it would require on-going investment in training to ensure the continued availability and maintenance of the capacity so as to realize benefits fully.
- Countries should ensure that participants with the relevant knowledge and backgrounds are selected for similar workshops, particularly where the subject matter or course content is specialized and highly technical.
- Six pilot projects were selected from the capacity building workshops for further development and submission to the CDM Executive Board for assessment. However, this has not yet occurred. The relevant countries may wish to consider reformulating the projects to meet the objectives and priorities of ITTO's sectoral activities, for submission and funding consideration as part of the organisation's normal projects and pre-projects cycle, including the REDDES Thematic Program.

## **PART II**

### **1: Project Context**

The Project originated from the International Tropical Timber Organisation (ITTO) International Workshop on Climate Change and Forest Sector:-Clean Development Mechanism in Tropical Countries held in Seoul, Korea, in September 2004.

The Workshop and the project activities, at the time the Project was proposed, reflected the increasing importance that sustainable forest management (SFM), particularly afforestation and reforestation activities, could play as part of the mitigation options provided by the Kyoto Protocol to United Nations Framework Convention on Climate Change (UNFCCC) and one of its mechanisms, the Clean Development Mechanism (CDM).

The ITTO International Workshop in Seoul, Korea, was jointly organized by:

- Seoul National University, Korea Forest Research Institute;
- Northeast Asian Forest Forum;
- Center for International Forestry Research (CIFOR); and
- Swiss Intercooperation.

The Workshop identified two main problems which were hindering the development of CDM afforestation and reforestation projects (AR-CDM) under the Kyoto Protocol. These were the:

- limited or rather complete lack of capacity among project developers in developing countries to identify, formulate, and develop sustainable forestry projects under the CDM; and
- inability of developing countries to attract the necessary finance for the implementation of AR-CDM projects.

The Workshop recommended that the ITTO should:

- assist ITTO developing member countries to understand the potential, and constraints of A/R CDM projects in sustainable tropical forest management;
- support the capacity building of ITTO developing member countries in A/R CDM project identification, formulation and development;
- promote the development and implementation of AR-CDM pilot projects to provide experiences, training and data; and
- enhance a better integration of ITTO's practical experiences and knowledge in tropical forestry into the UNFCCC negotiations.

When concluded and signed, the CDM component of the Kyoto Protocol to the UNFCCC was seen as one of the most promising new financial mechanisms, which could contribute to the implementation of sustainable forestry in particular, through afforestation and reforestation of degraded forestland in the tropics.

The CDM is a legal instrument under the Kyoto Protocol that was designed to allow industrialized countries to meet their binding emission reduction targets under the Kyoto Protocol cost-effectively, while at the same time contributing to the implementation of sustainable development activities in developing countries.

The Project also built on, and was complementary to, a number of preceding and ongoing projects and activities funded by ITTO in the field of climate change and sustainable forestry.

The ITTO commissioned report 'For services rendered – The current status and future potential of markets for ecosystem services provided by tropical forests' (ITTO Technical Series 21) prepared by Forest Trends, also at the time, identified forest ecosystem services such as carbon sequestration and related greenhouse gas (GHG) markets, as a very advanced and promising option to provide new financial resources to support sustainable forestry activities.

The AR-CDM Facilitation Project was therefore designed to assist the implementation of sustainable forestry projects in tropical developing countries, while at the same time delivering

environmental and socio-economic benefits, and also assisting industrialised countries in meeting their emission reduction targets under the Kyoto Protocol cost-effectively.

In this context, the AR-CDM Facilitation Project aimed to demonstrate how existing constraints to the development and implementation of AR-CDM projects could be overcome so as to deliver mutual benefits to both developing and developed countries.

The Project also aimed to:

- enable the participating countries, as well as selected AR-CDM pilot projects, to have access to buyers of the carbon credits (i.e., CERs) generated from CDM projects, as well as access to necessary financial sources for the implementation of AR-CDM projects; and
- help raise awareness among carbon credit buyers' and the broader investor community, of these investment opportunities, as well as the possibility for developed countries which were signatories to the Kyoto Protocol, to meet emission reduction targets in an economical manner through Public-Private-Partnerships (PPPs).

The Project was approved by the International Tropical Timber Council (ITTC) at its Thirty-eighth Session in June 2005, in Brazzaville, Republic of Congo, and was fully funded at the same Session.

The Project was implemented by the ITTO Secretariat. The Project commenced in January 2006 and was originally planned to be completed within 36 months. However, the actual duration was 68 months.

Four extensions to the Project were approved by the Committee on Reforestation and Forest Management. The first extension (until the end of December 2009) was endorsed by the Committee at its Forty-second Session, while the second and third extensions (until the end of 2010) were endorsed by the same Committee at its Forty-third second Session. The fourth extension was approved by the Committee on Reforestation and Forest Management in August 2011 at its session in 2010.

The actual total Project cost was US\$942,166.

### **1.1: Development Objective**

The Project's Development Objective was to "promote afforestation and reforestation project activities under the Clean Development Mechanism (AR-CDM) of the Kyoto Protocol, through Public-Private-Partnerships, linking host developing countries with industrialized investor countries."

### **1.2: Specific Objectives**

The Specific Objectives were to:

- "build capacity to identify, formulate, and implement AR-CDM projects in ITTO Member countries; and
- assist in raising the necessary finances for the implementation of AR-CDM projects."

### **1.3: Project Strategy**

The Project strategy involved:

- conducting six regional workshops, two in each ITTO region i.e. Africa, Latin America and the Asia-Pacific, with the aim of developing six AR-CDM pilot project documents, which would be submitted to the CDM Executive Board for review and assessment;
- assisting in raising the necessary finance for the implementation of AR-CDM projects through dialogue with potential certified carbon credits buyers and investors;
- conducting four forums, over the life of the Project, in Japan, to promote the financing of AR-CDM projects;
- creating wider multiplier effects in AR-CDM project development in tropical regions, through the Project's capacity building and awareness raising workshops; and

- preparing and disseminating to interested parties in ITTO member countries in the developing regions of Africa, Asia-Pacific and Latin America, a manual on how to develop AR-CDM projects.

#### 1.4: Project Outputs

The main outputs proposed for the Project were the following:

- Output 1: A manual for AR-CDM project developers on how to identify and formulate AR-CDM project activities.
- Output 2: Six regional workshops to provide training for potential project developers and/or other stakeholders in AR-CDM host countries, on how to obtain AR-CDM registration with the international CDM supervisory board and funding.
- Output 3: Project Design Documents for six AR-CDM projects submitted to the international CDM supervisory body.
- Output 4: Guide CER buyers and investors on emission trading schemes, focusing on the Japanese scheme, with targeted information about rewards, as well as risks and issues related to AR-CDM projects.
- Output 5: Studies for the selected AR-CDM projects to facilitate investments.
- Output 6: Extension programme for technical and financial support for AR-CDM projects.

#### 1.5: Target Beneficiaries Involvement

The main target beneficiaries of the Project were:

- at the local level, local communities, land owners, and other project proponents and/or stakeholders of the selected projects whose AR projects may not materialise without the CDM, and thereby miss out on opportunities to receive additional revenues through the sale of carbon credits;
- at the national level, potential project developers and other stakeholders in ITTO producer countries who would benefit from the training provided at the regional workshops, to enable and assist them in developing AR-CDM projects with better prospects of approval and financing; and
  - the public and private sectors in industrialized countries (i.e. Annex B to the Kyoto Protocol) who would be able to meet their emission reduction targets cost-effectively ) through purchasing carbon credits from AR-CDM projects implemented in developing ITTO tropical member countries; and
- at the international level, the ITTO, in collaboration with FAO, through the opportunity to lead a unique, cutting edge initiative that would help to overcome hurdles and barriers for the development and implementation of AR projects that fulfil a two-fold objective of:
  - contributing to the implementation of forestry operations with sustainable development benefits; and
  - the mitigation of global climate change; and
  - the public and private sector investors outside Japan, through opportunities in carbon credit purchase, as well as new investment opportunities by combining cost-effective GHG mitigation opportunities with sustainable development benefits that would otherwise not occur.

#### 1.6: Project Inputs

The Project inputs and sources were as follows:

<b>ITEM</b>	<b>AMOUNT\$USD</b>
Bali Partnership Fund	942,166
<b>Total Approved Budget</b>	<b>942,166</b>

## 1.7: The ITTO/ITTA Context

The Project's Development Objective to "promote afforestation and reforestation project activities under the Clean Development Mechanism (AR-CDM) of the Kyoto Protocol through Public-Private-Partnerships, linking host developing countries with industrialized investor countries", was fully consistent with the objectives of the International Tropical Timber Agreement (ITTA) 1994.

Similarly, the Project's Specific Objectives "to build capacity to identify, formulate, and implement AR-CDM projects in ITTO Member countries; and assist in raising the necessary finance for the implementation of AR-CDM projects." were fully consistent with the objectives of the ITTA 1994.

Specifically, the Project's Development and Specific Objectives related to the following ITTA 1994 objectives:

- c) To contribute to the process of sustainable development.
- d) To enhance the capacity of members to implement a strategy for achieving exports of tropical timber and timber products from sustainably managed sources by the year 2000.
- g) To develop and contribute towards mechanisms for the provision of new and additional financial resources and expertise needed to enhance the capacity of producing members to attain the objectives of this Agreement.
- l) To encourage members to develop national policies aimed at sustainable utilization and conservation of timber producing forests and their genetic resources and at maintaining the ecological balance in the regions concerned, in the context of tropical timber trade.

In terms of ITTO's structure, the Project related to ITTO's Committee on Reforestation and Forest Management. The Committee on Reforestation and Forest Management is primarily concerned with the sustainable management of the natural forest resource base for tropical timber.

The Project's objectives also met the goals and objectives of the Committee on Reforestation and Forest Management in ITTO's Libreville Action Plan, 2002 to 2006 of.

- supporting activities to secure the tropical timber resource base; and
- promoting sustainable management of tropical forest resources.

One of the major focuses of the ITTO Libreville Action Plan, 2002 to 2006 was to investigate opportunities offered by the Kyoto Protocol to the UNFCCC, to support sustainable forest management activities in member countries, particularly, developing tropical member countries.

In addition, the AR-CDM Facilitation Project directly contributed to the ITTO's main objective of promoting the expansion and diversification of international trade in tropical timber from sustainable sources. More specifically, the Project contributed to the recommended actions to implement Principle 17: Forest and climate change under the 'ITTO guidelines for the restoration, management and rehabilitation of degraded and secondary tropical forests' (ITTO Policy Development Series No 13).

Action 59 recommended developing strategies and approaches to promote the role of degraded-forest restoration and secondary forest management for the international carbon trade, for carbon sequestration and as carbon sinks.

Action 61 recommended promoting the management of secondary forests and the rehabilitation of degraded forest lands as eligible activities under 'afforestation', and the restoration of degraded primary forests as an eligible activity under 'reforestation' within the framework of the Clean Development Mechanism, which generates co-benefits for local stakeholders based on their identified needs.

The AR-CDM Facilitation Project also supported the possibility to develop more projects such as the ITTO funded project "Alternative Financing Model for Sustainable Forest Management in San Nicolas" (PD 54/99 Rev. 1 (F)) and its second phase (PD 240/03 Rev. 1 (F)), by acting as

an umbrella support programme for six new pilot projects in the Latin American, the Asia-Pacific, and African regions of the ITTO, i.e., two per region.

## **2: Evaluation Scope and Focus**

The ITTO commissioned the ex-post evaluation to provide a concise diagnosis of the Project, so as to point out the successful and unsuccessful outcomes, the reasons for successes and failures, and the Project's contribution towards ITTO's Objective 2000, and to draw lessons that can be used to improve similar projects in the future.

The Ex-Post Evaluation's scope of work required the consultant to analyze and assess the Project's:

1. The overall role and contribution of the Project in light of sectoral policies, development programmes, priorities and requirements to promote afforestation and reforestation project activities under the Clean Development Mechanism (AR-CDM) of the Kyoto Protocol.
2. The contributions of the specific technical reports in various forestry-related disciplines prepared by the project to the development of AR CDM forestry in ITTO producer member countries.
3. The results and impact of the capacity building workshops conducted by the project on AR CDM projects development in ITTO producer member countries.
4. The results of project activities to assist in raising the necessary finance for the implementation of AR-CDM projects.
5. The effectiveness of dissemination of project results.
6. The overall post-project situation in the project's influence.
7. The unexpected effects and impacts, either harmful or beneficial, and the reasons for their occurrences.
8. The cost efficiency in the implementation of the project, including the technical, financial and managerial aspects.
9. Follow-up actions in order to enhance uptake of project results.
10. The project's relative success or failure, including a summary of the key lessons learnt; and the identification of any issues or problems that should be taken into account in designing and implementing similar projects in the future.

The ToR also required the consultant to provide a synthesis to:

1. assess the overall role and meaningful contribution of the Project in achieving sustainable management of forest resources in tropical timber producing countries taking into account ITTO's objectives, the ITTO Yokohama Action Plan 2002-2006 and Objective 2000.
2. evaluate the overall contribution of the project to build capacity to identify, formulate, and implement AR-CDM projects in ITTO producer member countries in the tropics and to the restoration, management and rehabilitation of degraded and secondary tropical forests.
3. evaluate the overall impact on and relevance of the project for ITTO and others as appropriate
4. evaluate the overall attainment of the objectives and assess the overall effectiveness of the project.
5. evaluate the overall appropriateness of the costs and cost structure and use of resources of the project.

The consultant was required, *inter alia*, to make recommendations on:

1. the need for similar projects in the future;
2. innovative approaches/designs for projects aiming at promoting the restoration, management and rehabilitation of degraded and secondary tropical forests;

3. appropriate target groups, e.g. countries, government, organizations, forestry sector, local communities;
4. the organizational arrangements of such projects;
5. follow-up and evaluation practices; and
6. further actions needed to sustain or increase the intended effects on sustainable management of forest resources and Objective 2000 and to draw conclusions which may be of relevance to other ITTO projects.

In addition to addressing the above, the consultant was expected to conduct the evaluation in such a way as to answer the questions identified in the ex-post evaluation checklist provided in the ITTO Manual for Project Monitoring Review and Evaluation.

The Work Schedule for the consultant involved:

- desk review of project-related documents and materials provided by ITTO;
- visit by the consultant to the ITTO Secretariat for a further desk review of Project materials and to carry out evaluation work, including consultation with a collaborator in Japan to evaluate the project results and impact, as well as discussions with project stakeholders and target beneficiaries.
- preparation of an Ex-post Evaluation Report in English for the Project in accordance with the Scope of Work and the checklist contained in the ITTO Manual for Project Monitoring, Review and Evaluation;
- preparation of an executive summary focusing on the overall assessment of the project's relative success in contributing to ITTO's Objectives, the Objective 2000 and the ITTO Yokohama Action Plan 2002-2006, summarizing the key lessons learnt; and identifying any issues or problems which constrained their contribution to the achievement of Objective 2000;
- presentation of the ex-post evaluation report (to be called: Overall Executive Summary) at the Forty-eighth Session of the International Tropical Timber Council (November 2012, Yokohama, Japan); and
- preparation of an article for possible publication in the ITTO Tropical Forest Update (TFU), in consultation with the editor, containing an overview of the projects and summarizing the lessons learned from the evaluation work.

### **3: Evaluation Methodology**

The evaluation methodology employed by the consultant involved:

- a review of the:
  - Project document;
  - Project workshop reports; and
  - ITTO mission reports;
- discussions with the relevant staff at the ITTO Secretariat who were involved with the implementation of the Project;
- analyzing questionnaire sent to 6 representative participants to the capacity building workshops (two from each of the three ITTO regions), and asking for their views and comments on whether or not the Project achieved its intended objectives including outcomes and impacts.

There was 100% return rate for the questionnaire sent to the representative participants. A copy of the questionnaire is at **Appendix 1**. The details of the respondents to the questionnaire are at **Appendix 2**. A summary of the survey participants' responses is at **Appendix 3**.

The consultant visited the ITTO Secretariat in Yokohama, Japan, from 3rd to 8<sup>th</sup> June 2012. The itinerary is at **Appendix 4**. The list of individuals consulted during the visit to the ITTO Secretariat is at **Appendix 5** and the Evaluation Work plan is at **Appendix 6**.

## **4: Findings and Lessons Learned**

### **4.1: Efficiency**

Efficiency relates to an assessment of:

- how the Project inputs were used, and the Project activities in the Work Plan were undertaken, in producing the project outputs in a cost-effective manner; and
- the quality of the outputs produced.

Based on the review of the Project's Mission Reports, the Workshop Reports and discussions with staff at the ITTO Secretariat who were involved with the Project's implementation, the consultant concluded that, overall, the Project was executed efficiently.

Although not all the activities in the Project document and the Work Plan were undertaken (for example the activities related to Outputs 5 and 6 were not completed), those that were undertaken (activities under Outputs 1 to 4) were completed successfully. The allocated resources for Outputs 1 to 4 were used as per the Project's budget and the scheduled activities.

The Project duration approved by the ITTO was 36 months. However, the actual duration was 68 months. In all, there were four extensions to the Project.

The delays in the Project implementation, which required the four extensions, were caused by circumstances beyond the control of the ITTO Secretariat.

First, the ITTO Secretariat could not have anticipated the extent of the effort that was going to be required to identify suitable host countries for the workshops, as well as, the complex and complicated negotiations necessary for organising the workshops.

At the time of the Project's initiation, Climate Change and the mechanisms under the Kyoto Protocol were a major priority for the international community. It was therefore reasonable for the ITTO Secretariat to assume that it would be easy to identify suitable and willing host countries for the workshops.

Second, the magnitude and complexity of the rules, and the continually changing formulation, approval and funding requirements for AR-CDM projects (due in part to the fact that the market for CERs from AR-CDM projects were not well developed), delayed the finalisation of pilot projects. For example, it took enormous amount of time for Project Design Documents for the selected pilot projects to be further improved based on recommendations of expert consultants following the conclusion of each workshop.

The ITTO Secretariat was reluctant to commence work and other preparatory activities for new workshops until it was satisfied that selected pilot Project Design Documents from previous workshops had progressed sufficiently to a point where it could be submitted to the CDM Executive Board for consideration.

Third, following the first two investment promotion workshops in Japan, it became obvious to the ITTO Secretariat that the focus of the Japanese Carbon Credit scheme was on larger, energy projects, which promised quicker generation of CERs rather small AR-CDM projects with long gestation period, and therefore more risky.

With limited interest shown by Japanese CER buyers in AR-CDM projects, the ITTO Secretariat could not justify proceeding with the implementation of activities under Outputs 5 and 6.

### **4.2: Effectiveness**

Effectiveness relates to an assessment of the project's achievements i.e. the outputs, and how the outputs contributed to the Specific and Development Objectives.

After reviewing all Project documents and discussions with the relevant ITTO Secretariat staff, as well as the independent consultant who helped with organizing the investment workshop in Japan, the consultant concluded that the Project's Developmental Objective and Specific Objective were partly achieved.

The total Project expenditure was \$US672, 166. The unspent balance of \$US270, 000 was returned to the Bali Partnership Fund.

In summary, the consultant considers that the Project partly achieved its Specific and Developmental Objectives through:

- satisfactorily organizing the six regional capacity building workshops, two per ITTO region;
- assisting participants to further refine the draft PDDs which they brought to the workshops, which resulted in the selection of 6 pilot projects, two per each region, for further development;
- preparing a manual to guide AR-CDM project developers on the identification and formulation of AR-CDM project activities, including bioenergy projects for the regulatory carbon market;
- organizing two investment seminars/workshops in Japan ( with an estimated attendance of 30 participants per each seminar/workshop) in an attempt to interest Japanese public and private sector buyers in CERs from AR-CDM projects;
- surveying selected major Japanese private entities, which were active in the carbon market at the time, to gauge their interest in purchasing CERs from AR-CDM projects; and
- developing a carbon calculator ([http://www.itto.int/carbon\\_calculator/](http://www.itto.int/carbon_calculator/)).

#### **4.3: Effectiveness by Outputs**

##### **4.3.1: Details of Outputs Achieved by the Project**

###### **4.3.1.1: Output 1:- Manual for AR-CDM project developers on how to identify and formulate AR-CDM projects**

The Project developed a guidebook or manual for AR-CDM project developers on how to identify and formulate AR-CDM project activities. The manual, "ITTO publication (TS 25 / 2006)" is available to interested parties. It is also available on ITTO website at [http://www.itto.int/technical\\_report/?pageID=2](http://www.itto.int/technical_report/?pageID=2).

The guidebook or manual describes the conceptual and procedural details for formulating afforestation and reforestation projects under the CDM. It also describes how AR-CDM GHG baseline scenarios can be determined, as the basis for quantifying benefits from AR-CDM projects.

Since completion, with the support of UNEP's CASCADE programme, Winrock International has updated the ITTO guidebook to include bioenergy projects in the regulatory carbon market. The updated version includes new information on bio-energy projects, as well as an Annex on voluntary carbon markets.

###### **4.3.1.2: Output 2:- Six regional workshops to provide training for potential project developers and/or other stakeholders in AR-CDM host countries on how to obtain AR-CDM registration with the international CDM supervisory board and funding.**

Six regional capacity building workshops on Afforestation and Reforestation CDM Project Development were organized as follows:-

- The Latin American Regional Workshop on AR-CDM Project Formulation was organized in Lima, Peru, from 19<sup>th</sup> to 23<sup>rd</sup> March 2007 in collaboration with the Peruvian Ministry of Agriculture, the National Environment Fund (FONAM) and the National Institute of Natural Resources (INRENA). The Workshop was attended by over 50 participants, including national delegations from the Latin American ITTO member countries.
- The Latin American Regional Capacity Building workshop on Afforestation and Reforestation Projects CDM Development was held from 29<sup>th</sup> September to 3<sup>rd</sup> October 2008, in Puerto Vallarta, Jalisco, Mexico. The workshop was organized in close collaboration with the Government of Mexico through Comisión Nacional Forestal (CONAFOR). The workshop was attended by about 40 participants from ITTO producing member countries in Latin America and Caribbean. A representative from a regional bank also participated in the workshop and introduced selection criteria and a prospective of the investment of AR CDM projects. In addition to the main elements of

AR CDM project document, the workshop provided an opportunity to introduce forest sector issues under the UNFCCC, the Kyoto Protocol and the Clean Development Mechanism. Information on the Forest Carbon Partnership Facility of the World Bank was also introduced along with the REDD and an experience of developing a methodology by a private consulting company in US.

- The International Workshop on Clean Development Mechanism (CDM) – Opportunities and Challenges for the Forest Industry Sector in Sub-Saharan Tropical Africa held in Accra, Ghana from 2<sup>nd</sup> to 5<sup>th</sup> October, 2006, in collaboration with the Ghana Forestry Commission (GFC) and the Forest Research Institute of Ghana (FORIG). The Workshop was attended by participants from both ITTO member countries and non-ITTO member countries from Sub-Saharan Africa.
- The African Regional Workshop on Afforestation and Reforestation CDM Project Design was held at Grand-Bassam, Côte d'Ivoire, from 23<sup>rd</sup> to 27<sup>th</sup> June 2008 in collaboration with the National Forestry Development Corporation of Côte d'Ivoire (SODEFOR). The workshop was attended by 28 participants from nine African ITTO member countries, the Ministry of Environment and Forestry of Côte d'Ivoire, the National Rural Development Support Agency of Côte d'Ivoire (ANADER) and SODEFOR, as well as experts from the French Forestry Commission (ONF).
- Asia-Pacific Regional Workshop on Afforestation and Reforestation Projects Development under the CDM was held from 8<sup>th</sup> to 12<sup>th</sup> September 2008 in Seoul, Korea, in collaboration with the Seoul National University and with the support of Korea Forest Service and EcoService International. The workshop was attended by 50 participants.
- ASEAN-ITTO Regional Workshop on Perspectives of Clean Development Mechanism (CDM) Forestry Projects in Asia and the Pacific, held in Phnom Penh, Cambodia, from 22 to 24 March 2006. It was attended by 52 participants. The Workshop was attended by representatives from ASEAN and ITTO Members, as well representatives from international organisations, Non-governmental organisations, the private sector and research institutions.

**4.3.1.3: Output 3:- Project Design Documents for six AR-CDM projects submitted to the international CDM supervisory body**

Six draft project ideas were selected from the three regional workshops, two projects for each region, for further development into small-scale AR-CDM PDDs as follows:

Country	Title of small-scale AR-CDM project idea
Ghana	Reforestation of the catchment area of the Volta Lake in Ghana
Côte d'Ivoire	Reforestation in degraded forest lands in Quick Grah in Southwest of Côte d'Ivoire
Cambodia	Small-scale cooperative reforestation CDM pilot project on public lands affected by shifting cultivation in Chi Phat Commune, Koh Kong Province, Cambodia
Myanmar	Community-based small scale reforestation project under the CDM in the degraded mangrove forest of Ayeyawady Delta, Myanmar
Mexico	Reforestation of mangrove forest in the state of Nayarit through sustainable forest management by the communities and cooperatives
Panama	Establishment of a small-scale reforestation A/R CDM project in the communities of Rome and Piñuela, Antón, Republic of Panama

Of these PDDs, the ITTO Secretariat reported that those from Ghana and Myanmar are the most advanced.

**4.3.1.4: Output 4:- Guide for CER buyers and investors on emission trading schemes, focusing on the Japanese scheme, with targeted information about rewards, as well as risks and issues related to AR-CDM projects.**

Two AR-CDM Carbon Investment Forums were organized in Tokyo on 17 October 2006 and 19 November 2009 with the support of the Pacific Consultant CO LTD (Japan). Each forum was attended by about 30 participants from the Japanese private sector.

The forums provided an opportunity to overview GHG market developments in the context of AR-CDM projects and associated financial and investment issues, as well as review the six draft AR-CDM project ideas selected at the six regional workshops.

The Project also interviewed some of Japan's major private entities, including from the pulp and paper and forest, power/utility and manufacturing sectors, which were active in the carbon market at the time, to gauge their interest in AR-CDM projects. The results of interview showed that the demand for carbon credits from AR-CDM projects was limited in Japan due to the following:

- Replacement duty of tCERs and ICERs: From a corporate point of view, replacement duty is a debt in the future. The uncertainty of future prices of carbon credits made it difficult for private sector companies to make investment decisions.
- The absence of procurement systems from the government. At the time of the interviews, tCERs or ICERs were not linked to the Japanese government's achievement of its binding emission reduction target under the Kyoto Protocol.
- Complicated rules of AR-CDM: As rules are too complicated and were evolving continually, private sector companies were hesitant to invest in a scheme where risks were considered to be too high.

#### **4.3.1.5: Output 5:- Studies for the selected AR-CDM projects to facilitate investments**

- Activities were not undertaken.

#### **4.3.1.6: Output 6:-Extension programme for technical and financial support for AR-CDM projects.**

- The only activity undertaken under this Output was the development of a carbon calculator ([http://www.itto.int/carbon\\_calculator/](http://www.itto.int/carbon_calculator/)).

#### **4.4: Dissemination of Results**

The Project manual "Guidebook for the formulation of afforestation and reforestation projects under the Clean Development Mechanism - ITTO publication (TS 25 / 2006, and the subsequent revised version to include projects on bioenergy for the regulatory carbon market, has been the main vehicle for disseminating the results of the Project.

In addition to being available to interested parties on the ITTO website at: [http://www.itto.int/technical\\_report/?pageID=2](http://www.itto.int/technical_report/?pageID=2), copies of the manual have been distributed at all International Tropical Timber Council meetings held at both headquarters in Yokohama, Japan and developing ITTO tropical countries since publication.

The carbon calculator is also available to interested parties at: [http://www.itto.int/carbon\\_calculator/](http://www.itto.int/carbon_calculator/).

#### **4.5: Project Sustainability**

Project Sustainability assesses the extent to which the beneficiary countries continue to maintain and use the facilities and other infrastructure from an ITTO-funded project in on-going activities, in a manner which continues to further the Project's Specific and Development Objectives, and therefore create broader and enduring impacts after the ITTO-funded project has been completed officially, and funding has ceased.

Table 1 summarises the responses from participants from 6 representative countries which participated in the workshops in relation to project sustainability.

**TABLE 1: SUSTAINABILITY OF THE PROJECT**

	Has Workshop supported on-going AR-CDM activities?	Has country developed AR-CDM projects?	Has country been successful in attracting AR-CDM funding?	Has Workshop helped SFM Activities?
<b>COTE D'IVOIRE</b>	YES	NO	NO	YES
<b>GHANA</b>	YES	YES	YES	YES
<b>GUYANA</b>	NO	NO	NO	YES
<b>INDIA</b>	YES	YES	YES	YES
<b>MEXICO</b>	NO	NO	NO	YES
<b>MYANMAR</b>	NO	NO	NO	YES

At the country level, 3 (Cote D'Ivoire, Ghana and India) out of the 6 countries surveyed reported that the workshops had supported on-going AR-CDM activities in their country. Only 2 (India and Ghana) reported that the workshops had assisted them in attracting AR-CDM funding. Again only Ghana and India reported that their countries had developed AR-CDM projects since the workshop and received funding for them.

In Mexico, several Project Idea Notes (PINs) and Project Design Documents (PDDs) were produced and some have been submitted to institutions or organizations which are seeking for financing for AR-CDM activities.

It can therefore be concluded that the Project's sustainability, in terms of the workshop catalysing further AR-CDM activities in the participating countries, has been limited. This conclusion is based on the fact that:

- based on the results of the survey conducted, only two countries (33.33%) have developed AR-CDM projects and received funding for them. Similarly only two countries (India and Ghana) reported that the workshops had contributed to on-going AR-CDM activities in their countries; and
- based on the review of projects reports at the ITTO Secretariat, none of the six pilot projects developed as part of the workshops has progressed to the stage where it could be submitted to the CDM Executive Board for assessment;

However, it would appear that the Project has been sustainable in assisting the participating countries in:

- improving SFM activities. All 6 countries surveyed (100%) reported that the workshops had contributed to their country's SFM sectoral policies/strategies and activities; and
- applying the knowledge from the Project, as well as using the manual (in particular for estimating anthropogenic forest-related greenhouse gas emissions by sources and removals by sinks), in developing projects for funding consideration under the ITTO's Thematic Programme on REDDES (Reducing Deforestation and Forest Degradation and Enhancing Environmental Services).

REDDES aims to strengthen the capacity of ITTO's developing member countries and their stakeholders to reduce unplanned deforestation and forest degradation, as well as maintain and enhance climate change mitigation actions.

#### **4.6: Impact and Effects**

##### **4.6.1: Capacity Building Workshops**

Six regional workshops were organised to assist participating countries in addressing key constraints to AR-CDM activities, and to build capacity in the countries. The six regional workshops provided training for more than 300 technicians and policy-makers in ITTO developing member countries in how to write project documents in accordance with the rules and the procedures of AR-CDM.

The survey results in Table 2 below confirmed that prior to the workshops, countries faced major constraints (lack of technical knowledge, lack of investment/funding and lack of institutional framework) to identifying, developing and implementing AR-CDM.

**TABLE 2: TYPES OF CONSTRAINTS EXISTING IN COUNTRIES FOR AR-CDM PROJECTS PRIOR TO WORKSHOPS**

<b>COUNTRIES SURVEYED</b>	<b>NATURE OF CONSTRAINTS</b>
<b>COTE D'IVOIRE</b>	<ul style="list-style-type: none"> <li>• Lack of Technical knowledge</li> </ul>
<b>GHANA</b>	<ul style="list-style-type: none"> <li>• Lack of technical knowledge</li> <li>• Lack of investment/funding</li> <li>• Lack of institutional framework</li> </ul>
<b>GUYANA</b>	<ul style="list-style-type: none"> <li>• Lack of Technical knowledge</li> <li>• Lack of investment/funding</li> </ul>
<b>INDIA</b>	<ul style="list-style-type: none"> <li>• Lack of technical knowledge</li> <li>• Lack of institutional framework</li> </ul>
<b>MEXICO</b>	<ul style="list-style-type: none"> <li>• Lack of technical knowledge</li> <li>• Lack of investment/funding</li> <li>• Lack of institutional framework</li> </ul>
<b>MYANMAR</b>	<ul style="list-style-type: none"> <li>• Lack of technical knowledge</li> </ul>

Table 3 summarises the responses of the 6 countries surveyed on whether or not the workshops were effective in addressing the pre-existing constraints to the AR-CDM project activities.

**TABLE 3: EFFECTIVENESS OF WORKSHOP IN HELPING BUILD AR-CDM CAPACITY**

<b>COUNTRIES SURVEYED</b>	<b>Did Workshop address constraints to AR-CDM Projects</b>
<b>COTE D'IVOIRE</b>	YES
<b>GHANA</b>	YES
<b>GUYANA</b>	YES
<b>INDIA</b>	YES
<b>MEXICO</b>	YES
<b>MYANMAR</b>	YES

Cote D'Ivoire reported that the workshops have contributed to the development of capacity in project document preparation. However, there is need for on-going training for project proponents.

Ghana reported that prior to the workshops, capacity and awareness of AR-CDM project issues were lacking at all levels including major stakeholders.

Guyana reported that the workshops provided opportunities to

- better comprehend the concepts and requirements of AR-CDM projects;
- create alliances amongst countries and thus created the environment for easy sharing of information and case studies; and
- learn about how to identify and formulate AR-CDM project activities.

The Guyana participant reported that the main impacts of the workshops were the following:

- skills gained have supported the country's sustainable forest management activities;
- the workshops have provided better understanding of the concepts and requirements of AR-CDM projects;
- skills have been developed in the identification and formulation of AR-CDM project activities; and
- knowledge of AR-CDM projects in other countries.

Mexico reported that the workshops helped them to:

- better understand the critical technical aspects to focus on when developing AR CDM projects;
- understand how to conduct financing analysis of AR-CDM projects; and
- understand how to address properly the issue of additionality.

They also assisted in creating institutional capacities, which have been useful with the training of other forestry professionals in their understanding of CDM and the Kyoto Protocol, as well as carbon financing and markets in general.

From the legal point of view, the workshops helped to start a national debate in Mexico on the issue of carbon property rights, accounting and responsibility. Mexico reported that addressing these issues has been critical in the process of building a new legal framework for carbon financing under a new law passed by the Mexican Congress this year (2012).

Building human and institutional capacity around AR-CDM projects has also supported Mexico in developing a national REDD strategy.

In addition, the human and institutional capacities created with support of these workshops, have helped Mexico to better understand the issues related to mitigation options in forestry sector, as well as other technical issues related to monitoring and verification, leakage, sources of emissions, carbon stocks and the overall design of AR-CDM projects.

Myanmar reported that the knowledge gained from the workshop on AR- CDM activities has been shared with forest department staffs including official of the department, and related stakeholders in the forestry sector. This has increased awareness of climate change issues and promoted forest conservation and forest plantation. The main impacts in Myanmar have been:

- capacity in the identification, design and formulation of AR-CDM projects; and
- awareness raising and community participation in forest management.

In summary, all the six countries surveyed for the evaluation reported that the workshops were effective in assisting to address the existing constraints to AR-CDM project activities. In addition, the workshops assisted in enhancing their knowledge and understanding of AR-CDM projects such as: project design documents, baseline and monitoring methodologies, as well as the related financial and investment issues.

The regional workshops also provided important opportunities for the participants to update themselves, as well as better understand the status and trends of carbon markets and reducing emissions from deforestation and forest degradation (REDD).

Many of the workshop participants were from institutions and agencies which were associated with climate change issues in their countries. The training provided at the workshops assisted in enhancing their knowledge, skills and capacities for negotiations at international fora related to climate change issues such as Conference of Parties (COP) and REDD.

Although the regional workshops contributed to building the capacity of participants in AR-CDM project identification, design and formulation in the participating countries, the objective of using AR-CDM projects as a mechanism for attracting additional finance in support of SFM in tropical producer countries is yet to be fully realised.

Of the six countries surveyed, only two (Ghana and India representing 33.3%) reported that they had been successful in attracting funding for AR-CDM projects.

Since the workshops, Ghana has developed the following three AR-CDM projects:

- Restoration of Degraded Pamu Berekum Forest Reserve for AR-CDM;
- Development of Oda Kotoamso Agroforestry Project for AR-CDM; and
- Ghana Rubber Plantation Outgrowers AR-CDM.

and secured funding for the following AR-CDM/SFM projects.

- Ghana Rubber Plantation Outgrowers AR-CDM;
- World Bank REDD Readiness Project; and

- Capacity Building for CDM Forestry in the Framework of SFM Emphasising Community Forests and Poverty Alleviation in Ghana.

India did not provide details of the AR-CDM projects/activities for which it had secured funding.

The limited success of countries in completing PDDs for projects initiated and/or new ones commenced at the workshops can be attributed in part to the complicated and ever-changing rules and requirements for A/R CDM projects. These rules make completing AR-CDM projects time consuming and expensive, and often beyond the resources of developing countries, including ITTO tropical developing countries, for whom the CDM mechanism in the Kyoto Protocol was aimed to assist.

Indeed, in spite of the enormous efforts made globally by international and national organizations such as the ITTO, an estimated 1% of the CDM projects registered to date with the CDM Executive Board are in the forestry sector.

In addition, the small and often community-based nature of most AR-CDM projects means that they are generally not attractive to large investors. As well, forestry-related CDM projects are outside the regulated carbon market, and thus not eligible to be used by Annex 1 countries for emissions reduction during the first commitment period of the Kyoto Protocol.

For ITTO tropical producer countries, one major hurdle has been the criteria for selecting eligible land which could qualify as AR-CDM projects, and therefore create the opportunity for attracting additional finance in support of SFM activities.

If the activity is for reforestation, it means that the land should have been non-forest as on 31 December 1989 and at the beginning of the project. If the project is for afforestation, it means that the land should have been non-forest for the past 50 years. These strict criteria automatically made degraded forests in commercial forest estates ineligible for AR-CDM projects.

#### **4.6.2: Collaboration**

The Project further enhanced ITTO's networking and collaboration activities with a wide range of national and international research institutions, international organisations such as UNEP, NGOs and other independent specialists and experts in AR-CDM-related activities.

#### **4.6.3: ITTO's Sectoral activities**

The direct impact of the Project on AR-CDM activities in ITTO tropical producer countries such as developing AR-CDM projects as means of attracting additional finance to support their SFM initiatives may have been limited. However, the guidebook would indirectly progress the aims and objectives of ITTO's sectoral activity related to the rehabilitation of degraded forest lands.

Rehabilitation of degraded forest lands would sequester carbon and therefore contribute to building forest carbon stocks, while at the same time assisting in securing the natural resource base for the international trade in tropical wood products.

### **5: Lessons Learned**

Lessons learned aim to assist the ITTO to:

- improve the conduct of similar workshops in the future; and
- continually improve its service delivery to its members and other stakeholders.

The main lessons learned as reported by the participating countries are the following:

- Lack of capacity continues to be a major hurdle to the successful development of AR-CDM projects in ITTO developing member countries. Although the workshops assisted in developing some human and institutional capacities in the participating countries in the identification, design and formulation of AR-CDM projects, there is need for on-going capacity building activities, to ensure sustainability, given the complexity and ever changing nature of the rules and requirements for AR-CDM projects.
- Several of the countries surveyed commented that some of the participants to the workshops had no previous training in forestry projects (reforestation/afforestation). This made it difficult for them to understand the issues being discussed. The speakers and trainers consumed valuable training time by bringing these participants up to speed

on the basic elements of AR-CDM, to the disadvantage of those participants with adequate technical/professional background. For future workshops, better screening of participants is necessary to ensure that individuals with some background in AR-CDM activities are selected to attend.

- Future workshops should also use real projects already under implementation as case studies, to better assist participants in understanding and grasping the critical issues and challenges involved in developing and implementing AR-CDM projects.
- More field visits and practical demonstrations would have assisted the participants better in understanding the concepts.
- Capacity building workshops of this kind should involve more scientists who are dealing with AR-CDM related issues than policy makers.
- Implementing a project which involved, and relied, on the support and cooperation of several collaborators and stakeholders can be costly, complicated, time consuming and risky. The actual duration of the Project was 68 months instead of the planned 36 months, partly because of the difficulty and complexity of identifying suitable host countries for the workshops, including in-country officials and collaborators.
- Future workshops should focus better on:
  - helping to increase the skills of professionals working on climate change in forestry at the national level;
  - providing guidance on best practice land management and forestry that have been proven to allow more people to participate in the creation of the carbon project;
  - explaining the basic concepts and methods of preparing Project Identification Notes (PINs), and the ability to assess carbon sequestration as part of a project scenario of the PINs; and
  - practical exercises to enable each country to prepare Project Documents (PDDs) under the CDM which is based on a good selection of a methodology for the baseline;
- Future training workshops should include participants from the private sector cover topics including the following:
  - how to develop project ideas;
  - how to get funding for AR-CDM carbon projects;
  - how to establish an initial database for the project;
  - how to monitor the project; and
  - how to record, validate and verify the project.
- It is difficult or often impossible to guarantee the sustainability of projects which are part of high profile international initiatives such as climate change, because of the risk that global interest in the initiative may wane over time. Almost all the six projects selected from the regional projects have not progressed further partly due to the complexity and time-consuming nature of the compliance rules and requirements for AR-CDM projects, but also because of the current limited global interest in climate change as a priority issue, compared with the severe financial crises engulfing many major economies. Any continuing interest in climate change and emission trading is limited largely at individual country level. This is in line with the conclusion of the report “State and Trends of the Carbon Market 2012”, which indicated that in the near term, the outlook for the carbon market remains gloomy, with the only light on the horizon being the development of new domestic and regional market mechanisms such as those passed in Australia, California, Quebec, Mexico and South Korea.
- Linking a project to an international initiative, whose compliance requirements are many, complex and continually evolving including its market, was risky. The commitment of project developers who attended the capacity building workshops and

the interest of potential investors have not been maintained partly due to the complexity of the requirements and rules for developing AR-CDM projects from inception to final approval and funding.

## **6: Recommendations**

### **6.1: For the ITTO.**

- Carbon credits are one of a number of environmental services that can be derived from the successful implementation of sustainable forest management activities in tropical forests. Others are high quality wood and non-wood products, biodiversity and water. The ITTO may wish to explore how the lessons from this Project can continue to inform its approach and policy work in the area of sustainable forest management (SFM) to firmly embrace multiple use objectives.
- In this context, it is also recommended that the ITTO should continue to use its substantial skills, expertise and experience to provide international leadership to ensure that the focus of REDD++ continues to embrace multiple use including commercial wood production in native tropical forests and plantations, rather than conservation and preservation.
- For future workshops with scientific/technical content, the ITTO should work closely with the invited countries to ensure that individuals with appropriate technical and scientific background are invited to participate.
- The workshops were held at a time when few AR-CDM methodologies were available and even less projects had been approved by the Executive Board. Now that there is more experience with the developed methodologies and more projects have been developed and implemented, in some cases with the results studied and assessed, it may be timely for the ITTO consider conducting a new round of workshops focusing not only on AR-CDM projects, but on forest carbon projects in general (including REDD), by taking into account the fact that voluntary markets are better developed for the forestry sector. Alternatively, the ITTO should consider assisting countries who may want to conduct their own in-country training to provide on-going training in capacity building to do so.
- To reduce delays and ensure similar projects are implemented and completed within schedule, it is recommended that the ITTO undertake extensive prior planning and preparation as part of the project development involving:
  - identification of potential host countries;
  - collaborators; and
  - other relevant stakeholders.

### **6.2: For the Country**

- The sustainability of capacity building, particularly in an area such as AR-CDM where the rules and approval requirements are many, complex and continually changing, requires on-going commitment. For similar future projects, it is important for participating countries to be aware that ITTO's contribution can only be a starting point, and that it would require on-going investment in training to ensure the continued availability and maintenance of the capacity so as the realize benefits fully.
- Countries should ensure that participants with the relevant knowledge and backgrounds are selected for similar workshops, particularly where the subject matter or course content is specialized and highly technical.
- Six pilot projects were selected from the capacity building workshops for further development and submission to the CDM Executive Board for assessment. However, this has not yet occurred. The relevant countries may wish to consider reformulating the projects to meet the objectives and priorities of ITTO's sectoral activities, for submission and funding consideration as part of the organisation's normal projects and pre-projects cycle, including the REDDES Thematic Program.

## **7: Conclusions**

The main conclusions of the evaluation are that:

- The Project's overall aims were consistent with the ITTO's core objective of supporting sustainable forest management activities in its developing member countries, aimed at securing the natural resource base for the international tropical trade.
- Despite delays, overall, the Project was effectively and efficiently implemented.
- Project outcomes achieved were effectively and adequately disseminated.
- The Project partly achieved its developmental and specific objectives through conducting six regional workshops: two in each of the three ITTO regions, and developing a manual to guide the identification, design and formulation of AR-CDM projects.
- The Project contributed to addressing some of the main constraints to the identification, design and formulation of AR-CDM projects in developing ITTO member countries.
- The Project contributed substantially to raising the awareness of AR-CDM projects, and in particular, the potential for these projects to support the SFM activities of developing ITTO member countries.
- Because of the complexity of the methodologies and rules governing AR-CDM projects, as well as the fact that they are continually evolving, it is important that training and capacity building activities be on-going, with the ITTO Project as an important first step.
- The Project also contributed to laying the foundations in the participating countries in building human and institutional capacities in the identification, design and formulation of AR-CDM projects, including negotiation skills for REDD and preparation of projects under the ITTO's REDDES Thematic Project.
- The objective of developing six pilot projects for submission to the CDM Executive Board for assessment was not fully realized due in part to the many, complex and continually changing nature of the rules and requirements for AR-CDM projects, which reduced enthusiasm and commitment to the projects in the selected host countries.
- The objective of bringing project developers and potential public and private sector carbon credit buyers and investors was also only partially successful due to the risky nature of AR-CDM projects, because of often small size and long gestation in creating transferable carbon credits.
- Additional prior planning such as identifying suitable host countries and collaborators for the workshop would have been useful in minimizing the delays with the Project's implementation.

## **APPENDICES**





## **APPENDIX 2**

### **DETAILS OF THE RESPONDENTS TO THE QUESTIONNAIRE**

<b>Name of Respondent</b>	<b>Contact Details</b>
Dr Promode Kant Director, Institute of Green Economy	C 312, Defence Colony New Delhi 110024 Telefax: +911146103509 Cell: +919873437021 Website: <a href="http://igrec.in">http://igrec.in</a>
Tasreef Khan Assistant Commissioner Forest Management	Guyana Forestry Commission 1 Water Street Kingston Georgetown, Guyana.
DJA Lucien	SOCIETE DE DEVELOPPEMENT DES FORETS (SODEFOR). Cote D'Ivoire <a href="mailto:luciendja@yahoo.fr">luciendja@yahoo.fr</a>
Ing. José Armando Alanís de la Rosa Dirección de Cooperación	Unidad de Asuntos Internacionales y Fomento Financiero Comisión Nacional Forestal Tel +52(33)3777-7000 ext. 1720 <a href="mailto:jalanis@conafor.gob.mx">jalanis@conafor.gob.mx</a> <a href="http://www.conafor.gob.mx">www.conafor.gob.mx</a> skype: armando.alanis
Emmanuel Opuni Frimpon Principal Research Scientist	Forestry Research Institute of Ghana P. O. Box UP 63 KNUST Kumasi, Ghana / West Africa Tel :+233-(0)3220-60123/60373 Fax :+233-(0)3220-60121 skype address is eopunifr Cell: 233207443787
Mr Bo Ni Assistant Director	Forestry Department Tel: 95-67440 5016 Fax: 95-6740 5016 E-mail: <a href="mailto:dg.fd@mptmail.net.mm">dg.fd@mptmail.net.mm</a>

### APPENDIX 3

#### SUMMARY OF RESPONSES FROM THE QUESTIONNAIRE

COUNTRIES SURVEYED	LEVEL OF CAPACITY IN AR-CDM PROJECTS PRIOR TO WORKSHOPS	SITUATION AFTER WORKSOP	PROJECT SUSTAINABILITY EFFECTS/IMPACTS	LESSONS LEARNED	SUGGESTIONS FOR IMPROVING FUTURE WORKSHOPS
<b>COTE D'IVOIRE</b>	Lack of technical knowledge	<ul style="list-style-type: none"> <li>• Workshop helped to address lack of technical knowledge</li> <li>• Workshop was effective in helping development of AR-CDM Projects</li> </ul>	<ul style="list-style-type: none"> <li>• Catalyst for a workshop on developing a definition for “tree”</li> <li>• Skills learnt have assisted SFM in country.</li> <li>• Some DDP developed but not finalised</li> </ul>	<ul style="list-style-type: none"> <li>• Project proponents and trainers require on-going training</li> <li>• Not been successful in attracting funds for AR-CDM projects</li> </ul>	<ul style="list-style-type: none"> <li>• More training required at national level for professionals working on forestry and climate change.</li> <li>• More information required on proven best practice land management and forestry approaches for AR-CDM projects.</li> <li>• More training/information needed on basic concepts and methods for developing PINs</li> <li>• More training/information required on assessing CO2</li> </ul>

					sequestration scenarios for AR-CDM Projects <ul style="list-style-type: none"> <li>• Practical examples on baseline selection methodologies to assist countries develop PDDs.</li> </ul>
<b>COUNTRIES SURVEYED</b>	<b>LEVEL OF CAPACITY IN AR-CDM PROJECTS PRIOR TO WORKSHOPS</b>	<b>SITUATION AFTER WORKSOP</b>	<b>PROJECT SUSTAINABILITY EFFECTS/IMPACTS</b>	<b>LESSONS LEARNED</b>	<b>SUGGESTIONS FOR IMPROVING FUTURE WORKSHOPS</b>
<b>GHANA</b>	<ul style="list-style-type: none"> <li>• Lack of technical knowledge</li> <li>• Lack of investment/funding</li> <li>• Lack of institutional framework</li> <li>• Lack of awareness and capacity at all levels including major stakeholders</li> </ul>	<ul style="list-style-type: none"> <li>• Developed capacity in carbon stock estimation.</li> <li>• Increased stakeholder awareness and capacity building through national level workshops</li> <li>• Assisted very effectively in developing AR-CDM projects</li> </ul>	<ul style="list-style-type: none"> <li>• Workshop assisted in developing 3 AR-CDM projects.</li> <li>• Has assisted in attracting funding for 3 SFM-related activities.</li> <li>• Participants in workshops re now leaders in climate change activities in Ghana.</li> <li>• Methodology for one AR-CDM project approved.</li> <li>• DNA approved PIN for another AR-CDM project.</li> <li>• Workshop assisted in identification, design,</li> </ul>		<ul style="list-style-type: none"> <li>• AR-CDM Capacity Building activities should involve more scientists than policy makers.</li> </ul>

			formulation and implementation of AR-CDM projects and SFM activities.		
<b>GUYANA</b>	<ul style="list-style-type: none"> <li>Lack of technical knowledge.</li> <li>Lack of investment/funding.</li> </ul>	<ul style="list-style-type: none"> <li>Provided opportunities to better comprehend concepts and requirements for AR-CDM projects.</li> <li>Assisted in identification and formulation of AR-CDM projects/activities</li> <li>Has been effective in development and implementation of AR-CDM projects.</li> </ul>	<ul style="list-style-type: none"> <li>Provided opportunity to create alliances amongst participating countries for experience sharing and learning</li> <li>Has not supported on-going AR-CDM activities.</li> <li>Has not assisted in attracting funding for SFM activities.</li> <li>Skills gained have helped in policies and strategies for SFM activities.</li> <li>Main impact has been on SFM activities.</li> </ul>		<ul style="list-style-type: none"> <li>No AR-CDM projects developed since workshop.</li> <li>More field visits and demonstrations to assist in better understanding concepts.</li> <li>More case studies needed to help identify project opportunities and challenges and how to address challenges.</li> </ul>
<b>COUNTRIES SURVEYED</b>	<b>LEVEL OF CAPACITY IN AR-CDM PROJECTS PRIOR TO WORKSHOPS</b>	<b>SITUATION AFTER WORKSHOP</b>	<b>PROJECT SUSTAINABILITY EFFECTS/IMPACTS</b>	<b>LESSONS LEARNED</b>	<b>SUGGESTIONS FOR IMPROVING FUTURE WORKSHOPS</b>
<b>INDIA</b>	<ul style="list-style-type: none"> <li>Lack of technical knowledge</li> <li>Lack of institutional framework</li> </ul>	<ul style="list-style-type: none"> <li>Workshop assisted in addressing existing</li> </ul>	<ul style="list-style-type: none"> <li>India has developed AR-CDM projects since workshop.</li> </ul>	<ul style="list-style-type: none"> <li>On-going training required to ensure</li> </ul>	

		<p>constraints.</p> <ul style="list-style-type: none"> <li>• Workshop has been effective in assisting development and implementation of AR-CDM projects in India.</li> <li>• Workshops assisted on-going AR-CDM projects.</li> <li>• Workshop assisted India in attracting AR-CDM funding for SFM activities.</li> <li>• Workshop assisted FSM sectoral activities in India</li> </ul>	<ul style="list-style-type: none"> <li>• Workshop has assisted in identification, design, formulation and implementation of AR-CDM projects.</li> </ul>	<p>sustainability in countries.</p> <ul style="list-style-type: none"> <li>• ITTO must assist interested countries to organize own in-country training workshops.</li> </ul>	
<b>COUNTRIES SURVEYED</b>	<b>LEVEL OF CAPACITY IN AR-CDM PROJECTS PRIOR TO WORKSHOPS</b>	<b>SITUATION AFTER WORKSHOP</b>	<b>PROJECT SUSTAINABILITY EFFECTS/IMPACTS</b>	<b>LESSONS LEARNED</b>	<b>SUGGESTIONS FOR IMPROVING FUTURE WORKSHOPS</b>
<b>MEXICO</b>	<ul style="list-style-type: none"> <li>• AR-CDM was poorly understood.</li> <li>• Lack of investment/funding</li> <li>• Lack of understanding of issues such as <ul style="list-style-type: none"> <li>○ Carbon property rights;</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Helped understand critical issues in AR-CDM project development such financial</li> </ul>	<ul style="list-style-type: none"> <li>• Helped developed capacity for developing national REDD strategy.</li> <li>• However, only partially been</li> </ul>		<ul style="list-style-type: none"> <li>• Future workshops must focus on forest carbon projects in general including REDD.</li> <li>• Better screening of participants</li> </ul>

	<ul style="list-style-type: none"> <li>○ Accountability and monitoring</li> <li>• Poor understanding of AR-CDM methodologies.</li> <li>• Lack of human resources</li> </ul>	<p>analysis, additionality and carbon financing and markets.</p> <ul style="list-style-type: none"> <li>• Helped national debate on legal issues such as carbon property, accountability and responsibility.</li> <li>• Helped create institutional capacity for training forestry professionals dealing with CDM, Kyoto Protocol, Carbon financing and REDD.</li> </ul>	<p>effective in assisting development and implementation of AR-CDM projects.</p> <ul style="list-style-type: none"> <li>• Helped pilot some CDM-like forest carbon projects</li> <li>• Skills gained have helped with SFM sectoral policies/strategies .</li> <li>• Skills gained have assisted in the country's SFM sectoral/strategies and activities.</li> <li>• Several PINs, PDDs developed and submitted to organisations seeking AR-CDM financing.</li> <li>• Identification, design, formulation and implementation of AR-CDM projects.</li> </ul>		<p>needed based on knowledge and experience in AR-CDM issues.</p> <ul style="list-style-type: none"> <li>• Analysis of more case studies (actual AR-CDM projects) will be very useful.</li> </ul>
<b>COUNTRIES SURVEYED</b>	<b>LEVEL OF CAPACITY IN AR-CDM PROJECTS PRIOR TO WORKSHOPS</b>	<b>SITUATION AFTER WORKSOP</b>	<b>PROJECT SUSTAINABILITY EFFECTS/IMPACTS</b>	<b>LESSONS LEARNED</b>	<b>SUGGESTIONS FOR IMPROVING FUTURE WORKSHOPS</b>
<b>MYANMAR</b>	<ul style="list-style-type: none"> <li>• Lack of technical knowledge.</li> </ul>	<ul style="list-style-type: none"> <li>• Workshop helped address the</li> </ul>	<ul style="list-style-type: none"> <li>• Has not supported on-going AR-CDM activities.</li> </ul>		

		<p>constraint.</p> <ul style="list-style-type: none"> <li>• Workshop was partially effective in assisting development and implementation of AR-CDM projects.</li> </ul>	<ul style="list-style-type: none"> <li>• Has not helped attract AR-CDM funding.</li> <li>• Has not developed AR-CDM projects.</li> <li>• Has developed capacity in identification, design, formulation and implementation of AR-CDM projects.</li> <li>• Has helped SFM sectoral policies/strategies and activities.</li> <li>• Has created awareness of climate change, forest conservation and promoted plantation forestry.</li> </ul>		
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