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Terminal Evaluation:
UN Environment/Global Environment Facility Project "Seed Capital Assistance Facility, Phase I (Renewable Energy Enterprise Development)" (GEF project ID 1609)

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Evaluation Office of UN Environment

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Project Title: **Seed Capital Assistance Facility Phase I (Renewable Energy Enterprise Development) – SCAF I**
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Brief Consultant's Biographies

Dr. Christine Woerlen is the Team Leader. As a Climate Change Mitigation and Evaluation Specialist and former GEF Programme Manager she is responsible for the design of the evaluation, co-drafting of the evaluation report and quality assurance. Among other tasks, she has worked as a Program Manager for Climate Change at the Secretariat of the Global Environment Facility and headed the Renewable Energy Division of the German Energy Agency. She holds a Ph.D. from Boston University.

Ute Zimmermann is the Senior Consultant and Finance Specialist. As a former staff member of the private sector arm of AsDB she is familiar with financial management and the financial sector. During her professional career, she gained specific country experience in Asia and Africa, and has deep knowledge of development, structuring and sourcing of adequate finance for renewable energy. For the evaluation of SCAF I, she conducted the field trips and on-site interviews, and assessed the financial aspects of the project.

Lisa Keppler is the Junior Consultant and supported the evaluation and drafting of the report from the back office. She has profound knowledge in various topics concerning climate change and climate finance. She holds a master's degree in Economics (focus on development economics) from the University of Leipzig.

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About the Evaluation[1]

Report Language(s): English

Evaluation Type: Evaluation

Brief Description: This report is an evaluation of a UN Environment/GEF project which began in 2008 with an intended completion date of 2013 and an actual completion date of June 2018. Operating in countries in Africa and Asia, the project has supported 9 partners to develop more than 140 projects and leveraged over USD 503 m in investments into 577 MW of renewable energy projects. This was achieved by providing fund managers of Private Equity Funds with matching grants to cover various types of project development costs.

The evaluation has two primary purposes: (i) to provide evidence of results to meet accountability requirements, and (ii) to promote learning, feedback, and knowledge sharing that could be applied as the project moves towards its completion.

Key words: Seed Capital; Renewable Energy; Climate Change; Asian Development Bank; Energy Efficiency; SCAF.

[1] This data is used to aid the internet search of this report on the Evaluation Office of UN Environment Website (https://www.unenvironment.org/about-un-environment/evaluation)

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List of Acronyms

ACAD	African Carbon Asset Development Facility	DGEF	Division of Global Environment Facility Coordination
ACP	Asia Climate Partners	DI	Frontier Market Energy and Carbon Fund
AfDB	African Development Bank	DTIE	Division of Technology, Industry and Economics, Renewable Energy and Finance Unit
AREF	Berkeley's Africa Renewable Energy Fund	EA	Expected Accomplishment
AsDB, ADB	Asian Development Bank	EE	Energy Efficiency
BMU	Bundesministerium für Umwelt, Naturschutz, und Reaktorsicherheit (Federal Ministry for the Environment, Nature Conservation and Nuclear Safety)	EIB	European Investment Bank
CEO	CEO Endorsement	EPC	Engineer-Procure-Construct
CF	Cooperating Fund	EQ	Evaluation Question
CIIE	Centre for Innovation Incubation and Entrepreneurship	ESG	Environmental, Social and Governance
CP	Cooperating Partner	EV1	Evolution One Fund
CP3	Climate Public Private Partnership	FS	Frankfurt School UN Environment Collaborating Centre for Climate & Sustainable Energy Finance
CTI PFAN	CTI Private Finance Advisory Network	FSFS	Frankfurt School of Financial Services
DB	Development Bank	FY	Financial Year
DEG	Deutsche Investitions- und Entwicklungsgesellschaft	GEF	Global Environment Facility
DevCos	Project Development Companies	GHG	Greenhouse Gas
DFI	Development Finance Institution	IFC	International Finance Corporation

DFID	Department for International Development	IFI	International Finance Institution
IPP	Independent Power Producer	PSOD	Private Sector Operation Department
LMSC	Lereko Metier Sustainable Capital Fund	PV	Photovoltaic
LP	Limited Partners	RE	Renewable Energy
MDB	Multilateral Development Bank	REAF	Renewable Energy Asia Fund
MOU	Memorandum of Understanding	REED	Rural Energy Enterprise Development
MTS	Medium-term Strategy	REFIT	Renewable Energy Feed-In Tariff
MW	Megawatt	REPP	Renewable Energy Performance Platform
NERSA	National Energy Regulator of South Africa	SCAF	Seed Capital Assistance Facility
OP	Operational Programme	SL	Support Line
PDF	Project Development Facility	SMEs	Small and Medium Enterprises
PIGD	Private Infrastructure Development Group	SPV	Special Purpose Vehicle
PIMS	Project Information Management System	TE	Terminal Evaluation
PIR	Project Implementation Report	TOC	Theory of Change
PMU	Project Management Unit	TOR	Terms of Reference
POW	Programme of Work	UN	United Nations
PPP	Public-Private Partnership	UN Environ-ment	United Nations Environment Programme
ProDoc	Project Document	VC	Venture Capital

Project Identification Table

Implementing Agency:	**UN Environment (lead), Asian Development Bank (AsDB)**		
Executing Agency:	**UN Environment/Economy Division[2], AsDB,**		
Cooperating Partners	**Cooperating Fund Managers[3]**		
Sub-programme:	**Climate Change**	**Expected Accomplishment(s):**	**EA (b) Energy efficiency is improved and the use of renewable energy is increased in partner countries to help reduce greenhouse gas emissions and other pollutants as part of their low emission development pathways**
UN Environment approval date:	**14/08/2007**	**Programme of Work Output(s):**	**EA (b) – 4: Technical support provided to countries and partners to set up and implement sectoral initiatives and to make renewable energy and energy efficiency technologies bankable and replicable.**
GEF project ID:	**1609**	**Project type:**	**FSP**
GEF Operational Programme:	**OP 6 "Promoting the adoption of renewable energy by removing barriers and reducing implementation costs." OP 5 "Removal of barriers to energy conservation and energy efficiency."**	**Focal Area(s):**	**Climate Change**
GEF approval date:	**31 May 2007**	**GEF Strategic Priority:**	**CC-4, CC-5 and CC-2**
***Expected* start date:**		**Actual start date:**	**July 2008[4]**
***Planned* completion date:**	**August 2013**	**Actual completion date:**	**December 2017 with administrative closure June 2018**
***Planned* project budget at approval:**	**$62,870,000**	**Actual total expenditures reported as of**	**2017**
GEF grant allocation:	**$3,990,000 (UN Environment) $4,190,476 Asian Development Bank (ADB)**	**GEF grant expenditures reported as of June 2017:**	**UN Environment $3,841,146 ADB $3,303,217**
Project Preparation Grant - GEF financing:	**$300,000**	**Project Preparation Grant - co-financing:**	**$150,000**

[2] UN Environment then contracted Frankfurt School UNEP Collaborating Centre as an implementation partner for some activities linked to the execution of the project.

[3] The nomenclature for these partners was not used consistently during SCAF I and refers also to Fund Managers. In the subsequent phase of the project, SCAF II, Fund Managers are consistently called Cooperating Partners.

[4] Date when UN Environment/ADB signed MoU and UN Environment Project Management began working on the project.

Expected **Medium-Size Project/Full-Size Project co-financing:**	**$54,470,000**	**Secured Medium-Size Project/Full-Size Project co-financing:**	**$22.35 million [5]**	
First disbursement:	**October 2008**	**Date of financial closure:**	**June 2018 (expected)**	
No. of revisions:	**4**	**Date of last revision:**	**April 2017**	
No. of Steering Committee meetings:	**9:06/2007; 03/2008; 05/2009; 09/2010; Sept 2011 Oct 2012 Oct 2013 Nov 2015 June 2017**	**Date of last/next Steering Committee meeting:**	**Last: June 2017**	**Next: to be scheduled**
Mid-term Review/ Evaluation *(planned date):*	**Sept 2011**	**Mid-term Review (actual date):**	**July 2012 – Jan 2013**	
Terminal Evaluation *(planned date):*	**2016/17**	**Terminal Evaluation (actual date):**	**Oct 2017 – March 2018**	
Coverage - Country(ies): ***(countries in bold: currently supported by SCAF, countries in italic: currently supported by SCAF, but not in country list of PIR17)***	**Burkina Faso, Cambodia, Cameroon, China, Ghana, India, Indonesia, Kenya, Lao PDR, Myanmar, *Namibia,* Philippines, Rwanda, South Africa, Sri Lanka, Tanzania, Thailand, Uganda, Viet Nam, Zambia *(PIR, 2017)***	**Coverage - Region(s):**	**Africa Asia**	
Dates of previous project phases:	**N/A Associated projects. AREED (Africa) C-REED (China) B-REED (Brazil)**	**Status of future project phases:**	**SCAF II (Jan 2014 – Dec 2021, PIMS ref 1657) Non-GEF funding**	

[5] Berkeley - $2.5 million; Armstrong - $3.5 million; Inspired Ev.- $1.5 million; Frontier - $7.6 million; INFUSE – $3.3 million, ACP - $0.6 million, Lereko Metier - $1.0 million; Co-financing of five new fund developments: $1.4 million. Partner Agency Co-financing: EIB - $950K.

Executive Summary

1. Funded mainly by the Global Environment Facility[6] (GEF), the Seed Capital Assistance Facility (SCAF) is jointly implemented by UN Environment and the Asian Development Bank (AsDB) and supports private equity funds to develop pipelines of renewable energy and energy efficiency projects in frontier markets of Asia and Africa. The project started in 2008 and was expected to run until August 2013 but was extended in Africa up to December 2015 and in Asia up to December 2017. For reasons of administrative closure the project was extended to June 2018. To date, it has supported 9 partners to develop more than 140 projects and leveraged over USD 503 m in investments into 577 MW of renewable energy projects. This was achieved by providing fund managers of Private Equity Funds with matching grants to cover various types of project development costs. The project is rated 'Satisfactory'. It has overachieved its targets.

2. This terminal evaluation was conducted between September 2017 and March 2018, in conjunction with the Mid-term Evaluation of the successor project SCAF II, and in line with the GEF monitoring and evaluation modalities, under supervision by the UN Environment Evaluation Office. This terminal evaluation exercise has both accountability and lesson learning objectives and covers the full life of the project, the planned scopes of work for both UN Environment and the Asian Development Bank and the funding envelope of USD 9.37 million (GEF grant plus UN Environment Fund in-kind contribution). The evaluation assesses the performance of the project against the standard UN Environment evaluation criteria that address the commonly evaluated aspects of project relevance, effectiveness, efficiency, and sustainability.

3. The evaluation found that the project overall is well aligned with country and donor strategies and fills a relevant niche in the financing and development spectrum of renewable energy in frontier markets. It met with positive developments in these markets as well as in global technology markets, but it also helped provide resources to the fund managers to develop better projects faster, and with more consistent attention to Environmental and Social Safeguards. The portfolio is very diverse with respect to partners, technologies, and geographies.

4. Implementation speeds were different between Africa and Asia. While Africa was off to a slower start, the funds were fully and successfully disbursed by the end of 2015. In Asia, on the other hand, funds will not be fully disbursed at project close. There are a number of explanatory factors for that: firstly, the markets (financial, energy and technology) are different in the two regions; secondly, the agencies have different core competencies and delivery orientation: while the Asian Development Bank is specialized in providing large loans, UN Environment and its implementation partner Frankfurt School of Finance have a more academic and assistance-oriented approach, and enter into a resource-intensive direct and open-ended dialogue with the Partners. Outreach and lesson dissemination, however, were comparatively weak.

[6] See paragraph 10, below, for a full list of funding partners.

5. While the project overachieved its objectives and outcome indicators, a grain of salt is added to this achievement, as well as to several other aspects of the project by the fact that the project's goal indicators were calculated assuming that (mainly or exclusively) working capital for small and medium sized sustainable energy businesses would be provided. When the ultimate focus on on-grid projects became apparent the indicators, targets or project (budget) structure were not fully adjusted to the new project focus. For working capital support for building up small and medium-sized enterprises, the targets would have been more ambitious. For a number of reasons, chief among them the lack of interest of most equity funds to work in the VC area, most Cooperating Partners work on seeding "infrastructure" projects, i.e. on-grid renewable electricity generation projects. This decision was backed by the Mid-term Review. The general voice from these Funds is that the support is very helpful and much appreciated. While they would have developed projects also without it, they confirm that in the absence of SCAF I, this would have taken them longer and the projects would likely have been of lower quality and potentially without systematic observation of Environmental and Social Safeguards.

6. While parts of the financial records are kept in different places, they are overall complete and consistent and demonstrate that all co-financing targets were achieved, and some additional co-financing was leveraged. Strongly committed project officers at the Project Management Unit (PMU) and the implementing partner Frankfurt School are an important asset and factor of success for the project. On the other hand, overhead costs are very high (43 % of the grant funding, see para 151).

7. After initial delays, the project had reached most of its achievements by the end of 2015 when the activity in Africa was terminated. The Asia team tried to add another Cooperating Partner to the portfolio but when this was not successful, the decision to terminate the project in this setup was taken. SCAF I still achieved its outcome and impact targets but keeping the project operational for the last two years did not lead to any additional results.

8. Overall the project is still rated as "Satisfactory" as it was an innovative approach that delivered relevant and important insights and improved the operations of its partners in environmental, financial, and social sustainability aspects.

9. As this Terminal Evaluation was carried out by the same Evaluation Team in conjunction with a Mid-term Evaluation of the project's second phase, recommendations are provided in detail within the Mid-term Evaluation report, from where they are more likely to be adopted in the forward planning. The main two recommendations of this report are as follows:

- **UN Environment should consider whether there can be an outreach and knowledge management work programme around private equity investment and SCAF II and propose to the GEF that remaining project funds be used to deliver this work programme.**

- **The project provides an interesting approach. As the SCAF concept proved successful, UN Environment should consider whether and how it can be applied to other areas of environmental (and social) finance. However, any such areas need to be chosen with care. In addition, other and potentially stronger partners for a SCAF-type pipeline building facility should be considered, e.g. pension funds, insurances, or other types of patient capital.**

1 Introduction

10. Funded by public sector sources, UN Environment's Seed Capital Assistance Facility (SCAF) supports Private Equity Funds to develop pipelines of renewable energy and energy efficiency projects in frontier markets of Asia and Africa. It was approved by UN Environment on 24 January 2005 and on 31 May 2007 by GEF. The starting date of operations, as defined by the date on which the Memorandum of Understanding (MOU) between UN Environment and Asian Development Bank (AsDB) was signed, was in June 2008. SCAF was expected to run until August 2013 but was extended in Africa up to December 2015 and in Asia up to December 2017. SCAF I was funded by the Global Environment Facility (GEF) with a total of USD 8.4 million. Significant co-financing was leveraged, not only in the form of private sector investments (USD 503 m), but also in the form of cash co-financing from UN Foundation and the European Investment Bank (EIB) (USD 1.7 m) as well as in-kind co-financing from UN Environment, AsDB, the African Development Bank (AfDB) and private financiers (USD 24 m). The programme contributes technical support "to set up and implement sectoral initiatives and to make renewable energy and energy efficiency technologies bankable and replicable". It contributes to UN Environment's Programme of Work under Expected Accomplishment (b) on renewable energy, Output 4, and to the GEF Climate Change Focal Area under Operational Programmes 5 and 6 on energy efficiency and renewable energy. The SCAF I core activities are continued in SCAF II which is funded by UK and Germany, with a slightly different institutional structure and slightly different support modalities.

11. The initiative was proposed to GEF – the main funder – by UN Environment, at a time when the GEF was opening up for the Regional Development Banks as Implementing Agencies. After UN Environment had successfully applied for a project development facility (PDF-B) from the GEF, the GEF Council set the condition that the organisation needed to secure "agreement prior to CEO endorsement from the World Bank/IFC or one of the regional development banks or another credible financial institution to jointly implement the project." UN Environment joined forces with the African and Asian Development Banks. The resulting implementation structure includes all three agencies and is a joint project between Asian Development Bank and UN Environment. The African Development Bank could not engage with the programme in the same way as AsDB, so that ultimately for Africa UN Environment contracted another implementation partner, the Frankfurt School UNEP Collaborating Centre for Climate and Sustainable Energy Finance (FS UNEP CC). UN Environment is the lead Implementing Agency, responsible for reporting to the GEF and running the Project Management Unit (PMU).

12. In line with the UN Environment Evaluation Policy[7] and the UN Environment Programme Manual,[8] the Terminal Evaluation of SCAF I is undertaken at the completion of the project to assess project performance (in terms of relevance, effectiveness, and efficiency), and determine outcomes and impacts (actual and potential) stemming from the project, including their sustainability. It is building on a Mid-term Review. The evaluation has two primary purposes: (i) to provide evidence of

[7] http://www.unep.org/eou/StandardsPolicyandPractices/UNEPEvaluationPolicy/tabid/3050/language/en-US/Default.aspx
[8] http://www.unep.org/QAS/Documents/UNEP_Programme_Manual_May_2013.pdf . *This manual is under revision.*

results to meet accountability requirements, and (ii) to promote operational improvement, learning and knowledge sharing through results and lessons learned among UN Environment, AfDB, AsDB and other project partners. The evaluation will identify lessons of operational relevance for future project formulation and implementation. SCAF I has been financed by the Global Environment Facility and will comply with its evaluation policy and standards. The evaluation report will be submitted to the GEF but will also serve as a basis for discussion and reference for UN Environment internally – in terms of the codification of lessons – as well as externally as the basis for future funding proposals to donors.

2 Evaluation methods

2.1 Evaluation activities

13. The evaluation started in September 2017 with a visit to the Finance Unit of the Energy and Climate Branch of Economy Division and UN Environment on September 20, 2017. Consultations with the project manager provided a first introduction to the programme. They were complemented by a telephone interview with her predecessor. A document sharing mechanism was set up and populated with project documents, monitoring information and project outputs. On this basis, the Theory of Change was re-constructed, and the inception report developed. The inception report (available from the UN Environment Evaluation Office), included a listing of interview partners and areas of questioning.

14. Document analysis continued while the evaluators conducted interviews with the Frankfurt School of Finance, the Asian Development Bank, and field trips to Africa (November 2017) and Asia (February 2018). During the field trips, it was possible to speak to most of the primary beneficiaries of the SCAF in the form of the Cooperating Partners (Equity Fund Managers). While 100% coverage was attempted, it was not possible due to scheduling problems, and the need to prioritize some countries. In Africa, two centres of activity (South Africa and Kenya) were visited. In Africa, it was also possible to speak to project owners who collaborate with the Private Equity Funds. In Asia, the financial hub of Singapore and the seat of the AsDB, Manila (Philippines) were visited. Here, fewer consultations with financial partners were conducted, and it was not possible to speak to projects that were developed and funded by these partners. Generally, Cooperating Partners were less open for discussions in Asia than in Africa, possibly due to differences in the two financial sectors.

15. A list of interview partners and documents reviewed can be found in Annex II and Annex III respectively. Some of the interviews were conducted at a later date by phone if partners were not available during the field trips.

16. The interviews were conducted with the help of a questionnaire that served as an information repository. It was structured taking into account guidance provided by the evaluation questions and in particular by the questions of interest that had been specified in the Terms of Reference (TORs). In that sense, the answers collected from the interview partners in the field were already structured to provide insights to the evaluation questions, and there was no need for coding. The Cooperating

Partners are a somewhat diverse group of financial sector specialists with specific and very individual strategic and analytical perspectives. Nevertheless, their answers often converged with respect to the general directions of the answers of the question, with more or less detail provided depending on the interview partners and their perspective. This was taken to signal convergence between the answers, and the additional detail was added to the evaluation questions as illustration or further recommendations.

17. Overall, the interviews did not give rise to the need to harmonize or triangulate potentially contradictory statements. Where there were open questions or conflicts in the information this was double-checked with the PMU and Frankfurt School or both. For other question, in particular the questions related to financial management and efficiency, UN Environment provided financial information and accounting logs. Web searches were used to provide the benchmarks.

18. On the basis of the field trips, a PowerPoint presentation of preliminary findings on the SCAF I and II evaluations were compiled and discussed with the PMU for SCAF II. The focus of this discussion was on SCAF II and the recommendations from the Mid-Term Review, but this meeting was also partially used to clarify some questions on SCAF I. Following these discussions, the findings, lessons, and recommendations were refined until the first draft was finalized on March 16.

19. The draft report was shared again with the PMU for review and fact checking, and then revised as deemed appropriate by the evaluators before further distribution to all respondents. All evaluation reports managed by the UN Environment Evaluation Office are made publicly available at www.unenvironment.org/about-un-environment/evaluation.

2.2 Evaluation limitations

20. This evaluation benefitted greatly from the patience and persistence of the PMU. Together with the team of Frankfurt School they provided the evaluation with a rich base of documentation and were available for answering questions at all times. All project documents were made accessible to the team.

21. As discussed above, the number of Cooperating Partners is small, and not all of them could be interviewed. In particular, the activities in India were not covered by interviews. In addition, not all stakeholders who had advisory functions or served on committees were approached for interviews. The bias arising from that seems small. Due to fast changing responsibilities and high staff turnover, the institutional memory at AsDB was not fully accessible.

22. Another limitation to the evaluation is that the project is very complex. It is complex in terms of the subject and its specific language and terminology, but also in terms of the types of impacts it can have, and the means of assessing the success or failure of the support. The support consists of different types of co-financing for private sector financing activities, potentially with some fungibility between them. This support is in line with the maturity of the Cooperating Partners and their portfolios. The partners have considerable leeway in terms of what measures they consider relevant and how they use the funds (i.e. Cooperating Partners create their workplan based on a list of eligible activities).

They allocate the SCAF funds alongside their own funds for project development activities. If these development initiatives fail, it can thus be assumed that they have still undertaken a serious effort, as they were not only using public funds but also their own. They quite literally have a stake in each project and activity. However, the reasons why a project might not be pursued further was difficult for the evaluation team to confirm, and the modalities and impacts of details of this support are hard to trace, partly due to the sheer amount, and geographic dispersement, of information needed to track this. The multitude of project development activities and approaches in SCAF I, as well as significant terminological challenges (starting with the multiple possible meaning of the word "project"), make discussions about the topic challenging.

23. Thus, the subject does not lend itself fully to an analysis of a counterfactual, which makes it difficult to understand or confirm the additionality of the support. While it might be possible in theory to demonstrate exactly how SCAF might have altered internal rates of return (IRRs) to overcome investment hurdle rates, discussions with beneficiaries confirmed that many decisions were not purely based on numbers, but also on work flows or opportunities. The limited discussions with possible candidates who applied for funding but were rejected, or whose interest faded after understanding the facility, seemed to indicate that the stop-or-go decisions are highly idiosyncratic – where the timing of the support and the needs of the partners do not coincide, cooperation is not possible. Interviews with non-intervention groups were deemed to not be helpful in enhancing the understanding of the evaluation team.

2.3 Special considerations

24. Bringing the issues of ethics, human rights, and marginalized groups into the SCAF I evaluation is not easy. It was noted that among the Cooperating Partners (the private sector financiers), there was no woman, and women representation among the development companies was low. This was different for the Mid-Term Review, so we take this to be a coincidence. On the other hand, the composition in the PMU and implementing agencies was well balanced with respect to gender.

25. The individual investments of the Cooperating Partners are adhering to Environmental, Social and Governance (ESG) safeguards, specifically the International Finance Corporation (IFC) investment principles. This is engrained in the project approach and a pre-requisite for funding. The project itself does not have a specific (investment-related) focus on ethics, human rights, marginalized groups, or gender.

26. It was not feasible to identify and get views from distinct disadvantaged groups or diverging opinions. While it is possible that applicants were rejected and thus would be disappointed or have negative opinions of the Facility, it was not considered a priority to use evaluation resources to actively search for diverging opinions or negative views within this group because not receiving finance can be a result of many different reasons, and this is a standard situation in the finance industry.

27. The risk of unintended negative impacts of the SCAF funding was considered low. The attention that was given in the project as well as in the evaluation to the environmental, social and

governance safeguards, as well as costs efficiency, is significant and will be discussed with the associated evaluation questions.

3 The project

3.1 Context

28. SCAF intends to increase private sector financing for renewable energy in developing countries. As many conventional financial institutions are sceptical about investing in the supply of energy services, in particular from renewable energy sources or energy efficient technologies, clean energy developers lack access to finance. When the SCAF was designed, private funding for renewable energy was limited in Africa and Asia. Additionally, potential investors often lack information and market know-how for the preparation of feasibility studies, proposals, and business plans and how to develop cooperation with project developers. In particular, the lack of knowledge about the availability and usage of financial sources leads to a "capital starvation" of potential project developments in the renewable energy sector. For a change in investment behaviour, a sector-wide learning process needs to take place. Market failures impede this learning process and create barriers for investments.

29. The project took rather a long time in development[9] - the first document was received by GEF in May 2003, and according to the Project Implementation Report (PIR) 2009, the first disbursement took place in 2008. As the initiative closes in 2018, its implementation also took ten years instead of six. Section 5.3 discusses the major trends on the financial and technology markets during the implementation period. Overall, development in the financial market was characterized by the financial crisis of 2008 and after that, the availability of low cost capital. The technology markets were subject to rapid cost reduction, particularly in solar PV technology, and significantly improving framework conditions, including renewables-friendly policies and support schemes in more and more countries, improved resource mapping and understanding, and improved local technical capacities and technology availability.

3.2 Objectives and components

30. SCAF I aims to increase low carbon investment in developing countries by demonstrating that seed capital investment in low carbon projects in developing countries can deliver commercial returns and is replicable.

31. In the initial GEF Project Document of 2003 the overall objective of SCAF I is stated as "to reduce energy related CO_2 emissions through the increased use of renewable energy technologies and services provided through local enterprise". The final Project Document of 2007 does not state a global objective. However, both documents include the same near-term objectives as "first, increase

[9] https://www.thegef.org/project/renewable-energy-enterprise-development-seed-capital-access-facility.

in developing countries the flow of seed capital to sustainable energy enterprises and, second, to convince the energy finance community that early stage seed capital investing is a viable and cost-effective strategy for building long term commercial energy investment portfolios."

32. The programme had four components: 1. Establish the Facility, 2. Create Seed Windows, 3. Operate the Facility, 4. Project Management and Outreach. The specific outcomes and outputs are discussed in detail below. The main activities were conducted in components 2 and 3. In component 2, the Implementing Agencies approached fund managers and supported them to create "seed windows" in their funds, which should support "early stage sustainable energy enterprises". This "Fund Development Support" is parallel to a fully-fledged component in SCAF II where it was called "Support Line 0" (especially after SCAF II started implementation which formally had such a support line). In component 3, Cooperating Partners that were already active in creating new investment opportunities (enterprises or projects) could receive additional support to defray some of the "incremental costs associated with sourcing entrepreneurs, providing enterprise development services and transacting the seed scale investments" (Support Line 1 or SL1). Also in component 3, a second line of support funds (Support Line 2 or SL2) could be provided on a project-by-project basis to "offset the hurdle of higher perceived risks and lower expected returns when dealing with early stage sustainable energy enterprises". This support line provided time-limited support in the form of a fixed subsidy payment that "covers part of the lost returns over a 3- to 4-year period".[10]

3.3 Stakeholders

33. UN Environment is responsible for overall project supervision for SCAF I to ensure consistency with GEF policies and procedures and provides guidance on linkages with related GEF-funded activities. They are a member of the SCAF I Management Committee, represented by the UN Environment/Economy Division. They are also executing the SCAF I in Africa, supported by Frankfurt School UN Environment Collaborating Centre for Climate & Sustainable Energy Finance.

34. Asian Development Bank (AsDB) is the co-Implementing Agency and Executing Agency with respect to the GEF funds for Asia, and the PMU for the Asia region. AsDB received a grant allocation from GEF for USD 4.410 million and is a member of the Management Committee (which is a joint committee for Asia and Africa). AsDB implements the project through its Private Sector Operation Department (PSOD), which acts as the PMU for the facility in Asia. As such they find the Cooperating Partners (CPs), conduct the due diligence on them, manage the contracts and maintain oversight of the work undertaken by the fund managers.

35. African Development Bank (AfDB) is a member of the Management Committee, whereas the implementation for Africa is carried out by the UN Environment Collaborating Centre for Climate and Sustainable Energy Finance located at the Frankfurt School of Finance and Management. Within Africa, the UN Environment and AfDB Management Committee representatives are responsible for the selection of SCAF Cooperating Partners.

[10] Quotes come from the component description in the GEF Project Document of 14 Aug 2007.

36. Frankfurt School UNEP Collaborating Centre for Climate & Sustainable Energy Finance (Frankfurt School, FS) located at the Frankfurt School of Finance and Management has taken the role of implementation partner in SCAF I. They were contracted by UN Environment through a Project Cooperation Agreement to carry out specific activities. Those included the contracting and related oversight of the work undertaken by the Cooperating Partners in Africa.

37. Cooperating Partners (aka Cooperating Funds, CP or CF) are the Funds that receive financial support for early stage development and investments to finance projects in the clean energy sphere. In SCAF I, the Cooperating Partners were Private Equity and Venture Capital Funds, namely Evolution One Fund (EV1), Frontier Market Energy and Carbon Fund (DI), Lereko Metier Sustainable Capital Fund (LMSC), Berkeley's Africa Renewable Energy Fund (AREF) in Africa and in Asia Berkeley Partners LLP (Renewable Energy Asia Fund or "REAF"), Armstrong Asset Management (Armstrong South East Asia Clean Energy Fund), CIIE Initiatives (Indian Fund for Sustainable Energy Capital or "INFUSE Capital"), Asia Climate Partners (ACP) and Aloe CFA.

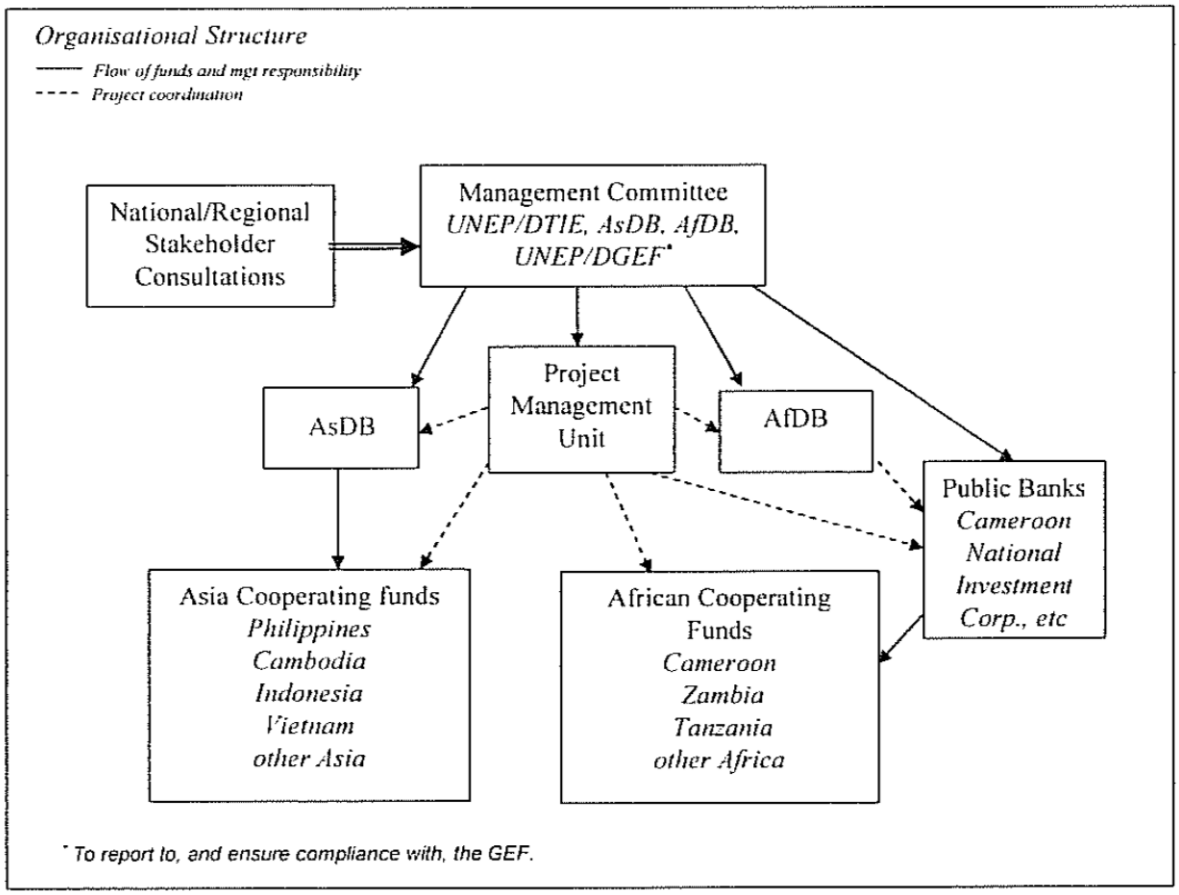
38. Project developers/ Development Companies are not direct beneficiaries of SCAF I, but the Cooperating Partners (Private Equity Funds) work with them when developing investment projects into financeable proposals. Typically, project developers have identified project opportunities (sites, technologies) and are the local partners and technical specialist for the projects. In the evaluation, several such project developers were interviewed, among them Red Cap Kouga (South Africa), Menengai and VS Hydro (both Kenya).

3.4 Project implementation structure and partners

39. Originally, and for the purpose of the Project Development Facility Grant from the GEF, UN Environment proposed this project to the GEF to be implemented through financial intermediaries, specifically Funds that were already supporting renewable energy businesses through seed windows. Upon intervention of the GEF council and in the GEF strive to diversify its implementing agencies, the project was further developed under inclusion of the Asian and African Development Banks.

40. The project implementation structure that was ultimately proposed in the Project Document and approved by the GEF is reflected in Figure 1. The approved funding flows, however, already indicate an asymmetry between AfDB and AsDB, in the sense that only AsDB was interested in administering GEF funds. AfDB's exact role was described in vaguer terms as an advisory body that would participate in committee meetings and provide inputs into decision making on Africa.

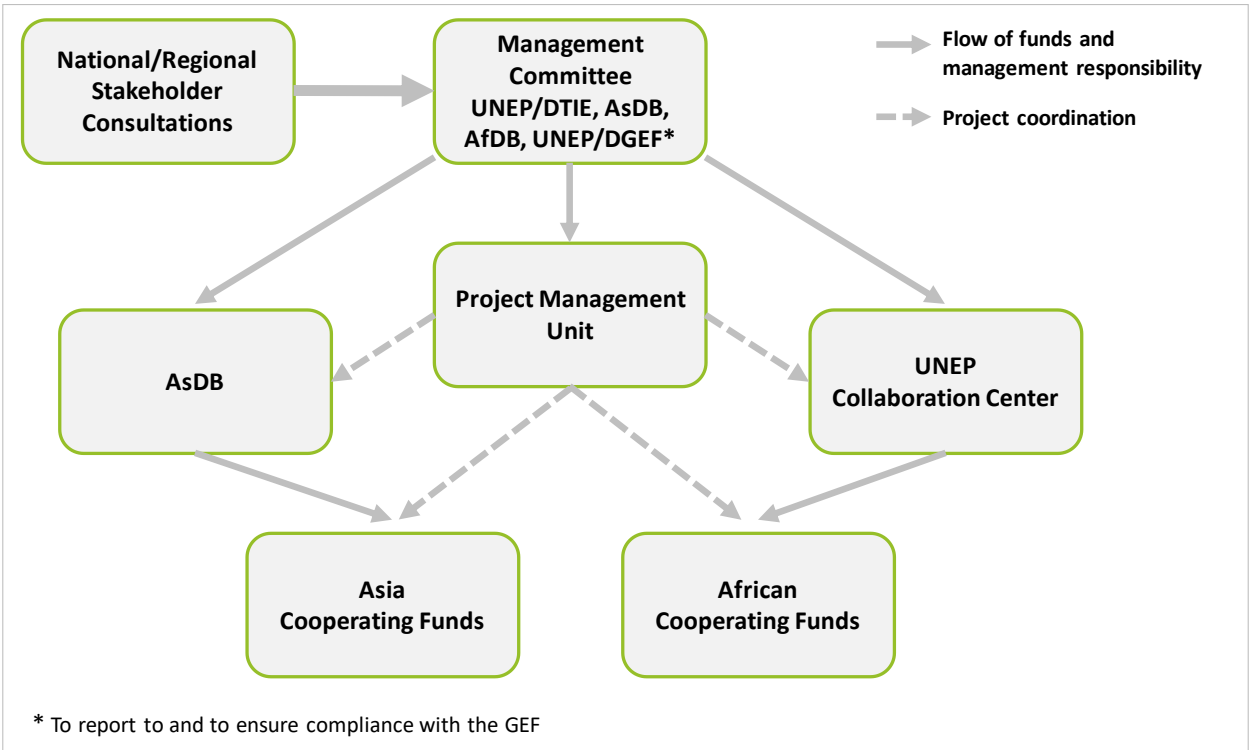
Figure 1: Organizational Structure of SCAF I according to Project Document



Source: UN Environment/GEF: Project Document and Logframe.

41. Between 2008 and 2010, the PMU attempted to operationalize this structure, until in 2010, the implementation of the Africa component was contracted out to the Frankfurt School UNEP Collaborating Centre for Climate and Sustainable Energy Finance, at the Frankfurt School of Finance and Management. The resulting structure of SCAF I is reflected in Figure 2.

Figure 2: Implementation structure of SCAF I[11]



Source: Evaluation team.

3.5 Changes in design during implementation

42. During the period of project development, the Renewable Energy (RE) financing environment might have evolved already, and in the period of SCAF I implementation it definitely has evolved further. This left its marks on the project in a variety of ways:

- **SCAF I was developed based on the experience gained from the Rural Energy Enterprise Development (REED) programme, a UN foundation-supported programme in which the business development service provider E&Co provided enterprise development support and seed capital to small sustainable energy SMEs and projects. The enterprise development support approach used in REED became SCAF Support Line 1 and the seed capital provision became SCAF Support Line 2. However during the SCAF start-up phase larger projects started to dominate and the SME angle became less prominent. As it was beyond UN Environment's means to manage the investments into small businesses directly, the focus of the SCAF shifted towards ("infrastructure") project development, i.e.**

[11] With regard to the naming and nature of units in the Management Committee: UNEP/DTIE is now called the Economy Division and the UN Environment GEF Division (DGEF) was disbanded and GEF portfolios integrated into UN Environment's substantive/technical divisions in 2011. A UN Environment GEF Unit continues to fulfil a liaison role with the GEF and collates information going to the GEF.

development of larger (mainly) renewable energy projects in the legal form of Special Purpose Vehicles (SPVs).

- In addition, during the long period of project development, the financing environment for renewable energy and energy efficiency changed and more (loan) funding became available including from various Development Banks. As a result of these two effects, the "target group" of SCAF I was altered to Private Equity Funds that invested in on-grid and off-grid renewable energy projects rather than local businesses providing technologies such as solar home systems.

43. Generally, it can be said that the impact logic is not the same as the one of REED anymore, and in particular the type of "sustainable energy projects pipeline" that is built by the SCAF is different from the one that was built by the REED.

44. In the original proposal for SCAF I, two separate support windows were targeting transaction cost support and the closing of the viability gap. The two support windows that were ultimately implemented differed in the funding object (SL1 on finding investable projects, SL2 on developing their bankability) and the volume. However, the two support windows were not approved separately – partners qualified for both or none. Thus, rather than reporting on them as separate activities, it would have been more in line with the actual project implementation structure, to have the two regions as project components, as implementation in Asia and Africa was independent.

3.6 Project financing

45. Grants were received from the GEF (USD 8.4 m[12]) and the by UN Foundation (USD 0.7 m). In-kind contributions were expected from the UN Environment Fund to a value of USD 0.97 m and the Asian and African Development Banks to a value of USD 0.4 m.[13] This represents USD 9.1 m in cash financing and USD 1.37 m in in-kind contributions. Information about the exact amount of in-kind contributions from Asian and African Development Banks has not yet been made available to UN Environment.[14]

46. In addition, the clean energy projects and the Cooperating Partners of SCAF I were co-financed by several international development banks, including the European Investment Bank (EIB) in a grant of USD 0.95 million to co-finance two Cooperating Partners, and many other financial institutions or loan providers for the investment projects. The GEF Funding was expected to leverage USD 54.47 m in co-financing. In addition to the USD 0.7 million from the UN Foundation already mentioned above, it was expected that SCAF would leverage fund investments of around USD 50.9 m, and matching

[12] The project received an additional project preparation grant from the GEF for USD 300,000. This grant is not included in the project financing as it was received and spent prior to project initiation.
[13] UN Environment/DTIE (2017): SCAF I Revision Budget. Number 4.
[14] UN Environment project financial closure procedures include the confirmation of in-kind contributions only at the end of the project's life.

expenses of Private Equity Funds (Cooperating Partners) worth USD 1.5 m (see Table 1).[15] In the project documents the matching expenses of Private Equity Funds (Cooperating Partners) are listed as co-financing More specifically, they are in-kind[16] co-financing, because they represent administrative and transaction costs that accrue directly to the Private Equity Funds and are their normal activity. .

47. Until the end of the project, the Private Equity Funds co-financed the investment project development activities directly with USD 22.35 m.

48. Overall, the leveraged financing – amount of total seed/ follow-on investment mobilized in the projects - was USD 503 m[17] The leverage ratio was much higher than expected, due to the changed project approach (support of development costs rather than working capital, private equity funds, on-grid "infrastructure" projects rather than retail technologies like solar lanterns). Furthermore, six new funds were established with the total volume of USD 1 billion.

[15] UN Environment/ GEF (2004): Internalized Project Document. SCAF I.

[16] The term 'in-kind co-financing' may seem a contradiction but reflects the fact that these contributions are received as cash but cover the type of costs incurred by organisations, which are typically considered 'in-kind' contributions.

[17] In the Project Implementation Report 2017 two different sums are given. USD 481.34 million in the project general information and USD 503.2 million in the project framework.

Table 1: Financing sources and types of SCAF I

	Global Environment Facility (GEF)		UN Environment Fund (USD1,000)		Other* (USD1,000)			Total (USD1,000)	
	Planned	Actual	*Planned*	Actual	Source	*Planned*	Actual	*Planned*	Actual
Cash	8,400	8,400						8,400	8,400
					United Nations Found-ation	700	700	700	700
					EIB	-	950	-	950
In-kind support			970	970	AsDB	250		1,370	1,370
					AfDB	150			
					Financiers	1,500	21,400	1,500	21,400
Totals	8,400	8,400	970	970		2,600	23,050	11,970	32,820
Invest-ment Funds						50,900 [18]	503,200 [19]	50,900	503,200
Total including cofinancing	8,400	8,400	970	970		53,500	526,250	62,870	536,020

Source: UN Environment/ GEF (2004): Internalized Project Document. SCAF I. UN Environment/AsDB GEF (2017) Project Implementation Review. FY 16 (1 July 2016 to 30 June 2017). UN Environment/DTIE (2017): SCAF I Revision Budget. Number 4.

49. Table 2, below, shows a compilation of the administration costs against the budget that actually goes to the Funds. It was planned that USD 4.2 m would be spent on administration costs. As described above, the budget for administration fees of the GEF money was complemented by USD 0.7 m of the UN Foundation and by the in-kind contributions of UN Environment, AsDB and AfDB. As the stakeholders have not yet transmitted their financial reporting on the in-kinds to the PMU, it is assumed that the in-kind contributions were realized as planned. Overall, almost USD 4 m has been spent on administration activities until the end of the project, which is slightly less than planned. Still, it constitutes 47.6% of the GEF grant or 43.2% of all grant funding, and this share is slightly higher than anticipated at project start.

50. In Africa, all planned budget was distributed to the Cooperating Partners through the Support Lines, while in Asia only 79 % of the budget was used to support the Cooperating Partners. After

[18] In the Project Document this is entered as USD 50,900,000 and in the Project Implementation Report as USD 67,000,000.
[19] This amount is not corrected for other (climate or development) funding that went into these Funds.

discussions on how to use the rest of the budget (supporting another Fund within SCAF, transfer to another GEF funded project within the ADB etc), the leftover budget will probably be re-transferred to the GEF. Therefore, until the end of SCAF I, USD 5.3 m (87 % of the planned budget for grants to funds) has been used to support the Cooperating Partners in Asia and Africa.

Table 2: SCAF I Planned and disbursed budget

	Planned Budget	Disbursed Budget	Expenditure ratio
I. Administration costs			
GEF Admin costs UNEP	1,255,813	1,154,107	*92%*
GEF Admin costs FS	376,480	376,480	*100%*
GEF Admin costs ADB	504,000	395,864	*79%*
UN Foundation	700,000	700,000	*100%*
UN Environment	970,000	*970,000*	*100%*
AsDB	250,000	*250,000*	*100%*
AfDB	150,000	*150,000*	*100%*
Sub-Total	**4,206,293**	**3,996,451**	***95%***
II. Grants to funds			
Asia	3,696,000	2,907,353	*79%*
Fund Development Support		*425,708*	
Cooperating Funds		*2,481,645*	
Africa	2,357,707	2,357,707	*100%*
Sub-Total	**6,053,707**	**5,265,060**	***87%***
TOTAL	**10,260,000**	**9,261,511**	***90%***
Overhead ratio	*0.41*	*0.43*	

*** It is assumed, that the in-kind contributions of UN Environment, AsDB and AfDB were realized as planned. The stakeholders have not yet transmitted their final financial reporting on the in-kind contributions to the PMU.**

Source: UN Environment (2017): Revision 4 to Project Document, Frankfurt School of Finance and Management (2016): SCAF Financial Report. 4th quarter of 2015, Management Committee (2017): Background Document Main Report. June 2017, UN Environment (2017): Half-yearly Expenditure Statement and Unliquidated Obligations Report. January-October 2017.

4 Theory of change at evaluation

4.1 Theory of change according to the project document

51. The ProDoc formulates four outcomes, namely:

i) increased access to enterprise development support and seed financing for early stage sustainable energy enterprises and projects in target regions;

ii) increased experience amongst financiers for investing in small scale renewable energy / energy efficiency projects;

iii) mainstreaming of seed capital into commercial energy finance approaches, whereby seed portfolios become pipeline development tools for later stage commercial investing;

iv) a new breed of indigenous clean energy enterprises established offering a range of GHG mitigating projects, products, and services

52. The outcomes were expected to be achieved through a number of services to be provided by the project, among them business development services, and two lines of support in the form of co-funding of business development activities of the Cooperating Partners. According to the ProDoc, the support via Support Line 1 was envisioned to reduce the enterprise development and transaction costs of preparing early stage energy investments and Support Line 2 to account for the higher risks of seed investments in clean energy projects. These activities were expected to lead to Private Equity Funds that would support businesses and projects in their early phase and build up business capacities with sustainable energy projects and businesses. Through the demonstration of these successes, (very early stage and growth capital) financing for these sustainable energy businesses was expected to become part of the mainstream activities of Private Equity Funds, and ultimately lead to a "new breed" of clean energy enterprises, like Mobisol or Off-Grid Electric, often supported by venture capitalists from the US and UK.[20]

53. It should be noted at this point that one of the versions of the ProDoc formulates a fifth outcome, relating to "improved energy services provided to un/under-served populations in target regions." This outcome, though, was only found in one place and was never included in the Logframe.

54. Another underlying thought is that renewable and energy efficiency projects and businesses will not go forward without patient and/or low-return equity capital. This thought has been based on the experiences of E&Co which provided a kind of Venture Capital / Angel Investor service to nascent sustainable energy businesses, including working capital and business development support. This was initially funded from the Rockefeller Foundation and later by a range of other donors, philanthropists, donors, and development banks. However, the businesses supported in the context of E&Co were mainly oriented towards providing ongoing services (distribution, retail, and maintenance) for rural energy access, and if they accessed loans it was through balance sheet financing.

4.2 Reconstructed theory of change at evaluation

55. The Theory of Change (TOC) was reconstructed in the inception report based on existing project documentation and initial discussions with the project team (cf. Figure 3, see also section 5.4 Effectiveness for the articulation of the project's output and outcome statements). During the evaluation, it was confirmed that this Theory of Change held up in implementation, or rather, that this

[20] It is maybe interesting that this process is observed in actuality in some countries in Africa in the last years, with the support of venture capital from the US and UK but without UN Environment involvement.

theory of change corresponded to the ultimate implementation. Changes from the Project Document are discussed in the next section.

56. The overarching objective of SCAF I was to achieve GHG emission reduction through an increase of renewable energy projects. The TOC is based on the observation that in mature markets project developers and financiers cooperate. In less developed markets there is a lack of bankable renewable energy projects, because of capacity problems on the side of developers in terms of financial knowledge and on the side of financiers as to the risks involved in the development processes. Risks in financial terms always mean higher costs, so that Equity Funds tend to invest in projects which were already at a more mature development stage. The TOC takes this on board and includes instruments that are intended to buy down the development costs at an early stage with the expectation that fund managers will invest in renewable energy projects and cooperate with project developers once they understand the life cycle and typical risks of renewable energy projects and thus reduce perceived risk to an acceptable level.

57. Through participating in SCAF, Cooperating Partners can receive matching grants for project development funds to offset some development costs. In the SCAF TOC, it is assumed that they will use these funds to develop financeable projects in new areas, which can be influenced by the giver of the matching grant. SCAF I thus influences the Private Equity Funds toward early stage equity investment in sustainable energy projects, which in turn allows projects reaching financial close and projects entering into construction and subsequently operation stages.

58. In addition, Private Equity Fund Managers can receive money ("Fund Development Support") and establish new sustainable energy funds.[21]

59. Through Cooperating Partner Agreements (CPAs), SCAF I provides two types of support to each cooperating fund manager: Support Line 1 (SL1) co-finances project identification, prefeasibility assessments and some training and coaching of the project developers, i.e. Cooperating Partners' transaction pipeline building. Support Line 2 (SL2) co-finances independent technical assessments and some other feasibility components like environmental assessments of specific renewable energy projects that have received Cooperating Partners' investment committee approval for initial development and seed finance.

60. For both support lines, fund managers have to submit a work plan and budget to the SCAF and get approval to receive the matching financing. SL2 support was contingent on successful completion of SL1 support. The fund managers were allowed to use the SCAF financing for up to 2 projects of the same technology in the same country and were then expected to "know" this type of project sufficiently to continue with the development and financing of these projects without further support.

61. Finding the right counterparts and bringing them on board as Cooperating Partners is an important contributing condition for the success of the SCAF. Whether or not the Private Equity Funds

[21] This was later (and specifically in SCAF II) supported with more specific criteria and called SL0, to be extended only to "first time" fund managers.

the SCAF works with really need the kind of support offered by the project, and what would be the counterfactual, is a key question and could also not be resolved in this evaluation. This is primarily because the selected group of 5/6 Cooperating Partners do not represent a set of eligibility criteria or core characteristics that can be matched to an equivalent counterfactual group. In addition, this number of partners is so small in absolute terms that their aggregated experiences are not generalisable to a wider population (i.e. too small a sample to be able to generalise the findings to a diverse group such as 'Private Equity Funds'). As discussed at more length in the Mid-Term Review of SCAF II, the Cooperating Partners have indicated that they were already interested in developing renewable energy on-grid projects and would have done so with or without the SCAF. However, they have consistently told the evaluation team, that with the help of the SCAF they were able to do so faster and the resulting projects had higher quality. While it has been indicated that 'better' projects have been developed faster with SCAF support, wind fall profits cannot be excluded as some of the SCAF-financed activities may have been financed by the private sector even in the absence of the SCAF.

62. An external contributing condition for project success was certainly the overall improvement of the financing environment for renewable energy. The technologies have matured over the last years, and financing volumes have increased globally as well as in most countries (cf. REN21[22] global status report and UN Environment Global Trends in Renewable Energy investment report). Thus, the barriers for financiers to finance such projects have become lower during the implementation of SCAF I. It was to be expected at the time of project approval that the general trend would support this project, and this effect certainly has helped justify some of the assumptions and made the project's success easier.

63. Beyond the immediate projects developed by the Cooperating Partners with SCAF support, all GEF projects are supposed to have a catalytic impact and be scaled up or replicated.[23] As the Theory of Change diagram highlights, this can be done by the same partners, or by observers of their activity. The replication of projects through the SCAF Cooperating Partners is directly part of the programme logic. After two projects in the same technology / country combination, the Partner cannot use further SCAF funds for the next project of the same type but has to either change the technology of move on to the next country. It is assumed that they will replicate what they have learned and as discussed later, this happened for some of them, for example in South Africa.

64. In addition, non-cooperating investors should gain confidence from seeing the SCAF successes, and benefit from their knowledge and experience. This should encourage them to feel therefore more inclined to take up similar projects in the future. For this, a functioning outreach and public discussion of the SCAF successes is a key contributing condition that is directly within the sphere of influence of the project.[24]

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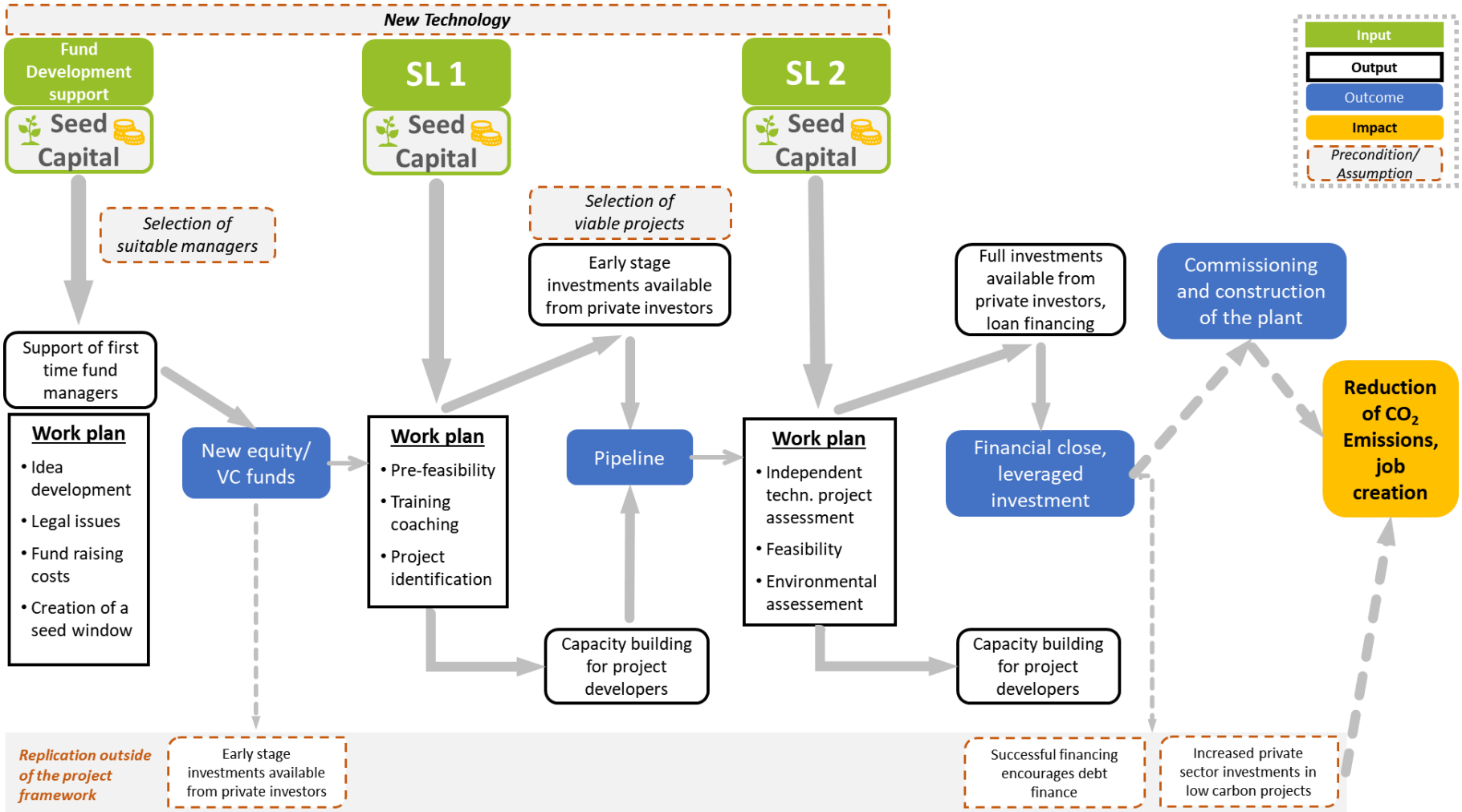
[22] Renewable Energy Network 21 (REN21) is a UN Environment project (since 2007)

[23] Guidelines for GEF Agencies in Conducting Terminal Evaluation for Full-sized Projects; Unedited. Approved by the GEF IEO Director on 11th of April 2017

[24] UN Environment categorises contributing conditions into a) 'assumptions' that are largely outside the sphere of influence of the intervention and b) 'drivers' which the project can influence.

Figure 3: Reconstructed Theory of Change



Source: Own compilation based on project documents.

4.3 Departures from the Project Document

65. The theory of change described above was re-constructed during the inception phase of this evaluation and is valid for both SCAF I and its subsequent phase, SCAF II. As described above, the design of SCAF I was influenced by the experiences of the E&Co facility, which targeted a large number of small businesses. This is why there are differences in the terminology used in the Project Document and project documentation generated since implementation began.

66. After starting the onboarding process of the Cooperating Partners, the SCAF team found that interest in setting up small business incubators was much more limited than interest in developing interesting opportunities into Independent Power Producer Special Purpose Vehicles (IPP SPVs) and financeable proposals. While the role model E&Co also led to the inclusion of Venture Capital Funds as eligible recipients, SCAF I selected 6 Private Equity Funds with medium capitalization and deviated from the earlier concept of small business development more and more. Of the 6 Private Equity Funds, 5 are infrastructure type funds, while one, Infuse, is a Venture Capital Fund. Including Venture Capital Funds was discontinued after the Mid-Term Review, partly because transaction costs for providing working capital to smaller technology-providing enterprises were too high.

67. The projects ultimately supported by the SCAF were mostly infrastructure investments like wind farms and small hydro plants. Potential reasons why the SCAF might have changed its focus, might have been lack of access to Fund Managers that were interested in providing working capital and business development services for small businesses, too high transaction costs, too little funding available to the SCAF for effective cost-buy-down, that the project team found opportunities in the project financing space to be more suited for higher impacts or that the venture capital support opportunities were too long term or simply not around at the time.

68. Generally, this shift also concentrated the focus more towards the financial close of these projects. In an SME financing approach, the sustainable energy businesses might have provided energy technologies to non-electrified households very quickly after receiving the funds. In this case, the fifth outcome of "improved energy services provided to un/under-served populations in target regions" would have been measurable during the lifetime of the SCAF. With the shift towards larger "infrastructure" SPVs, and the success of the SCAF defined as financial close, this situation changes: after the financial close of such an SPV project, it can still take years until the facility starts generating energy and provides "improved energy services to underserved populations". Therefore, it was logical, under these circumstances, to not include this outcome in the monitoring systems. On the other hand, it is unclear if dropping the outcome was a reflected decision, or just an omission. SCAF I was implemented rather independently in Asia and Africa. The combining link were the Management Committee and the joint reporting to the GEF through UN Environment. However, the pace and the strategy for onboarding partners was different in the two regions.

69. Overall, the Project Document was subject to four revisions. Revision 1 was not on record with the evaluation team within the actual information collection period.[25] Revision 2 in 2013 was to shift the leftover budget of 2012 of USD 245,123 to later years. Revision 3 in 2014 was to shift budget to later years and request an extension to 2016, and Revision 4 in 2016 requested a no-cost extension to June 2018.

70. It is also of interest to note that the long development time for SCAF I – it took 36 months from the approval by the GEF to the signing of the Memorandum of Understanding (MoU) between UN Environment and the AsDB – supported its viability. During these three years, technology cost reduction and the establishment of renewable energy frameworks and local capacities, have developed in a way that favoured private sector engagement in the renewable energy field in Africa and Asia.

5 Evaluation findings

71. This section discusses the performance of the project against UN Environment's standard evaluation criteria[26]: strategic relevance; quality of project design; nature of external context; effectiveness; financial management; efficiency; monitoring and reporting; sustainability and factors affecting performance. (Table 3, below, describes the ratings for each evaluation criterion, along with sub-criterion where appropriate). Applying the UN Environment weighted approach to aggregating the performance against each criterion, the overall project's performance is found to be 'Satisfactory'.

[25] Was submitted to the evaluation team on June 20.

[26] UN Environment applies a 6-point rating scale to each criterion: Highly Unsatisfactory (HU); Unsatisfactory (U); Moderately Unsatisfactory (MU); Moderately Satisfactory (MS); Satisfactory (S) and Highly Satisfactory (HS). The labelling is altered under some criterion such as a 'favourability' scale for Nature of External Context and 'likelihood' scale for likelihood of impact and sustainability.

Table 3: Ratings

Evaluation criteria	Rating	Score	Weight	Weighted Score
Strategic Relevance (select the ratings for sub-categories)	**Satisfactory**	**5**	6	0.3
Alignment to MTS and POW	Satisfactory	5	1	
Alignment to UNEP/GEF/Donor strategic priorities	Satisfactory	5	1	
Relevance to regional, sub-regional and national issues and needs	Satisfactory	5	2	
Complementarity with existing interventions	Satisfactory	5	2	
Quality of Project Design	Moderately Satisfactory	4	4	0.2
Nature of External Context	Highly Favourable			
Effectiveness (select the ratings for sub-categories)	**Satisfactory**	**5**	45	2.3
Delivery of outputs	Satisfactory	5	5	
Achievement of direct outcomes	Satisfactory	5	30	
Likelihood of impact	Likely	5	10	
Financial Management (select the ratings for sub-categories)	**Highly Satisfactory**	**6**	5	0.3
Completeness of project financial information	Highly Satisfactory	6		
Communication between finance and project management staff	Satisfactory	5		
Efficiency	Moderately Unsatisfactory	3	10	0.3
Monitoring and Reporting (select the ratings for sub-categories)	**Satisfactory**	**5**	5	0.2
Monitoring design and budgeting	Satisfactory	5		
Monitoring of Project Implementation	Moderately Satisfactory	4		
Project Reporting	Satisfactory	5		
Sustainability (select the ratings for sub-categories)	**Likely**	**5**	20	1.0
Socio-political sustainability	Likely	5		
Financial sustainability	Likely	5		
Institutional sustainability	Likely	5		
Factors Affecting Performance (select the ratings for sub-categories)	**Satisfactory**	**4**	5	0.2
Preparation and readiness	Moderately Satisfactory	4		
Quality of project management and supervision	Satisfactory	5		
Stakeholder participation and cooperation	Satisfactory	5		
Responsiveness to human rights and gender equity	Moderately Satisfactory	4		
Country ownership and driven-ness	Not rated	0		
Communication and public awareness	Moderately Satisfactory	4		
			100	**4.74**
			Satisfactory	

5.1 Strategic relevance

72. Overall, the strategic relevance of SCAF I is rated 'Satisfactory'.

5.1.1 Alignment to Medium-Term Strategy and Programme of Work

73. The Terms of Reference for this evaluation specify that this project is supposed to be contributing to "Expected Accomplishment(s): EA (b) Energy efficiency is improved and the use of renewable energy is increased in partner countries to help reduce greenhouse gas emissions and other pollutants as part of their low emission development pathways" and "Programme of Work (POW) Output(s): EA (b) – 4: Technical support provided to countries and partners to set up and implement sectoral initiatives and to make renewable energy and energy efficiency technologies bankable and replicable." Within UN Environment's Programme of Work, the project is aligned with the strategic sub-programme Climate Change. The intervention is fully in line with all of these stated goals and is rated 'Satisfactory'.

5.1.2 Alignment to UN Environment/GEF/Donor strategic priorities

74. In the Project Document, the strategic relevance is related to UN Environment/donor/GEF strategic priorities (CC-4, CC-5 and CC-2) and linked to other interventions. The project builds on the precursor project Rural Energy Enterprise Development (REED), which had provided enterprise development assistance and working capital to Sustainable Energy SMEs. SCAF I was considered an upscaling (mainly in terms of the benefiting renewable energy projects) of the REED project. However, in line with the main promise – to bring private finance into the frontier markets of renewable energy projects – the focus was changed to Private Equity Funds and the development of bankable investment projects. This is in line with the priorities of the GEF. The GEF is constantly requested by its donors to strengthen private sector co-financing and private sector involvement, and this project is fully aligned with this strategic intention, perhaps even more so after the reorientation towards equity markets from the focus on Small and Medium-Sized Enterprise support.

75. Thus, the SCAF's relevance for the GEF is rated as 'Satisfactory'.

5.1.3 Relevance to regional, sub-regional and national issues and needs

76. The relevance for national needs is analysed from two perspectives, first the need for renewable energies and secondly the situation of Private Equity as funding instruments. With the increasing demand for electricity on-grid renewable energy was included in many Power Development Plans of many Asian and some African countries at the time SCAF was developed and started operation. In South Africa, for example, the White Paper on Renewable Energy (2003) had set a target of 10 000 GWh of energy to be produced from renewable energy sources (mainly from biomass, wind,

solar and small-scale hydro) by 2013[27]. In the Philippines, the Congress in 2001 passed legislation to support the use of renewable energy including various RE Reform Acts. During the life of the project in most of the target countries, substantial regulatory changes were introduced for mainstreaming renewable energy. This included the opening of the sector for private investors, as it soon became clear that funding for renewable energies would need to leverage a significant amount of private capital to push through.

77. Through the initial participation of the AfDB a close connection to the African local markets was established and – vice versa - through the AsDB to the Asian markets. Both International Finance Institutions, and most notably the AsDB, were also active in Private Equity Fund investments at the time SCAF I was developed. The combination of leveraging private capital for renewable energy projects through Private Equity Funds answered to a need in the countries. Specifically, since this was early stage capital which supported capacity building at project and Private Equity Fund level it thereby bridged a deficit in project development and financial structuring. SCAF I was therefore relevant to target countries.

78. In both dimensions, SCAF I's strategic relevance is rated as 'Satisfactory'.

5.1.4 Complementarity with existing interventions

79. At the time when SCAF I was developed, a number of other support mechanisms for early stage Private Equity Funds investing on an infrastructure finance basis into renewable energies were available. Most notably these were the UN Environment REED programme and the comparable E&Co facility, supported by the Rockefeller Foundation and InfraCo, funded by the Private Infrastructure Development Group (PIDG) and other donors such as DFID. PIDG's InfraCo invested in Project Development Companies (DevCos), which at that stage were not directly eligible for SCAF support. On a non-investment basis there were other facilities such as the CTI Private Finance Advisory Network (CTI PFAN), which targeted renewable energy projects directly and offered advisory services.

80. Since the start of SCAF I, more facilities have been created that support the development of bankable project pipelines, including UN Environment's own African Carbon Asset Development Facility (ACAD), Renewable Energy Performance Platform (REPP) and others. Climate Investor One is a combined investment facility which offers support at three different stages, including early seed funding. While they target an average size of 25-75 MW or USD 80-100m in total investment cost, and thus are comparable to SCAF I, they take an equity position in the projects.

81. SCAF I addressed similar needs of the same target group but did not replicate existing programs. Thus, the specific approach that SCAF chose was unique at the time. It was complementary to the existing schemes and expanded on their experience in that it combined a number of features others did not have:

[27] http://www.energy.gov.za/files/renewables_frame.html
The National Energy Regulator of South Africa (NERSA) implemented the Renewable Energy Feed-In Tariff (REFIT) in 2009.

- supported teams i.e. Private Equity/Venture Capital Funds directly and not individual projects
- required General Partners to convince Limited Partners of agreeing to a higher risk level
- required Limited Partners to participate in a risk sharing mechanism
- combined fund and project support under one scheme

82. Most Private Equity Funds at that time were not allowed to go into early stage investment. Funds were geared to invest after the de-risking phase. Inspired Evolution or Berkeley were, for example, able to raise funds with the prospect of projects in target countries but then were not allowed to deploy funds at an early stage. When SCAF I came in, offering a cost sharing mechanism, it was able to unlock funds from Limited Partners by enabling Private Equity Funds to carry out the preparatory work necessary for clean energy development projects to be eligible for sources of investment available in the more mainstream market. Other modalities, which were larger in volume, did not have this cost-sharing instrument for early seed money.

83. A number of Limited Partners in SCAF-supported Private Equity Funds were International Finance Institutions. These, which were fairly static and risk-averse in their private equity approach, always targeted the phase shortly before financial close. This also included some of the International Finance Institutions which were collaborating closely with the SCAF I, specifically also EIB, AfDB and AsDB. In fact, for at least one of the Cooperating Funds, the Asia Climate Partners Fund, AsDB is also an anchor investor. SCAF I allowed them to approach the market from a new, higher risk angle, without giving up their investment ideology straight away. Complementarity to other programs is therefore confirmed.

84. On the basis of this analysis, SCAF I did fill a unique gap of strategic relevance for a specific target group and is rated as 'Satisfactory'.

5.2 Quality of project design

85. As described in the Inception Report, the quality of project design is rated as 'Moderately Satisfactory'.[28]

86. Generally, the Theory of Change is not quite as clearly described in the SCAF I project document (ProDoc) as later in SCAF II (which served as the basis for the reconstruction of the theory of change for the SCAF initiative as a whole). While SCAF I was generally well designed and followed a clear logical pattern from the more general goal and objectives of CO_2 reduction to the leveraging of private capital to outputs and outcomes, based on a proper situation analysis, risk identification and leading to appropriate monitoring structures, the ProDoc still contained a number of editing errors, carried over from the precursor project REED and suffers from a lack of readability due to the excessive use of financial and promotional language. This observation relates to the frequent

[28] The Quality of Design matrix has been included in the inception report as separate Excel-File "Assessment of the Quality of Project Design_SCAF Evaluation_UNEP" (see Inception Report Annex C, available from the UN Environment Evaluation Office).

reference to "benefitting enterprises", and also to the intended effect of "buying up the risk-adjusted returns", implying lower profitability of the supported investments.

87. The Inception Report to this evaluation found that, in terms of governance and supervision arrangements the role and responsibility of UN Environment is not sufficiently described. This is not to say that the role UN Environment took (being the conveyer and initiator) was not useful. However, the project after approval by the GEF Council was moved to co-implementation between UN Environment and AsDB, with support of the African Development Bank. This shift was not fully reflected in all places in the revised project document. This caused significant confusion in the evaluation of the intervention.

88. Another shortcoming of the ProDoc is that it is inconsistent with respect to the number of outcomes. In some places it mentions a fifth outcome while for implementation, only four outcomes were considered relevant (for more discussion refer to section 5.4.2).

89. Generally, SCAF I can be considered a Public-Private Partnership (PPP), highlighting that a potential conflict of interest between the private and public sector requires careful balancing. SCAF I aligned the interest of the public and the private sector through close cooperation and cost-sharing. The evaluation found no indications for a bias towards the private sector (moral hazard), nor a strong push for the public sector influencing the decisions "to pick the winner", as sometimes happens in larger donor funded programs. It has to be concluded that the PPP structure was appropriate.

5.3 Nature of the external context

90. The financial crisis of 2007/2008 impacted the debt as well as the equity market and, as a consequence, investments in renewable energy (decrease of 23 % in clean energy investments within a year).[29] The cause of the financial crisis was a combination of debt and mortgage-backed assets, which led banks to only provide short-term lending as they had a liquidity crisis on their hands. The market of long-term project finance, as required for most types of renewable energies, was practically not served by commercial banks. On the other hand, Limited Partners were not pursuing investments in private equity funds in general to lower their long-term risk and in renewable energy-focussed Private Equity Funds in particular as long-term finance was not available.

91. Still, the development of renewable energies as an alternative to fossil fuel was already unstoppable and continued to develop supported by Multilateral Development Banks throughout the crisis. For SCAF I the financial crisis thus only resulted in delays as it was difficult to find new Private Equity Funds. To get around that challenge, AsDB published a tender on their website in 2009 to support new Private Equity Funds. The call received a good response as 18 Funds applied of which 5 were finally selected. This took some time as the new partners had to raise funds and get started. Of

[29] REN21 (2009): Renewables Global Status Report 2009. Update, http://www.ren21.net/Portals/0/documents/activities/gsr/RE_GSR_2009_Update.pdf (last accessed 26.02.2018).

the 5 supported Funds only one Fund was ultimately successful and is now an active partner in SCAF I (Armstrong). To disburse funds in the meantime in the beginning of 2010[30] AsDB started to look at Private Equity Funds already in their portfolio and selected Berkeley and Aloe. AsDB signed agreements with them in May and April 2011. There were other contributing factors to the delay but, all in all, this delay amounted to at least 14 months.

92. In Africa, the impact of the financial crisis was felt as well and caused some delays in project financing. However, as the financial environment is less commercial but more supported by Multilateral Development Banks the additional delay was not that strong. The first Cooperating Partner Agreement (CPA) with Evolution 1 was signed in June 2010. Cooperating Partners were generally found via Frankfurt School's Mapping Exercise where they document the leads and provide a short fact sheet on a growing number of Fund Managers and their activities in the sector. Based on that, potential partners were identified and discussions with them conducted to understand the opportunities for collaboration. Overall, this process included a significantly larger number of potential partners which were narrowed down in the course of the discussions, to ultimately, 4 Cooperating Partner Agreements in Africa.

93. A second point was that technically the renewable energy market developed in parts faster than expected. Prices in solar PV dropped substantially causing a shift in investment focus of many Private Equity Funds.[31] Solar soon became the low barrier type of renewable energy, forcing Funds to look for other technologies/ other countries. SCAF I has set a condition that Private Equity Funds should invest in frontier countries. This has led to delays in disbursements because Cooperating Partners had to find new investment opportunities. Some Cooperating Partners also did not agree to this (Red Kouga) and continued without SCAF I support in the same country and technology.

94. In addition to general applicable features impacting the performance of SCAF I the development in some countries affected the performance of SCAF I in specific ways. The National Energy Regulator of South Africa (NERSA) implemented the Renewable Energy Feed-In Tariff (REFIT) in 2009, which lead, together with the Independent Power Producer (IPP) Procurement Program, to a surge in renewable energy in the next years, reducing developer risks substantially. SCAF I was affected by this development as at least two Funds, Evolution 1 and Lereko, were involved in South Africa, and could then no longer receive SCAF I support for projects in South Africa. Cooperating Partners were invited to look outside of South Africa with the consequence that some of their better project developers (Development Companies) did not follow this move. A similar situation occurred in India, where wind and solar became mainstream.

95. The external context for SCAF I is rated as 'Highly Favourable'[32]

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[30] Due to another change in personnel

[31] REN21 (2017): Renewables 2017 Global Status Report, http://www.ren21.net/wp-content/uploads/2017/06/17-8399_GSR_2017_Full_Report_0621_Opt.pdf.

[32] It is noted that the favourability of the external context is not included in the ratings scoring in any way. It is used to allow evaluation teams to justify an adjustment in the Effectiveness rating if a project has experienced an unexpected negative external context (eg natural disaster, political upheaval etc).

5.4 Effectiveness

5.4.1 Delivery of outputs

96. As described below, budgeting and fund mobilization had taken significant time for SCAF I which impacted the timely delivery of outputs. However, the overall quality of delivery is rated as 'Satisfactory'. Table 4 provides an overview.

97. In SCAF I outputs are linked to subcomponents of the project and consist of aspects internal to the project ("governance structure in place") as well as external outputs ("entrepreneurs trained"). In the original proposal, two separate support windows were targeting transaction cost support and the closing of the viability gap. The support windows that were ultimately implemented were focusing on offsetting transaction costs in consecutive stages of project development, and not necessarily to viability gap closure – the SCAF means would have been insufficient to do close that gap. Thus, in a way, the original project design would not have led to the same strategic relevance as was achieved through the actual implementation.

98. Support Line 1 (SL1) cost-shares mostly non-project specific costs incurred by the Cooperating Partners, which are linked to sourcing, developing and transacting seed scale investments, including the training of project developers. SL1 is disbursed on the basis of a 2-3-year work plan. Cooperating Partners describe how many and which minimum number of seed investments they want to make, and if they fail to reach that target they must reimburse part (up to 50%) of the SL1 funds received. When Funds are unable to make seed investments in projects, they probably do not have any more money left and thus would be unable to repay. It is unclear what the exact rationale for this repayment clause was as there is no notion that SCAF I was supposed to be a revolving facility.

99. However, this ambiguity in several dimensions in SL1 led to significant discussion during the evaluation. It is understood that for SL1 the total amount provided to a Cooperating Partner is based on the balance sheet (in addition to the 2-3-year work plan). The larger the financial strength and the project pipeline, the higher the probability that the Fund can get the maximum SL1 amount. This might lead to a situation where smaller and newer Cooperating Partners may get less support, while larger more established ones benefit as an institution, including for non-SCAF supported projects. Secondly, SL1 is a conditional grant, to be repaid if the Cooperating Partner does not make a minimum number of seed investments. In turn this means, if the Fund succeeds, the reimbursement will be foregone. It has been flagged to the evaluation team that this provides an incentive for Cooperating Partners to use SL1 for projects with a high likelihood of success only, because this increases the likelihood that SL1 can be kept as a grant. It would provide a disincentive to enter into difficult projects, because it bears the risk that own and SL1 funds are lost and have to be repaid. The evaluation team is not sure that this rationale holds up as it might overrate the role that individual project's success plays for SL1. Basing such an assessment on an empirical basis is difficult, however, as the sample size is very small. Secondly, the ProDoc does not specify what sanctions the Cooperating Partners face in the case of non-repayment. Thirdly, there was another line of argumentation that due to the cost-sharing mechanism Private Equity Funds would reduce their engagement through the management fee. While

this is true, SCAF support was nevertheless helpful. As the evaluation found, SCAF I support for the "soft costs" was mostly used in a different way: many Cooperating Partners used the funds to hire certain specialists and/or pay part[33] of their salaries. This supports a finding that was confirmed by almost all interviewees, which is that SCAF led to better projects being developed faster than would have been the case without SCAF.

[33] **Staff costs could not represent more than 30% of SL1.**

Table 4: Output rating overview

Output as per PIR 2015	Implementation Status PIR 2015	Rating as per PIR 2015	Implementation Status PIR 2017	Rating as per PIR 2017	Rating Evaluators	Comment
Output 1: Facility Established and Operating Modalities set						
Indicator: -						
Activity 1: Operating Modalities Defined	**100%**	**S**	**100%**	**S**	**MS**	**Operating modalities lack clear instructions how to calculate GHG and seed capital requirements**
Activity 2: Legal documentation within and between UN Environment, ADB and AfDB set	**100%**	**S**	**100%**	**S**	**S**	**Legal documentation with Frankfurt School should be included, complex organisational structure**
Activity 3: Contracting Procedures set	**100%**	**S**	**100%**	**S**	**S**	
Output 2: Support provided for the development of "Seed windows" within new energy funds						
Indicator: Number of seed windows created in existing or new funds						

Activity 4: Technical Support to fund managers in preparing enterprise development / seed finance strategies	**100%**	**S**	**100%**	**S**	**S**	
Activity 5: Financial Support to fund managers to assist in the preparation of seed windows	**100%**	**S**	**100%**	**S**	**S**	
Output 3: Operating SCAF Facility						
Indicators: (1) Numbers of projects/SMEs financed; (2) Amount of finance disbursed to sustainable energy projects/SMEs; (3) Documentation of services and benefits yielded by projects/SMEs; (4) number of households served; (5) direct GHG emission reductions.						
Activity 7: SCAF Support Agreements Negotiated/Signed	**100%**	**S**	**100%**	**S**	**S**	**2 out of 9 agreements were terminated at disbursement levels of 0.6% and 0%.**
Activity 8: Enterprise Development Support	**80%**	**S**	**100%**	**S**	**S**	
Activity 9: Seed Capital Support	**75%**	**S**	**90%**	**S**	**MS**	
Output 4: Management Review and Dissemination of Lessons Learned						
Indicators: (1) Share of SCAF seed financed SMEs that graduate to second stage financing (target = 20% - 30%). A further 50% to 60% stay small but meet most of their financing obligations. 20% are expected to be outright failures. (2) Amount of co-financing on SCAF pipeline ($50.9 million or a project co-finance ratio of 6.3 times the GEF contribution.) (3) Transaction cost efficiency gains						
Activity 10: Review Facility Operations	**70%**	**S**	**70%**	**S**	**S**	**Terminal review ongoing**

Activity 11: Share Lessons Learned	**45%**	**MS**	**70%**	**S**	**MU**	

Rating scheme: HS-Highly Satisfactory; S-Satisfactory; MS-Moderately Satisfactory; MU-Moderately Unsatisfactory, U-Unsatisfactory, HU-Highly Unsatisfactory.

Source: UN Environment/AsDB GEF (2015): Project Implementation Review. FY15 (1 July 2014 to 30 June 2015). UN Environment/ GEF (2004): Internalized Project Document. SCAF I.

Output 1

100. Activity 1: The governance structure of the modality is functioning.[34] The detailed operational parameters of SCAF I are however not yet fully defined. For example, it is found that there is no common reporting standard for GHG emission reductions. Also, the fact that since 2015 the whole project needed to be kept open for AsDB only, and still did not succeed to place all funds, might point to a lack of internal thrust and effective mutual control.

101. Activity 2: After the AfDB dropped out due to internal reasons, the Frankfurt School UN Environment Collaborating Centre for Climate & Sustainable Energy Finance (Frankfurt School) was contracted to be the implementing partner for Africa, in March 2010. After that long delay, the integration of Frankfurt School into the team was handled in a timely and professional manner.

102. Activity 3: Procedures and documentation have been finalised at an early stage (mostly 2008) and found to be suitable. The legal documentation between facility participants was delayed a little, in the beginning of the project, mostly due to the complexity of these agreements and the fact that they represented a new form of technical cooperation, both for the fund managers and the implementing agencies.[35] Some Funds found the paper work heavy as compared to the reporting to shareholders, but there was a common sentiment among them that documentation was made as easy as possible and some documentation is in order for public (grant) funding.

103. The content of Cooperating Partner Agreements (CPAs) differ depending on whether they were signed by Frankfurt School (for Africa) or AsDB (for Asia). In Frankfurt School's early contracts for the intellectual property rights to the SCAF-supported activity lies solely with the developer (for example in the CFA of Evolution One). Later this was changed so that the intellectual property right lies with the Cooperating Partner, its investees, or the project developer. This is a positive change, as it allows other projects to access documentation in case a SCAF-funded project is not implemented. AsDB's agreements do not contain any such clauses. They also do not make any reference to the conversion of SCAF funds into debt or equity instruments which the Frankfurt School contracts explicitly do not allow in their later version, apparently in order to implement a recommendation from the Mid-Term Review.

104. Given the fact that an important factor such as GHG reduction is not properly defined and contractual contents are different and partially silent on important issues like property rights, the rating for Output A is 'Moderately Satisfactory'.

Output 2

105. Activity 4: Under this activity, "fund development support" was provided in 2010 to five selected fund managers establishing clean energy-focused Funds in Asia. It is not fully clear from the project's

[34] But see below for cost efficiency.

[35] PIR Aug.10

documentation what form this fund development support took. It is indicated in project reports that in the first year a consultant was hired, to assist fund managers in preparing proposals.[36] For later years, it is mentioned that these activities were supposed to be fulfilled by Frankfurt School for Africa in the context of a Project Cooperation Agreement between UN Environment and them.

106. Activity 5: The management committee initially – in years 2008 - 2010 did not engage on this activity, but instead focused on supporting fund managers with technical assistance under Activity 4. However, in 2011, onboarding fund managers had reached a stand-still in Asia, and a tender was conducted in Asia to provide funds to five Fund developers. This was a one-time exercise and was considered useful as it also helped to understand the market better. According to the Project Implementation Review report 2017, the following fund managers were supported: (i) Conduit Ventures Ltd., (ii) E&Co, (iii) IndiaCo Advisors Pvt. Ltd., (iv) Low Carbon Investors, and (v) Yes Bank Ltd. Of these 5 recipients, only Low Carbon Investors (now Armstrong Asset Management) raised its USD 164 m for its Armstrong South East Asia Clean Energy Fund, which "graduated" into fully fledged SCAF I support based on a Cooperating Fund Agreement under Output 3.

107. Conduit Ventures and E&Co cancelled their fundraising efforts due to difficult market circumstances and IndiaCo because their team leader passed away. Yes Bank Ltd. likewise suspended its fundraising efforts in 2011 due to difficult market circumstances. In 2014, Yes Bank Ltd. informed AsDB of the resumption of its fundraising activities for the Tatva investment fund, but there is no indication to date that it has achieved financial close.

108. Output 2 was fully implemented but demonstrated the difficulties in finding and picking winners. It is still rated as 'Satisfactory' as the learning potential is significant.

Output 3

109. Activity 7: From 2008 to 2017 SCAF signed 9 Cooperating Fund Agreements, of which two were terminated during the SCAF term (ALOE in Asia and Lereko in Africa). Thus, ultimately, the output target of "6 CPAs signed" was exceeded by 1 partner. The signing of the agreements was delayed compared to the initial work plan, due to the above-mentioned delays. Interviewees confirmed that the processes and arrangement were conducted very professionally. It was already found by the Mid-Term Review, that the target of 4-6 seemed under ambitious. It is noted that a mapping study and a due diligence process preceded the signing.

110. Activity 8: Enterprise development support is also known as "Support Line 1" (SL1). It was fully disbursed in Africa, where the project was operationally closed December 2015 and in Asia, where the activities closed in December 2017 and the project is expected to close in mid-2018. The disbursement was preceded by some redistribution of funds between Cooperating Partner Agreements, which is not unusual, and reflects a close engagement of, and assessment by, the Project Management Unit and implementing partner.

[36] Annual Progress Report 2008, p. 2, supposedly proposals for SCAF support.

111. Activity 9: Seed Capital Support, known as 'Support Line 2' (SL2) is fully disbursed in Africa and in Asia 78% are disbursed. Operations have closed in Africa in 2015, and in Asia in December 2017, without full commitment of the funding, or disbursement of the committed funds. USD 0.769 m remain uncommitted as of the writing of this report as it was not possible to onboard a sufficient number of Cooperating Partners for AsDB. The shortfall in disbursement success is due to a less active management by AsDB, The Cooperating Fund Agreement with Asian Climate Partners was only signed in 2016. Further activity after that did not lead to any additional SL2 disbursements.

112. Support Line 1 (SL1) co-financed project identification, prefeasibility assessments and some training and coaching of the project developers. These were activities in connection with sourcing, developing and transacting seed scale investments. Support Line 2 (SL2) co-financed independent technical assessments and some other feasibility components like environmental assessments. Both support lines require a 50:50 cost-share. Fund managers had to submit a 2-3-year work plan and budget to SCAF I and get approval of that plan to receive the matching financing. SL1 support was contingent on successful completion of SL2 support. The Cooperating Partners were allowed to use the SCAF financing for up to 2 similar projects and were then expected to "know" this type of project sufficiently to continue with the development and financing of these projects without further support.

113. Output 3 has been implemented successfully and is overall rated as 'Satisfactory', even if the shortfall in disbursement in AsDB is below the target (resulting in a 'Moderately Satisfactory' rating on Activity 9). Output 3 is the core of the experimental nature of SCAF I and has provided for a large number of important lessons learned that were implemented in SCAF II.

Output 4

114. Activity 10: A Mid-Term Review was completed in 2012. No other external reviews took place. Annual and semi-annual reports as well as Project Implementation Review reports to GEF were prepared regularly. They are informative, but do not include budget information. The Mid-Term Review came at the right time and provided SCAF I with useful recommendations on how to adjust the current SCAF activities and focus. It also helped in the design of SCAF II.

115. Activity 11: SCAF I is somewhat weak on the issue of learning and knowledge sharing. No clearly mandated strategy was found, which allowed for sharing lessons learned outside the immediate stakeholders. This was one of the most often voiced criticisms from representatives of the Funds who were interviewed. Visibility was insufficient. A cursory check on relevant external web sites did not find any mention of SCAF. The project is basically not known outside the inner circles despite the fact that it has been running for more than 10 years and has been planned since 2003. A report is mentioned in the 2017 Project Implementation Review as having been prepared on "approaches to early stage investment support" but is not available on the Homepage of SCAF nor can it be found elsewhere. The quantity of knowledge dissemination is not sufficient and the quality, usefulness, and timeliness of what has been published cannot be assessed, because it is not available.

116. Output 4 is rated as 'Moderately Satisfactory'.

5.4.2 Achievement of direct outcomes

117. Overall the achievement of direct outcomes is rated as 'Satisfactory'. SCAF I was scheduled to work towards 4 outcomes, namely:

- **i) increased access to enterprise development support and seed financing for early stage sustainable energy enterprises and projects in target regions;**
- **ii) increased experience amongst financiers for investing in small scale renewable energy / energy efficiency projects;**
- **iii) mainstreaming of seed capital into commercial energy finance approaches, whereby seed portfolios become pipeline development tools for later stage commercial investing;**
- **iv) a new breed of indigenous clean energy enterprises established offering a range of GHG mitigating projects, products, and services**

118. The internal ProDoc mentions a fifth outcome in the Summary (but not in the Logframe), which is "improved energy services provided to un/underserved populations in target regions. This inconsistency may be due to a lack of careful editing. The project does not have a focus on underserved populations or energy access, and it is in line with that rationale that this outcome is also not monitored anywhere. However, it is unclear why this outcome was superficially[37] included. Human rights and equity issues were certainly an added aspect of interest and alignment for both UN Environment and the funder, the GEF, of the project. However, the Logframe was certainly included for GEF approval so that the funding decision was taken on the project without this outcome. On the other hand, the original idea of supporting energy retail and energy service businesses (E&Co-style) would have resulted in access to energy services as a higher-level outcome. Potentially, this outcome was not included in the Logframe as monitoring the access would not necessarily have been easy within the standard UN Environment monitoring regimes and specifically the setup of this project. Another reason for dropping this fifth outcome might have been that project development for on-grid facilities is very slow and unpredictable. It would have been possible that none of them would have gone online before the SCAF I closed down. Thus, excluding this outcome might have been a matter of not overpromising. On the other hand, the same argument that long-timeframes are needed before effects are evident is also true for GHG emission reductions, which were not excluded from the project's results framework. Overall, the omission of the outcome seems to be an oversight rather than an intention. However, including a mission-relevant outcome in one place but not consistently (and not documenting its later removal) is not a good practice.

119. Indicators for outcomes and outputs in SCAF I are similar ("seed windows created"). Some of the targets are set at a low level of ambition. The Mid-Term Review already pointed out that the target number of Cooperating Partner Agreements was under-ambitious. However, the investment and GHG reduction targets are also set at a low level. Ultimately, this allowed for a situation where SCAF I

[37] This fifth outcome was never included in the Logframe.

worked with fewer partners, and those invested in very large projects, potentially picking the lower hanging fruit.

120. Table 5 gives an overview of the objective and outcome indicators, the actual achievements as of end of 2017, and the rating of the evaluation.

Table 5: Overview of outcome and ratings

Outcome (as per internal Project Document)	Indicators	Target	Results (as per PIR 2017)	Rating Evaluation
Overarching objective **Energy related CO_2 emissions are reduced through promotion of renewable energy and energy efficiency projects**	**GHG emissions mitigated through reduced fossil fuel-based energy consumption in targeted regions**	**0.4 to 0.8 Mt directly reduced from assisted transactions; 2.2 to 5.7 Mt reduced including later stage scale-up.**	**30.95 Mt expected from the first eight projects fully financed and in construction or already commissioned**	**S**
	Amount of total seed/follow-on investment mobilized in SE projects	**USD 67 million**	**USD 503.2 million**	**S**
Outcome 1 **Increased access to enterprise development support and seed financing for early stage sustainable energy enterprises and projects in target regions.**	**Increase in volume of direct seed transactions**	**USD 14 million**	**USD 16.3 million[38] committed to 31 projects**	**S**
Outcome 2 **Increased experience amongst financiers for investing in small**	**The increase in number of SE investments in targeted countries.**	**134**	**135 projects receiving SL1;** **31 approved for SL2**	**S**

[38] US$ 8.2 million in Asia and US$ 8.1 million in Africa.

scale renewable energy / energy efficiency projects	Number of financial institutions financing RE beyond those doing so at the time of project initiation.	20	8	MS
Outcome 3 Mainstreaming of seed capital into commercial energy finance approaches, whereby seed portfolios become pipeline development tools for later stage commercial investing.	Number of seed finance windows created within new or existing Funds	4 to 6	9[39] (minus 2 that were terminated)	S
Outcome 4 A new breed of indigenous clean energy enterprises established offering a range of GHG mitigating projects, products, and services	Amount of clean energy provided by new SE projects	52 MWe and 160 GWh/yr	576.98 MW from the nine successful projects (399.4 MW of which commissioned and 177.8 MW under construction or in the process of commissioning). Once all are commissioned they will collectively produce 1169 GWh/yr[40]	HS

[39] Evolution One Fund; DI Frontier Investment Clean Energy and Carbon Fund; LerekoMetier Sustainable Capital Fund; Berkeley Renewable Energy Asia Fund; Berkeley Africa Renewable Energy Fund; Aloe Environment Fund; Armstrong SE Asian Clean Energy Fund; INFUSE Ventures; Asia Climate Partners. But note that for most of these, the websites do not mention seed financing and it is also not clear how it could be assessed.

[40] Assuming a load factor of 70% for geothermal, 25% for wind, 30% for hydro and 15% for Solar.

	GHG reductions resulting from seed capital transactions	0.4 million tonnes (within the investment deployment period and over the life of equipment).	25.64 million tonnes	HS
	Amount resulting from 2nd stage investments	1.9 million tonnes (over the lifetime of equipment)	25.64 Mt from three operational projects, plus 5.341 Mt from three projects in construction	HS

[41] Operational Wind Mirakala India-3.3 Mt Kouga wind farm SA: 6.1 Mt, Solar PV India 0.0004 & 0.0067 MT, Skeiron wind farm India –16.24Mt; In construction: Geothermal Kenya-3.8 Mt, Small hydro and Wind Philippines-1.5 Mt wind farm Philippines – 1.1 Mt; wind farm India –16.24Mt; solar PV Philippines – 4,102 tonnes; solar PV Philippines – 2,714 tonnes;

121. The overarching objective - GHG emission reduction through an increase in renewable energy and energy efficiency projects has probably been achieved.[42] The first 8 projects that are in operation, or fully financed and in construction, are likely to lead to 30.95 Mt of GHG emission savings, potentially more. More than 140 investment projects were supported by SCAF I.

122. No target for power generation capacity was set. The GHG savings are at a high level and in line with the expectations given the amount of MW produced (577 MW p.a.). The high savings are also due to the fact that the on-grid projects tend to be larger in MW size than the off-grid energy retail technologies anticipated at planning stage and that the GHG indicator was set at a low level.

Outcome 1

123. SCAF I did well in achieving an increase in volume of direct seed finance (USD 16.3 m). When asked in the interviews which support line Private Equity Funds preferred they would usually say that when they started as a fund it would have been SL1, because it allowed them to get going, but as the fund matured, SL2 becomes more important. On average, an amount of roughly USD 0.525 m has been deployed to each of the 31 projects.

124. The Project Document states that SCAF shall leverage ("liberate") USD 1 million of seed capital from co-operating SCAF Funds, and USD 300,000 to USD 1 million of entrepreneurial capital, with USD 250,000 to 350,000 of GEF funding. The amount of total seed capital and follow on investments mobilized was targeted to be USD 67 million, which is a little higher than in the budget anticipated USD 50.9 m as co-financing from the Cooperating Partners. The Project Implementation Review report 2017, on the basis of self-reporting from the Funds, states that USD 503.2 million were invested. This amount is not corrected for other (climate or development) funding that went into these Funds. Almost all of the SCAF I supported Private Equity Funds are supported by other Development Finance Institutions (cf. Table 6). Asia Climate Partner, for example, is an investment of AsDB; the Edosol project received EIB support. Although it is not possible to confirm the overall value of increased financing that can be attributed to SCAF I, the fact that the project was able to leverage finance is not disputed. This has also been confirmed during interviews. In these, different parties have described in what way this has taken place: 1. SCAF helped provide financeable proposals faster, 2. at higher quality, and 3. with higher credibility. Some claim that the SCAF I support was a sort of "stamp of approval" which allowed the Funds to attract more equity and later debt finance.

Outcome 2

125. In particular SL1 supports various activities that result in significant capacity building for project developers. Since 135 projects received SL1 support, 100 in Asia and 35 in Africa, it is highly likely that capacity building at the level of the Cooperating Partner and at the level of the project was successfully conducted. This view is further supported by interviews especially with the Cooperating Partners in Africa, which stated that the capacity and skill level of local project developers was very

[42] For measurement and validation challenges, please refer to section 5.7 Monitoring

low and that they needed to get much more involved at a very early stage than they had expected. This deep engagement resulted not only in capacity building at the level of the project developers but also in them, the Private Equity Funds, getting a clearer understanding of project development. This allowed them to tailor their pipelines better.

126. The impact of SCAF I on the capacity of financial institutions is not clear. During its planning period SCAF I expected that more financial institutions would be drawn to finance renewable energy projects. This cannot be verified nor denied as evidence is missing. It is however likely that SCAF I, in combination with other Development Finance Institutions' activities, may have drawn new banks into renewable energy finance in the course of a syndication process. The impression is however, that SCAF I had very little influence on the wider financial markets. None of the interviewees said that they believed SCAF I had this kind of impact. A contributing factor is likely to be the fact that a limit is set on the number of similar projects (no more than 2) each Cooperating Partner could support in each country.

Outcome 3

127. 9 seed windows have been created of which 7 were completed as planned. Two terminated early their engagement with SCAF. None of the supported Private Equity Funds had a seed window in the beginning, and they had to create it with the support from SCAF. However, mainstreaming of seed capital for commercial renewable energy finance might not have been fully achieved. Whether they now think that frontier countries (other than the existing ones) or a different type of technology would improve their project pipeline in the long term, and thus keep operating the seed window without support, cannot be said with certainty from the interviews, as they continuously adjust their plans to market developments. Some of the Private Equity Funds follow a consequent frontier and social impact orientation. Others do not. Armstrong for example, one of the successful Asian Funds, had created a seed window but is now selling all its assets as they feel the business model of a Private Equity is too restrictive to pursue renewable energy infrastructure type projects further. Berkeley Asia is another case in point. Their main expertise is in India (small hydros) and the Philippines (wind). They opened a seed window but stayed mainly in the same country and technology. DI, in contrast, extended their reach to various countries and technologies. Having said this, it is a success of SCAF I that Private Equity Funds in Asia and Africa had looked through the seed window and saw chances in other countries and types of renewable energy which they pursued. However, the sustainability of this approach to this issue cannot be assessed, and the number of seed windows is a questionable indicator.

Outcome 4

128. SCAF I supported mostly existing Private Equity Funds specialized in renewable energy. Their product was the successful development of bankable renewable energy projects. They did not offer any other service or product, nor did they plan to do so in the future. SCAF I was supporting these Private Equity Funds and gently nudging them to take more risk. It is not exactly a new breed of enterprise but rather, a maturing of a market where developers and financiers cooperate. The amount of MW achieved and subsequently GHG emissions reductions are indicators supporting this.

129. There is only one energy efficiency project supported in SCAF I. The reason is that the way energy efficiency savings are achieved does not fit well into the concept of Private Equity Funds, who deal with infrastructure type renewable energy finance. Energy efficiency finance is typically much smaller, often linked to corporate finance and would be more suitable for Venture Capital type of entities. Generally, the narrow focus was helpful for project effectiveness, but this outcome indicator did not fully reflect the nature of the SCAF I.

130. The success is a collaboration of UN Environment and the implementing/executing partners Frankfurt School for Africa and AsDB for Asia. UN Environment as the Project Management Unit kept the oversight of the status of contracts, disbursement of both support lines and timing in Asia and Africa. UN Environment was familiar with the status of projects and Private Equity Funds without handling the day to day work.

5.4.3 Likelihood of impact

131. A long-term impact on GHG emissions and employment effects in target countries, as well as on the Cooperating Partners is rated as 'Likely'. Several SCAF I projects are already in operation and contribute to the power generation. They have a share in increasing and stabilizing employment in the region. This is a general observation when an earlier unserved region is now served with any form of electricity, not specific to renewable energy. Having said this, the operating SCAF I supported renewable energy projects contribute to GHG reductions. Several of the outcomes as well as the expected investment leverage and climate impact thus have been achieved.

132. In the view of the Cooperating Partners, SCAF I-supported clean energy development projects have a higher quality, and thus higher likelihood of success and impact than projects without such support. This is due to more resources being available (provided through SL1 and SL2) during the project development and vetting process. The fact that research and analysis was sequenced properly and happened at the right and logical time in the project development process means that better overall design - be it technical, financial, or other - improved the stability of the projects. Well-functioning renewable energy projects have a pilot function in the region and increase the chances of replication on the project level, assuming there are mechanisms to support this replication (such as communication outreach, documentation of demonstrated effects, project development approaches that are consistent with the regulatory context etc).

133. Specifically, the support granted by SL1 helped to build a more diversified pipeline. Cooperating Partners were able to look at projects which they had otherwise disregarded/postponed as they may have been perceived as too risky and/or required too much financial resources to develop further. This has led to a more stable project pipeline in many of the SCAF I supported Private Equity Funds, which will continue to exist even when the Funds are no longer supported by SCAF.

134. Another expected impact is the application of environmental, social and governance (ESG) safeguards in the renewable energy projects. Due to the learning effect, training of local staff and the anchoring of ESG safeguard conditions in project documents, a legacy has been laid. Private Equity Funds and project developers now include ESG safeguards in their early thinking process also because

they noted that many financiers including among their co-investors (Limited Partners) follow the ESG safeguards of IFC, which particular focus on project finance. SCAF has financially supported the training of local staff and external studies and has contributed to a new breed of local ESG safeguard experts. Some impacts on the project development and finance community vary by region. SCAF operated in two different regions, Asia and Africa, and while in Africa, the market is dominated by ODA-based (finance and policy) interventions, the field in Asia is much more commercial, including on the capital markets – thus, funding is available. The base case for the analysis of the impact is different.

135. In Asia, Private Equity Funds typically worked with project development companies, strengthening their capacity. Subsequently (and this can be seen even better in SCAF II) the line between a Private Equity Fund and a project development company in Asia is blurred. An impact in Asia is therefore that more project developers built up significant financial competence. They do not appear to deviate from their original business interest in that they continue to develop projects and operate them on behalf of project owners, but they now work without Private Equity Funds towards financial close of their investments.

136. It is possible that in Asia the risk appetite of Private Equity Funds/Project Developers has shifted to an earlier stage because of an increased ability and experience to assess and evaluate projects. This has led to a faster project development and financial closing process (probably also in Africa). Both lower the cost of project development and are likely to also have a positive effect on Limited Partners, who in parallel are more self-assured to invest. Again, this is an impact to which SCAF has contributed.

137. In Africa SCAF I supported projects directly through Private Equity Funds. SCAF closed 35 projects in a much wider variety of countries in Africa than in Asia, for example Tanzania, Uganda, Kenya, Burkina Faso, and South Africa. In Asia, SCAF closed 15 projects mainly in India and the Philippines. In terms of technology the spread was also wider including more geothermal and biogas projects. This variety will enforce the pilot function some of the projects have and support replication processes. Here there are also indications of impact beyond the directly supported activities, specifically when Funds did not want to leave their "home turf" (in the case South Africa), when a more hospitable environment for renewable energy investments had developed, and instead of receiving more SCAF funds for investments in other countries, they kept developing new projects there.

138. A less intended, but positive impact of SCAF I was that Development Finance Institutions (DFIs) were taken on board. The de-risking strategy of SCAF I, meaning the support and improvement of early stage project investments, made DFIs invest in the equity and/or provide long-term debt. It would certainly be too much to say that only because of SCAF I did MDBs became more willing to take risks. However, an impact of SCAF as a niche product versus the financially much more powerful DFIs might have been, that they reconsidered their position.

139. Apart from SCAF II, the format of SCAF I has not been replicated by a DFI as a modality that goes through the private sector. There are, however, similar project modalities by now, including the REPP which supports projects of a different size. The Public Infrastructure Development Group (PIDG), a large donor facility, is by now also moving into the renewable energy space. Other project development facilities include the Energy and Environment Partnership (EEP) Southern Africa and the

Energy and Environment Partnership (EEP) Mekong. All of them work directly with project developers, but not necessarily with Private Equity Funds and not through the private sector. The PIDG subsidiaries, in some cases take on the equity role themselves.

140. But none of the Multilateral Development Banks has so far replicated the SCAF I directly. The reason for that might be that the project design requires a very in-depth engagement of the Project Management Unit (PMU), and a specific type of risk for the PMU that might not resonate with the decision-making structures at MDBs. PMUs and implementers do not only look at the fund level but also get involved at project level. This increases internal transaction costs. The complexity makes processing quite slow and therefore not possible for MDBs who are used to large volume loans. SCAF follows the speed of the investors and project developers. This is one reason why SCAF I will remain a niche product.

141. Another reason is that one of the external contributing conditions underlying the Theory of Change was the role of Private Equity Funds as intermediaries between private sector investments and capital markets and Project Developers. The idea was that rather than working with a large number of project developers, economies of scope could be achieved by working "one step removed" and use the Private Equity Funds as aggregators. Yet, increasingly, the abovementioned facilities – as well as the SCAF II – work together directly with the project developers, skipping the aggregators. . This does not necessarily pull in question the approach of the SCAF – it will still be relevant to educate Private Equity Investors and incentivize them to invest in the "right things" or in "the right way" but reduces the multiplier rationale to some degree and limits the SCAF to a specific niche.

142. The larger impact of having Private Equity Fund managers operating ongoing seed capital windows independent of the specific funds that were directly supported is indicatively collected in Table 6 , on the basis of the SCAF Project Implementation Review (PIR), 2017 and the websites of the funds. It is in line with the typical lifecycle of Private Equity Funds that once they have reached financial close, typically they do not continue to operate seed windows. It is possible though, that the same managers keep developing new funds, and for these also have to keep developing new projects. To what degree this is the case cannot be gleaned from their website, and the picture from the interviews is too inconsistent to draw a generalizable conclusion.

Table 6: Cooperating Partners of SCAF I, Development Finance Institutions (DFIs) investing in their Funds and operations of seed windows, according to their websites as well as PIR 2017

Fund	DFI	Still operating seed window?
Aloe		Fund was cancelled (PIR)
Armstrong South East Asia	GEEREF (EIB), DEG (KfW), Proparco, IFC Catalyst Fund, FMO, SIFEM	No (Fund and several projects reached financial close); Armstrong continued with other Fund development. Their former DevCos, The Blue Circle and Sindicatum, are both CFs of SCAF II

Fund	DFI	Still operating seed window?
Asia Climate Partners	ADB	No (http://www.asiaclimatepartners.com/about.php?id=18)
INFUSE	./.	Yes (www.infuseventures.in)
Berkeley Energy / REAF	Not published on website	Now managing AREF, closure of REAF II, but it is unclear to what degree they are now operating seed windows.
DI	GEEREF (EIB), CDC, IFC Catalyst Fund, EU	www.frontier.dk Frontier Energy I and II
EV1	GEEREF (EIB), SIFEM, IFC, AfDB, Finnfund, Norfund	After EV1, Inspired Evolution also brought EV2 to financial close, but it is unclear to what degree they are now operating seed windows.
Lereko-Metier	IFC, FMO, DEG, PIC	possibly

5.5 Financial management

143. Financial reporting is encumbered by the multitude of agencies involved. Budget administration and reporting on the GEF Project Development Facility (PDF) grant and on the UN Foundation grant is completely separate from the administration of this project.

144. Reporting does not follow the budget logic that was proposed to the GEF, and the Project Implementation Review reports do not contain any details on how funds were spent, just aggregate spending figures for UN Environment and AsDB (refer also to section 5.7). While the annual expenditure statements of UNEP are available in separate documents they do not refer back to the components so that it is hard to understand how the components were funded. Reporting by component would have strengthened the PIRs (even if GEF guidance would not explicitly require it) and ultimately also led to better discipline from the PMU in referring back to the project document and making sure that it correctly adjusts the project's components and outcomes.

145. Due to good communication lines between the PMU and the financially responsible partners the PMU was able to provide all documentation. Put next to each other, the documentation demonstrated that ultimately, the funding and in-kind contributions all materialized and were utilized by the PMU as appropriate.

146. Table 7 contains the ratings table financial management. The financial management is rated as 'Highly Satisfactory'.

Table 7: Financial management rating table

Financial management components:		Rating	Evidence/ Comments
1. Completeness of project financial information[43]:		HS	
Provision of key documents to the evaluator (based on the responses to A-G below)		HS	
A.	Co-financing and Project Cost's tables at design (by budget lines)	S	
B.	Revisions to the budget	S	
C.	All relevant project legal agreements (e.g. SSFA, PCA, ICA)	HS	
D.	Proof of fund transfers	HS	Financial statements
E.	Proof of co-financing (cash and in-kind)	S	
F.	A summary report on the project's expenditures during the life of the project (by budget lines, project components and/or annual level)	S	
G.	Copies of any completed audits and management responses *(where applicable)*	HS	1 audit statement
H.	Any other financial information that was required for this project (list)	HS	Upon request, all information was provided
Any gaps in terms of financial information that could be indicative of shortcomings in the project's compliance[44] with the UN Environment or donor rules		HS	
Project Manager, Task Manager and Fund Management Officer responsiveness to financial requests during the evaluation process		HS	
2. Communication between finance and project management staff		S	
Project Manager and/or Task Manager's level of awareness of the project's financial status		HS	
Fund Management Officer's knowledge of project progress/status when disbursements are done		HS	
Level of addressing and resolving financial management issues among Fund Management Officer and Project Manager/Task Manager		S	No evidence but also no evidence to the contrary
Contact/communication between by Fund Management Officer, Project Manager/Task Manager during the preparation of financial and progress reports		S	No evidence but also no evidence to the contrary
Overall rating		HS	Overall all seems to be in good order, apart from the administration of the

[43] See also document 'Criterion Rating Description' for reference

[44] Compliance with financial systems is not assessed specifically in the evaluation. Nevertheless, if the evaluation identifies gaps in the financial data, or raises other concerns of a compliance nature, a recommendation should be given to cover the topic in an upcoming audit, or similar financial oversight exercise.

		co-financing through different accounts

Rating scheme: HS-Highly Satisfactory; S-Satisfactory; MS-Moderately Satisfactory; MU-Moderately Unsatisfactory, U-Unsatisfactory, HU-Highly Unsatisfactory.

5.6 Efficiency

147. Efficiency overall is rated as 'Moderately Unsatisfactory'.

5.6.1 Cost effectiveness.

148. By working through Private Equity Funds SCAF can be considered "cost efficient", because the entire process of project selection and development up to financial close laid with the Private Equity Fund. SCAF bore only a share of overall development costs and complemented the Funds' own funding only at a stage where the Funds went out of their natural habitat, when pushed for seed finance and early project development. SCAF I was not set up to finance general overhead costs. By relying on the existing institutional processes of Private Equity Funds and insisting on high levels of self-financing, SCAF did not spend money beyond what was needed to push the envelope a little further in early de-risking.

149. The cost-sharing mechanism was designed to prevent Private Equity Funds from being too generous taking risky decisions. 50 % of what was financed needed to be co-financed by the Private Equity Funds. It must be kept in mind, that the financing of e.g. a study which later on did not lead to a successful project meant a reduction in management fee for the Private Equity Fund of 50% of the overall costs of the study. If SCAF had finance 100% of all costs, there had been no incentive for PEs to work responsible with the money since it was a (conditional) grant, whereby the condition was a toothless tiger.

150. Through the cost sharing mechanism, one of the key features of SCAF, for each Dollar provided to Funds at least the same amount of private funds was spent. In the end, SCAF was able to leverage much more funds than the 50:50 split envisioned, not only from the private sector, but also from the EIB. While the SCAF funding in Asia and Africa is about USD 5.3 million (3 million in Asia and USD 2.3 million in Africa) the co-financing by the Funds amounts to USD 22.35 million (including grants of USD 0.95 million by the EIB (see section 3.6). The leverage of more financial resources somewhat balances the high management costs that were discussed in section 3.6.

151. While cost effectiveness on the investment level was high, overhead costs were considerable, potentially too high (cf. section 3.6). The decision making and project management structure in SCAF I is complex which was in part planned that way. Implementation is split between agencies. For a small facility such as SCAF management costs are at the high end and were 43 % of the total costs

of the Facility[45]. This was balanced to some degree by the fact that the executing agencies provided staff on an in-kind basis and by the fact that the leverage of the support lines was higher than expected.

5.6.2 Time efficiency

152. The duration of the project was planned to be 6 years. It commenced in April 2007 and was closed in Africa December 2015 and in Asia it closed in December 2017. The delay of the project resulted in higher overall management costs. The delay was due to a chain of external effects, which could have hardly been avoided by the project management. External effects for the project management were the Financial Crisis, the change in AfDB's strategy not to partner with SCAF any longer and the fact that the project was originally conceived in the beginning of 2003/4 and that since then markets had moved.

153. However, regarding implementation in Asia, the AsDB' Private Sector Operations Department and the AsDB's GEF liaison office in the interviews noted the slow disbursements in (for their comparison) small increments. The GEF-funded amount of USD 4.2 m was available in 2008, when the MOU between UN Environment and AsDB was signed. Over a time span of 10 years (until project closure in June 2018), this implies an average annual flow of only USD 0.42 m. In addition, AsDB was not able to deploy the full amount. An estimated USD 0.78 m will remain undisbursed. For a large development bank, which usually provides multimillion dollar loans, this is an unexpected outcome. This holds true even considering that SCAF I was structured as technical assistance, which is usually much smaller than investment facilities. In Asia, the last project extension could have been avoided if the implementing agent had had a better understanding of the internal processes of the Asia Climate Partner Fund.

154. The budget of UN Environment was USD 3.9 million. For the realization of the African project part, USD 2.734 m were subcontracted to Frankfurt School and USD 0.377 m were deducted for operating expenses, so that an amount of USD 2.357 m remained for disbursement to Cooperating Partners. Calculating from the time Frankfurt School joined the project (17 March 2010) up to the closing of the African leg in December 2015, an average amount of USD 0.471 m was disbursed per annum. Hypothetically, if the "real" start of the project was to be put at the time when the Frankfurt School came on board (March 2010) and the time to closure of the Africa leg of the project calculated, the duration of actual implementation for Africa would be only 5 years.

155. The following reasons for the slow implementation might apply:

[45] Overhead costs (also referred to as management costs, administrative costs, project support costs etc) are not defined consistently across different projects or among different donors. It is therefore not possible to provide a universally accepted benchmark. Some examples of different types of ceilings include: the GEF allows a 9.5% fee to the Implementing Agent; UN Programme Support Cost are levied at 13%; the EC allows a flat rate of 7% on total direct costs and DFID has a 20% ceiling on overheads for some funding lines.

- **The complexity of the project design led to a number of alignment processes between stakeholders, which is not unusual, but costs time.**

- **The sequencing of events in project management followed a logical pattern. The components of the processes were correctly identified and put in the right order. However, overall the length of time to develop a project was underestimated. Project finance is often underestimated in terms of time and money required before it can be successfully closed. This is independent of the type of infrastructure it is. As mentioned above, one of the positive points of SCAF was the fact that funding was delivered at the right time in the project process. SCAF I followed the investors. But if the project does not move for reasons beyond the influence of the Cooperating Partner, SCAF can subsequently not disburse funds but has to wait as well. This time has been underestimated. A much faster work flow was anticipated by SCAF I in the beginning and this had an impact on the speed of disbursement of funds.**

5.6.3 Reducing UN Environments environmental impact

156. The project has not been used to reduce UN Environment's environmental footprint. Options would have been provided through (regulatory frameworks permitting) procuring power purchase agreements from them. But it is understandable that this has not been implemented on the UN Environment side in light of the project character and the distributed administration, located outside of the programme areas.

5.7 Monitoring and reporting

157. Monitoring design has been included at the project outset to GEF standards and is rated as "Satisfactory". While UN Environment as the lead agency was responsible to the donor, the multi-layered nature of the project required a corresponding monitoring structure that had been set out roughly and was further refined during project implementation. There is an evaluation budget included in the financial statement of USD 0.134 m.

158. Four of the five outcomes have been operationalized in the monitoring framework with indicators that can be considered SMART (simple, measurable, attainable, relevant and timebound). As discussed above, it is unclear why the fifth outcome was mentioned in one approval-relevant document but not before or after. Similarly, as has been discussed in the section on effectiveness with respect to outcomes, it seems that some of the indicators were not fully adjusted to reflect what the SCAF I ended up doing. For example, "a new breed of indigenous clean energy enterprises established offering a range of GHG mitigation projects, products and services" does not fully match the Theory of Change which has focused on developing projects for on-grid renewable electricity generation. In addition, outcome indicators were not specified for all intended outcomes.

159. Monitoring implementation is rated at "moderately satisfactory". But the indicators were not adjusted to the changed focus in project partners and investment project type and thus remained somewhat low. The GHG emission targets were easily exceeded. The certainty of this impact is,

however, weakened by the fact that no clear guidance for GHG reductions calculation is provided. The SCAF relies on the projects and Funds to calculate and report GHG emission reduction, and the empirical basis for these calculations is unclear (i.e. whether these are to be based on operational experience or expectations with respect to the power generated). Some projects have yet to start commercial operations, and it is unclear, if their GHG reduction contribution is included or not. The current numbers are therefore difficult to validate.

160. A Mid-Term Review was conducted in 2012.[46] The Mid-Term Review was completed at the end of 2012, with the following main recommendations:

- SCAF should be extended by 12 to 18 months. This recommendation was over-implemented – in fact, SCAF was extended not until the end of 2014 but until mid-2018.
- It should not focus on Venture Capital Funds but on infrastructure Funds. This recommendation was adhered to in most cases. Departures are generally justified.
- CPA-terms should be standardized. While the management response was that this is already underway, it is not fully implemented and in particular not retroactively, which is justified. On the other hand, the recommendations to be more flexible in the use of SL1 funds, increase the maximum amount of SL2 support per transaction and establish some fungibility between support lines, to some degree contradicts this recommendation.
- The Review also recommended to drop the repayment clause for SL1 but increase control on the use of SL1. The Review criticized the repayment clause for creating a "contingent liability" for the Funds, and "may lead fund managers to excessive caution in the use of SL1 funds". In turn, the review recommends making SL2 larger and refundable, which was then implemented in SCAF II.
- The review suggested that SCAF should be coordinated more closely to other initiatives in the clean energy development and finance space. No evidence has been provided for stronger coordination with other initiatives. However, the subsequent phase of SCAF, SCAF II, is part of a larger DFID initiative (CP3) which also included Private Equity Funds of the IFC and ADB.

161. These recommendations were discussed in the management meetings throughout the following year. Most of them could only be implemented in SCAF II. Their effectiveness is not proven to the evaluation team and is discussed further in the Mid-Term Review of SCAF II.

162. Monitoring and project reporting is rated as "Satisfactory". It was done very meticulously, following GEF processes and procedures, in annual reporting and a Mid-Term Review. The annual reviews consisted of standard, indicator driven reporting and extensive narrative, and are good records for the project progress and supervision. It was implemented through AsDB and UN

[46] According to the financial statement for 2017, signed on Nov 20, 2017.

Environment/Frankfurt School for the two regions separately. It was then compiled at the UN Environment DGEF[47] for reporting to the GEF. UN Environment maintained separate accounting and reporting lines for the cash co-financing from UN Foundation and also did not include the GEF project development facility grant in the same reporting. The budget was not reported by activities in the monitoring document. This again points to a neglect in adjusting the monitoring to the ultimate project structure: the original budget was structured by outputs that followed a functional logic ("seed window" vs. "operation of the facility"). Already at project approval, however, this budget should have been differentiated in regions. At some stage, also it would have been appropriate to adjust the budget to the new activities.

163. For monitoring the investment projects, UN Environment started to develop an online reporting system.[48] According to the background report for the meeting in Dar Es Salaam in 2011, the online reporting tool was fully developed but, in the end, it was not put into operation by the external contractor and Frankfurt School. During SCAF II, the tool was further - and this time successfully - developed by Frankfurt School and another contractor. No gender data (or local benefits data for that matter) are reported.

164. Overall, the monitoring and reporting is rated as 'Satisfactory'.

5.8 Sustainability

165. Generally, sustainability of project outcomes is high in the sense that the renewable energy investments will provide sustainable energy for the near future, generally in a financially sustainable environment (if not for local policy or contractual changes) and the private sector partners will keep developing renewable energy projects. Overall, the rating for sustainability is 'Likely'.

166. SCAF I has the benefit of a second phase, SCAF II. The evaluation team carrying out this terminal evaluation of SCAF I is undertaking a Mid-Term Evaluation of SCAF II at the same time. The assessment of the sustainability of SCAF I benefits from in-depth knowledge of the progress made under the project's second phase.

167. Institutionally, some sustainable partnerships have been created between the SCAF (specifically UN Environment and the Frankfurt School of Finance) and the Private Equity Funds, and between some Private Equity Funds and some project developers. The relationship between UN Environment and the Frankfurt School of Finance has also been strengthened and continues to thrive in SCAF II.

[47] In 2011 the UN Environment GEF Division (DFEF) was replaced by a GEF Unit and GEF portfolio projects were integrated into UN Environment's substantive divisions. The GEF Unit continues to play a liaison and documentation role on all GEF funded projects.

[48] A Beta-Version was discussed in the Management Committee Meeting 2010. For SCAF II, Frankfurt School has an online reporting system, and it is possible that this system was used for both SCAFs.

168. The local environmental and social sustainability of the individual projects has been ensured in following the IFC safeguards. This has also been flagged by the Funds as an issue that they were able to spend more time on with the help of the SCAF. The SCAF team as well highlight on this point that they managed to support and strengthen the trend towards mainstreaming the IFC standards for environmental and social safeguards and that they today are considered more and more standard requirements.

169. The guidance for inclusivity (with respect to gender, minorities, and disadvantaged populations) at the project design stage of SCAF I was limited to gender. No gender-specific considerations are included in the SCAF I. The Project Document emphasizes that women benefit in particularly strong ways from rural energy access – however, this refers to rural off-grid situations, while the SCAF ended up doing little for off-grid renewables and supporting mainly on-grid renewables. For the ultimate project investments, the consideration is not fleshed out consistently anymore. Together with including and dropping the social-impact related outcome at only one point in the project's approval cycle and not including it in the monitoring modalities, this might give reason for concern that the social and inclusivity dimensions have been completely overlooked.

170. SCAF I is a relatively old project, and at that time, the social dimension of infrastructure and energy access was recognized but not differentiated with respect to the type of poor affected. Many standards and the understanding of the approving bodies regarding what can be done to strengthen the positive contribution on social and environmental dimensions of relatively technical and abstract project concepts has been growing significantly since the time of its approval. The project can be credited with strengthening the position of the environmental, social and governance (ESG) safeguards, and supporting the mainstreaming of the IFC standards on these with their direct partners. While under these considerations SCAF I can be rated satisfactory in the sense that no negative sustainability impacts should be expected as they have been thoroughly safeguarded. But it is also important to emphasize that future projects should raise their ambition in these areas so that more positive contributions to social and economic inclusivity can be leveraged.

5.9 Factors affecting performance

171. Implementation happened rather independently in Asia (through the Asian Development Bank's Private Sector Department) and in Africa (through Frankfurt School). While first successes in Asia came early, and in Africa more slowly, overall implementation was finalized in Africa in 2015 with the closure of the fund, while the Asian part ultimately was not able to find enough partners to place all project support. A number of factors seem to be relevant for this.

- **The market environment, as discussed above, was and is, different between the two continents. In Asia, specifically, the market is comparatively liquid, crowded, and competitive. While the number of countries is bigger in Asia the diversity of relevant investment situations and thus the barriers to finance might be higher, or the transferability of knowledge between one investment and another might be smaller. In that sense, the SCAF I approach might have been more suited for Africa.**

- **Access to relevant market actors was probably easier for Frankfurt School than for AsDB. AsDB started with counterparts that they were working with already and "de-risked" their projects. In a call for proposals in 2010, a second batch of partners was included in the programme. After 2013, the programme implementation speed slowed down significantly, and until today, funds remain uncommitted. In Africa, on the other hand, the Frankfurt School went to work with a more "academic" approach and started out with a Mapping Study in 2011. After that thorough analysis of the community, the process of onboarding Funds was continued on the basis of ongoing updates of that market research. The ability of Frankfurt School to provide financial competence with technical assistance was, and is, an important success factor for this project and its successor SCAF II. In the interview, they were consistently praised by the Cooperating Partners for response times and competence.**

- **In addition, Frankfurt School was more focused on and more able to provide hands-on "technical assistance" and guidance to fund managers than AsDB with its focus on much larger scale projects.**

- **Last but not least, the team working on the Africa side was subject to much smaller turnover and staff changes than on the Asia side. Specifically in Asia, there was a significant staff turnover in the AsDB unit, with a total of 6 staff members being responsible for the project over its life. There was little institutional memory of the objectives of SCAF nor an incentive to look for more Cooperating Partners. For the private sector arm of AsDB, the amount of USD 4.2m is comparatively small, the technical assistance is comparably intensive in terms of administrative work and SCAF was not visible enough in AsDB to create ownership. This has contributed to the sub-optimally slow disbursement in Asia.**

- **AfDB was expected to become the implementing agent for the African leg of SCAF. However, due to an internal shift of strategy and a reorganization of its private sector exposures, AfDB was no longer available and instead the Frankfurt School UN Environment Collaborating Centre, was contracted by UN Environment in March 2010. This has caused delays in the start of the Africa component of SCAF, and in finding suitable CPs.**

- **For the other partners, highly committed and passionate staff has driven the project forward and ensured successes.**

172. Overall, these factors affected the performance of the project significantly: already in 2013, the project had achieved its output and outcome targets. Funds in Africa were almost completely committed. They were fully disbursed by 2015. Still, the SCAF needed to be kept open until today to complete disbursement in Asia. Therefore, factors affecting performance are rated as 'Satisfactory'.

6 Conclusions and recommendations

6.1 Conclusions

173. Overall, when evaluated against agreed intentions and results framework, the SCAF I has been a success. It is appreciated by its target group – the fund managers – and it fills a niche in the financing space. The target group attests that it has supported them in working towards their (and UN Environment's as well as the GEF's) objective to finance renewable energy projects. The strategic alignment is high and its actual achievements in terms of funding volumes and installations are significantly beyond the planned outcomes.

174. Between GEF Work Programme approval and the actual implementation, the target group changed significantly, away from Venture Funds and Funds for Small and Medium Sized Enterprises, and towards "infrastructure" and Funds that work through Special Purpose Vehicles[49]. While this was probably initially not an intentional choice, there are structural reasons (including those highlighted in the Mid-term Review) why this is preferable. This impacted the outcomes of the facility – with the change it was easier to attain higher outcomes with respect to investment volumes and GHG emission reductions. On the other hand, SME Funds might have generated a larger number of jobs and income generating opportunities – but these were not part of the objectives of this facility.

175. Whether or not the Cooperating Partners the SCAF works with really needed the kind of support offered by the project, and what would be the counterfactual, is a key question which could not be resolved in this evaluation, due to unclear biases (would the Cooperating Partner really admit to being so influenced by grants?) and conceptual problems (how would you determine this in the absence of alternative measurement or triangulation methods?). While it has been indicated that better projects have been developed faster with SCAF support, windfall profits – in the sense that the Cooperating Partners were able to do the same things they would have done without the SCAF but with their own resources - cannot be excluded. An interesting point to note is that most of the Private Equity Funds involved in the SCAF have among their investors Development Finance Institutions, who in a way had these investments subsidized through the GEF grant to UN Environment.

176. There are by now some mechanisms that provide technical assistance for investment projects, or similar support as the SCAF, in particular in Africa, but none of them are specifically targeting Private Equity Funds. The SCAF is treading a fine line here: the target group is highly specialised; the deals are of a specific size and the preparation of bankable proposal requires a typical mix of technical and financial competencies. SCAF addresses one segment in the project preparation and financing continuum – the relationship between Private Equity Funds and project developers - that might not

[49] The project team maintains that this change is covered within the Project Documents. The evaluation finds that there are various versions of the project document and there is considerable ambiguity within the language of these documents. The Evaluation Office considers the annual Project Implementation Review report to be an appropriate and convenient vehicle to either document changes or clarify substantive project details that have become clearer over time.

necessarily be required by all renewable energy investors. Ultimately, this might limit the potential reach of the SCAF model.

177. Still the SCAF model is interesting for UN Environment and a relevant niche for it. It is an important observation that the SCAF has not been replicated by the large development banks. And there are reasons for that:

- **No "actual bank" or development bank can be satisfied with such a slow flow of funds.**
- **Nor can banks be satisfied with such a small flow of funds in absolute terms.**
- **Per dollar invested in seed capital, the transaction costs as well as the administrative costs are very high.**
- **Per project, the grants are rather small.**

178. In short, their "business model is placing money" in a "volume-driven" matter, and project development grants are not a product that they can distribute, as participants to the SCAF II Mid-Term Evaluation consultations framed it. If they have early stage equity, this capital is very expensive. In addition, the Fund-of-Fund managers from the Development Finance Institutions also mentioned that they as Fund Managers cannot extend grants for project development and equity financing at the same time. Having UN Environment as an intermediary, limits this conflict of interest.

179. On the other hand, the SCAF might be institutionally important for UN Environment as it helps maintain a relationship with a significant target group in the financial markets. This should also be considered an entry point for UN Environment as a global environment organization that helps provide a reason for the discussion of environmental projects with them, raising their interest and awareness for the issues, and receiving their input on how to integrate the environment into their daily actions most effectively.

180. A general concern in this respect is that more outreach and dissemination of the experiences and lessons learned in the project could have been helpful. The knowledge generated through the cooperation with Private Equity Funds and Project Developers relates to project development processes including site resource assessment and safeguards as well as leveraging local impacts, but also to higher levels, including permitting and government relations and potentially as far as the institutional relations with large financier and capital markets. Codifying and distributing it to the typical UN Environment audiences – including but not limited to environmental ministers and other UN organisations, but also the private sector - can inform project development practices, local policy frameworks and international negotiations alike. Many strategic discussions on development and climate finance call for the "private sector" to "contribute to the funding challenge", and the SCAF has experienced one way of how this can be met. The learnings from his experience deserve to be fed back into the policy arena.

Table 8: Summary of Evaluation Ratings

Evaluation criteria are rated across a 6-point scale: Highly Unsatisfactory (HS); Unsatisfactory (U); Moderately Unsatisfactory (MS); Moderately Satisfactory (MS); Satisfactory (S) and Highly Satisfactory (HS). For the Likelihood of Impact and Sustainability the word 'satisfactory' is replaced with 'likely' (L) and for the Nature of the External Context the word 'satisfactory' is replaced with 'favourable' (F)

Criterion	Summary Assessment	Rating
A. Strategic Relevance	Strategic relevance is overall rated Satisfactory (see 5.1).	S
1. Alignment to MTS and POW	**Fully in line with UN Environment and GEF strategies (see 5.1.1).**	**S**
2. Alignment to UN Environment /Donor/GEF strategic priorities	**Follow-up project of UN Environment's REED. In line with GEF priority to support private sector involvement and co-financing (see 5.1.2).**	**S**
3. Relevance to regional, sub-regional and national environmental priorities	**Support of renewable energy and improving access to Private Equity, especially early stage capital, in line with national and regional strategies (see 5.1.3).**	**S**
4. Complementarity with existing interventions	**Unique approach that complemented existing interventions (see 5.1.4).**	**S**
B. Quality of Project Design	Quality of project design is overall rated Moderately Satisfactory with minor lack of clarity (see 5.2).	MS
C. Nature of External Context	**SCAF I filled the gap of access to long-term financing after the financial crisis and improved the development of Private Equity Funds. The fast, global progress in renewable energy development was in favour for the programme (see 5.3).**	HF
D. Effectiveness	Effectiveness is overall rated Satisfactory (see 5.4).	S

Criterion	Summary Assessment	Rating
1. Delivery of outputs	**Delay of output delivery due to budgeting and fund mobilization problems. Overall, delivery of outputs is rated satisfactory with achieving better and faster development of projects than without SCAF (see 5.4.1).**	**S**
2. Achievement of direct outcomes	**Achievement of outcomes is satisfactory; however, some targets are set at low level (see 5.4.2).**	**S**
3. Likelihood of impact	**Long-term impact on GHG emissions and employment effects is likely. Assistance to Cooperating Partners through support lines has positive effects. Introduction of ESG safeguards in renewable energy projects (see 5.4.3).**	**L**
E. Financial Management	Financial Management is Highly Satisfactory, apart from the administration of the co-financing through different countries (see 5.5).	HS
1.Completeness of project financial information	**Complete, but complex financing reporting due to multitude of agencies and different budget logics (see 5.5).**	**HS**
2.Communication between finance and project management staff	**Good communication lines and high knowledge of financing documents by PMU (see 5.5).**	**S**
F. Efficiency	High cost effectiveness on investment level, but moderate cost effectiveness on project level due to complex design structure. Delay of project due to internal and external effects making SCAF I less time efficient (see 5.6).	MU
G. Monitoring and Reporting	Monitoring and reporting structures and procedures are rated Satisfactory (5.7).	S
1. Monitoring design and budgeting	**Monitoring design in line with GEF standards (see 5.7).**	**S**

Criterion	Summary Assessment	Rating
2. Monitoring of project implementation	**Aligned to GEF standards, however some monitoring indicators did not fully reflect the overall goal of SCAF (see 5.7).**	**MS**
3. Project reporting	**Online reporting system for project monitoring was developed but not put in operation (see 5.7).**	**S**
H. Sustainability	High sustainability of project outcomes with renewable energy investments providing sustainable energy and through the extension of the project mechanism via SCAF II (see 5.8).	L
1. Socio-political sustainability	**Due to safeguards negative sustainability impacts are less likely. No gender-specific considerations are included in the project design (see 5.8).**	**L**
2. Financial sustainability	**Likely, due to cost sharing mechanism between SCAF and the participating Funds (5.6.1).**	**L**
3. Institutional sustainability	**Sustainable partnerships between SCAF stakeholders have been established (see 5.8).**	**L**
I. Factors Affecting Performance	Regional differences in Asia and Africa affected the project implementation and duration (see 5.9).	S
1. Preparation and readiness	**Different regional environments regarding access to market actors and investment situations (see 5.9).**	**MS**
2. Quality of project management and supervision	**Highly committed project management and supervision by UN Environment (see 5.9).**	**S**
3. Stakeholders participation and cooperation	**Different strategies and staff retention provide a mixed picture between the Agencies. Engagement with the private sector counterparts was good but outreach beyond could have been stronger.**	**S**

Criterion	Summary Assessment	Rating
4. Responsiveness to human rights and gender equity	**Human rights and gender equity were included via safeguards, but not addressed specifically (see 5.4.3).**	**MS**
5. Country ownership and driven ness	**Not applicable.**	
6. Communication and public awareness	**Outreach and dissemination of the experience and lessons learned could be improved (see Conclusions).**	**MS**
Overall Project Rating		S

6.2 Lessons learned

181. "Getting into the financial mainstream" is difficult: **All but two of the partners of SCAF I were already interested in developing renewable energy projects. Two Funds were starting their first renewable projects with SCAF support. This is a relatively low share.**

182. Additionality is difficult to prove. **As with all private sector initiatives, it is dangerous (including for liability reasons) to change the investment behaviour of the companies too much. In some cases, investors followed the SCAF lead and went to frontier markets with SCAF support. On the other hand, SCAF stopped support to some partners when renewable energy became a standard and "easy" investment in their "home turf" (e.g. South Africa). These projects were not considered SCAF-worthy anymore as they were not sufficiently new. On the other hand, the partners did not want to leave their countries. Additionality can only be assumed for the first type of behaviour, while there might still be good impacts through the second type.**

183. **Proving the overall additionality of SCAF I becomes even harder when taking into account that the investment environment for renewable energy projects has drastically changed since the SCAF's creation. Technology costs have dropped significantly at least for solar and wind power generation. Many countries have much more favourable investment environment and compensation rules now. Renewable energy technologies are the investment with the fastest growth rates and lead the global energy investment overall. More International Financial Institutions are offering investment products. SCAF, to some degree, is fuelling but also riding that wave, and it is hard to clearly say which aspect outweighs the other. However, the relative financial value of SCAF I, the small number of Cooperating Partners and the low concentration of clean energy development projects initiated through SCAF I in any one country, suggest that SCAF I has benefited from the progression in this sector, rather than having driven it. For a robust assessment of additionality there would need to be: a) clear definitions of what type of additionality the project intended to achieve; b) clarity in the characteristics of targeted and selected Private Equity Funds beyond their involvement in renewable energy investments so that an effective counterfactual group could be explored – which also includes what types of investments they were looking at before and after the intervention of the SCAF and c) inclusion of appropriate indicators in the results and monitoring framework to support an assessment.**

184. **Overall, the project itself, as well as individual investments, took much longer than expected. While it was well-intentioned to keep the facility open for another three years, it was ultimately futile. An honest cut and recommissioning of the funds might have been more efficient.** More fungibility of the funds between the agencies might have allowed for full utilization of the GEF funds.

185. **It was possible in this case, to have a poverty-related outcome written into one decision-relevant document (the internal ProDoc) but not consistently introduce it into the Logframe or monitoring and evaluation logic of the project. This is an indication of an omission in good housekeeping.** Quality assurance should be strengthened.

6.3 Recommendations

186. **SCAF-type activities have been continued in SCAF II, a facility that was financed by UK DFID and the German BMU and is implemented by the same project team, UN Environment and the Frankfurt School. The Mid-Term Evaluation of that facility has been conducted in parallel to this evaluation by the same team of evaluators. Recommendations with respect to the eligible activities under, and detailed design of, the different support lines will be integrated in that report. The most important recommendation is that SCAF I has suffered from too little attention from within AsDB and the financial community. Consistent and clear outreach and promotion of lesson learning should be given higher priority, also in SCAF II.**

187. **SCAF I is scheduled to administratively close by June 2018. The remaining funds are significant.**

188. Rather than being returned to the GEF the remaining funds should be redirected to an outreach and knowledge management work programme around private equity investment and SCAF II.

189. **As the SCAF concept proved successful,** it should be considered whether and how it can be applied to other areas of environmental (and social) finance. **Already, a SCAF for forestry is being considered currently.**

190. **Here, however, a number of issues need to be considered:**

- **Many investment areas in environmental finance are not only less profitable than mainstream finance but require longer patience to become profitable. This is particularly true for forestry. In other areas, including real estate and land investment, profitability is generated through price rises that are potentially socially or financially unsustainable.** The areas should be chosen with great care.

- **Private Equity Funds invest with a perspective to a profitable exit.** Potentially, there are better partners for a SCAF-type pipeline building facility, **e.g. pension funds, insurances, or other types of patient capital.**

191. Other areas might be more suitable for SCAF engagement, including but not limited to environmentally-sensitive sectors that are already set up for public-private partnerships and thus fraught with fewer legal and sustainability challenges. Examples are water supply and waste water removal, waste or other infrastructure services, but also other areas of UN Environment collaboration with the private sector, including the circular economy or other resource-efficient supply chain approaches.

192. In future applications, it can be considered whether or not the SCAF could be and should be turned into a fee-charging revolving fund with slow leakage. This might be possible and actually beneficial for some applications but not necessarily for all. For example, a SCAF oriented towards providing working capital for SMEs (as originally intended through the E&Co model) cannot be fully revolving but will have a high leakage rate. In addition, at current levels of 40% administrative fees, this seed capital would most likely be significantly too expensive for a fee-based compensation. Significant cost savings would need to be leveraged for that.

193. With regard to project management, UN Environment is advised to highlight to its project teams the need to keep an audit trail of: a) changes in project design, results, targets and indicators and b) clarifications of the project design that become evident during the life of a project. Such design changes, emphasis or clarifications should be reported to, and acknowledge in writing by, donors and other key partners. This can be done through Steering committee meetings and their minutes. In the case of GEF-funding, such developments should be recorded in the annual Project Implementation Review reports. The UN Environment Evaluation Office is advised to share this finding with the GEF Unit and the Quality Assurance Services Unit. The Evaluation Office should also ensure that such guidance is included clearly in the organisation's online Programme Manual.

Annex I. Response to stakeholder comments received but not (fully) accepted by the evaluators

COMENT IN TEXT	EVALUATION CONSULTANTS' RESPONSE	EVALUATION OFFICE RESPONSE

Para 5. **This observation is not really correct. The project was originally designed to work with private equity and VC funds that were financing projects and/or enterprises. The is reflected in the first paragraph of the Summary of the Prodoc which says…** ***The project proposes the creation of a Seed Capital Assistance Facility (SCAF) providing technical assistance to help sustainable energy entrepreneurs access enterprise development support and seed capital from mainstream energy investors1. By sharing the costs of preparing projects for investment and temporarily buying-up investment returns, the facility will help close the gap between what local sustainable energy project developers are able to offer in terms of returns on investment, and the up-front requirements of the investment community. By bridging this gap, the facility will help provide local enterprise with the sort of enterprise development assistance and early stage seed capital needed to plan and develop new sustainable energy (i.e., renewable energy, energy efficiency) projects, products and service offerings.*** **Although most of the results achieved in terms of CO2 abatement and financing mobilized was with project developments, SCAF did engage some funds focusing on enterprises and technologies include Aloe and Infuse Ventures. Some of the other funds like Frontier also did a few enterprise investments even if mostly focusing on projects.** **But the project was designed largely around the E+Co model and being more of an impact investor than the cooperating funds eventually contracted this meant some of the indicators were off base. The E+Co strategy targeted investments in both enterprises, which sometimes but not always took the form of working capital, and projects. But when financing projects they were typically small scale, so requiring $50,000 to $200,000 in seed financing to develop. This compared with the roughly $100,000 to $1 million needed to develop the larger projects the SCAF cooperating funds where developing. So the main error in indicators was the target for how many projects could be supported by SCAF. With the larger sized seed investments eventually undertaken**	**The wording has been changed to sharpen the point regarding the low-balling targets. However,** **1. Having read the project document with a view to whether or not it talks about the large scale on-grid focus that it ultimately turned out to have, it appears that that aspect was an afterthought that has been added here and there, but not consistently through out the document.** **2. The first sentence of the project document that we got from the FMO and thus could be counted as the most official among all the versions reads:** ***'The project proposes the creation of a Seed Capital Assistance Facility (SCAF) providing technical assistance to help sustainable energy entrepreneurs access enterprise development support and seed capital from mainstream energy investors.'*** **In other words, yes, there might be a place or two or three in the document where this has been added, but it is not really thoroughly integrated into the project design.** **The low-balling targets are one result of that lax revision of the document. Another, equally considerable one is the point that the project components were never seriously adjusted to the new structure – see comment below on "Business Development Service" being SL1** **Was the number of projects a target?**	**Project monitoring and reporting systems provide the opportunity to revise indicators and targets, with the approval of the donor (in this case annual Project Implementation Review reports to the GEF (PIR). A mid-term review also provides such an opportunity.** **If there was no formal revision of the indicators and targets yet the scope of the work changed or was expanded, then the point stands that even though the targets were reached they remain modest given the eventual ambition of the project.**

COMENT IN TEXT	EVALUATION CONSULTANTS' RESPONSE	EVALUATION OFFICE RESPONSE
the SCAF funds did not go as far in hitting the higher number of smaller expected project developments.		
Para 32. *'In component 2, the Implementing Agencies approached fund managers and supported them to create "seed windows" in their funds, which should support "early stage sustainable energy enterprises". This "Fund Development Support" is parallel to a fully-fledged component in SCAF II where it was called "Support Line 0" (especially after SCAF II started implementation which formally had such a support line). '* SL0 is a feature of SCAF II, not SCAF I. A tender to support funds-to-be was organized in 2011 in Asia to identify future Cooperating Partners in Asia. It was an ad-hoc measure taken in light of difficulty to recruit Cooperating Partners in that region.	But SL0 matches with the 'Fund Development Component" that is included in the project document. That is actually a good thing.	Para 32 has been clarified and the edits are consistent with the Theory of Change (figure 3).
Para 46. *'More specifically, they are in-kind co-financing, because they represent administrative and transaction costs that accrue directly to the Private Equity Funds and are their normal activity.'* The 50/50 rule applies for both SL1 and SL2. The corresponding contribution of Cooperating Partners under SL1 comes from the management company' s budget, the Cooperating Partner's contribution for SL2 comes from the Fund capital and is part of the project development budget. Both are not in-kind contributions by the Cooperating Partners, but cash costs.	I would not see this as cash costs. This is their contribution to themselves. Not your classical co-financing. But it is true that there is some leeway in the interpretation. I have checked out the GEF co-financing policy but noticed that it is silent on the issue (2FGEF.C.46.09_Co-Financing_Policy_May_6_2014_1.pdf).	As the contribution is received as cash but does represent the type of costs that are typically considered as 'in-kind' contributions (i.e. costs incurred by organisations), I have added a footnote.

COMENT IN TEXT	EVALUATION CONSULTANTS' RESPONSE	EVALUATION OFFICE RESPONSE
Para 48. ***'Overall, the leveraged financing – amount of total seed/ follow-on investment mobilized in the projects - was USD 503 m[50] The leverage ratio was much higher than expected, due to the changed project approach (support of development costs rather than working capital, private equity funds, on-grid "infrastructure" projects rather than retail technologies like solar lanterns). Furthermore, six new funds were established with the total volume of USD 1 billion.'*** **Summary cofinancing table to be sent separately.**	**Para 48 is not referring to co-financing, but to the amount of total seed/follow-on investment mobilized in projects.** **Anyway, in this separate table provided by UNEP the co-financing from the different funds is said to be 16,122,369 USD. Which is again different to the sum of 22.35 m used in the para before (source: PIR 2017). As we used the 22.35 throughout the text and 22.35 is used in the PIR, I did not change it to the new info of 16 mio.** **I have added a footnote for clarification. The two sums (481 m and 503 m) are both used in the PIR 2017 at different places of the document. In the Evaluation report, the 503 m are now used throughout the text and also in Table 1.**	**I am satisfied with the revisions – there is one figure (USD 503m) in the text and Table 1 and the footnote explains that the PIR contains two figures.**
Para 49. ***'Overall, almost USD 4 m has been spent on administration activities until the end of the project, which is slightly less than planned. Still, it constitutes 47.6% of the GEF grant or 43.2% of all grant funding, and this share is slightly higher than anticipated at project start. '*** **Only as a result of the non-full distribution of the planned support in Asia.**	**1. In such a complicated sum, there is never just one component.** **2. If planned support to Asia was not delivered, why was the associated management budget still spent?**	**The sentence will stand as is as it is financially correct.**

[50] **In the Project Implementation Report 2017 two different sums are given. USD 481.34 million in the project general information and USD 503.2 million in the project framework.**

COMENT IN TEXT	EVALUATION CONSULTANTS' RESPONSE	EVALUATION OFFICE RESPONSE
Para 49 **The words administrative and management have been used interchangeably in the report which imply two different things. Consistency is requested.** **The support provided by the team was technical in nature and not administrative**	**We do not separate out financial from administrative in this document. There is simply not enough detail given on the type of people that are working on this. But also, more generally, I wonder what "team" is referred to in the comment? Would writing a PIR be not administrative? And yes, we do count everything that was not provided to the funds as administrative / managerial, because really, in a financial-management oriented project, where is the border between managerial and technical? All the technical work in terms of project development or business skill development was done by the PE/CPs, and this is not counted as administrative / managerial, as can be seen from Table 2.**	**Text remains as is**
Para 60. ***'SL2 support was contingent on successful completion of SL1 support.'*** **It is financially the other way around: SL1 was contingent on completion of targets under SL2.** **From a project development perspective, operationally, seed investment (SL2) comes after project has been identified and successfully initially screened.**	**The comment is unclear:** **SL1 comes first, and SL2 comes later. That is what both, the text and the comment say.**	**SL1 being contingent on the completion of targets under SL2 is counter-intuitive.** **A footnote can be added if a reasonable and clear explanation is given. Otherwise the text will remain as is.**
Para 60. ***'The fund managers were allowed to use the SCAF financing for up to 2 projects of the same technology in the same country and were then expected to "know" this type of project sufficiently to continue with the development and financing of these projects without further support.'*** **And more importantly, the market sufficiently proven to allow follow-on stakeholders to develop and finance subsequent projects**	**Would be a nice-to-have but no evidence has been brought forward that this happened and was causally linked to SCAF**	**The text will remain as is.**

COMENT IN TEXT	EVALUATION CONSULTANTS' RESPONSE	EVALUATION OFFICE RESPONSE
Para 63. ***'The replication of projects through the SCAF Cooperating Partners is directly part of the programme logic.'*** **The programme logic would rather push Cooperating Partners to venturing into new frontier markets. Partners however have to deliver on their return promise to their investors and also focus on delivering on mainstream investment opportunities. The replication sought is as much by Cooperating Partners than other financiers. The programme logic is on priming new markets.**	**The comment is unclear.**	**The text will remain as is:** **'Venturing into new frontier markets' is, in my view, a form of replication. One can replicate an entire project or an approach that has been learned etc.** **Cooperating Partners replicating their projects (possibly in other countries) and markets being primed are logically consistent with each other as the demonstration of Cooperating Partner success helps to change the attitudes and perceptions of those who make decisions in the market.**

COMENT IN TEXT	EVALUATION CONSULTANTS' RESPONSE	EVALUATION OFFICE RESPONSE
Figure 4: Reconstructed Theory of Change, pg 27 Some of the features do not apply to SCAF I such as the fund development support	"Fund development support" or something like it was provided by ADB. It is also part of the project document. On SCAF II, the first box would not be "Fund development support" but "SL0"	Clarifications were made in para 32 about the support lines and the Theory of Change is consistent with those clarifications.
Para 66 *'After starting the onboarding process of the Cooperating Partners, the SCAF team found that interest in setting up small business incubators was much more limited than interest in developing interesting opportunities into Independent Power Producer Special Purpose Vehicles (IPP SPVs) and financeable proposals. While the role model E&Co also led to the inclusion of Venture Capital Funds as eligible recipients, SCAF I selected 6 Private Equity Funds with medium capitalization and deviated from the earlier concept of small business development more and more. '* As already mentioned earlier (paras 5 and 42) SCAF was not set up to support only enterprises but rather both projects and enterprises. Maybe the confusion comes from the name of the previous programme (Renewable Energy Enterprise Development) but from the description in the ProDoc it's very clear that both projects and enterprises will be targeted and frankly the emphasis is more on projects than enterprises. In terms of implementation, we tried to work with both PE funds and VC funds. PE funds mostly finance projects but sometimes also enterprises. VC funds finance both enterprises and technology develpoments. As has been captured in the evaluation, we were less successful in working with VC funds. I think there were several reasons. One was that the VC industry suffered a downturn after the 2008 financial crisis making it quite hard to find good VCs to work with. Secondly, the emphasis of GEF indicators on GHGs and financing mobilized made VC investments less interesting since very few enterprises supported would ever generate the GHGs or big financing mobilized in the timeframes being measured.	Edits have been made to paras 5 and 42 for clarification. This paragraph is specifically about the documentation of changes since the design represented in the ProDoc. There appear to be several different "project documents" that are used for reference. Here we are referring to the approved Project Document and any formal revisions. This "confusion' illustrates why contracts (and a project document is very similar to a contract) are usually fixed on paper and signed, so that some feeling of being tied to them arises and everybody is on the same page regarding the expectations and foundation of the cooperation.	UN Environment interprets 'Changes in Project Design' as changes that have either been formally adopted through a documented revision or changes that diverge from such documentation.

COMENT IN TEXT	EVALUATION CONSULTANTS' RESPONSE	EVALUATION OFFICE RESPONSE
Para 70. **'During these three years, technology cost reduction and the establishment of renewable energy frameworks and local capacities, have developed in a way that favoured private sector engagement in the renewable energy field in Africa and Asia. '** **True but the financial crisis had a severe negative impact as indicated in para 90. The evaluation of the external context as Highly favorable might be over-rated.**	**As indicated in para 90, the financial crisis was *before* the implementation of the SCAF I, i.e. it is part of the baseline, and it went uphill from there. One could additionally argue that the markets in Africa are very much donor-driven and thus to some degree isolated from the financial crisis, and that the financial crisis in Asia in the late 90s had been much worse than the one that hit the Western markets in 2008. But we do not go that far because there could be a lot of discussion on that, which would not be very productive.** **This favourable view is supported by UNEP's own ren21 or global investment reports that report the external environment for renewable energy investment was becoming better and better over the years. If you take South Africa as a lead market, they had their 10,000 GWh paper in (I believe) 2002, then started their first feet in tariff scheme in 2009 and the renewables auctions in 2011.**	**Note that the favourability of the external context is not included in the ratings scoring in any way. It is used to allow evaluation teams to justify an adjustment in the Effectiveness rating if a project has experienced an unexpected negative external context (eg natural disaster, political upheaval etc).** **This text to remain as is. Foontote added in appropriate section below.**
Para 99. ***'However, this ambiguity in several dimensions in SL1 led to significant discussion during the evaluation. It is understood that for SL1 the total amount provided to a Cooperating Partner is based on the balance sheet (in addition to the 2-3-year work plan). The larger the financial strength and the project pipeline, the higher the probability that the Fund can get the maximum SL1 amount.'*** **Based on the seed capital window rather.** **Support agreements under SCAF I were more or less systematically offered (and capped) at $1 million to each partner, and SL1 represented 50% of it.**	**The comment is unclear. This is a classic due diligence consideration: "Why do I trust this person with my money?"**	**Text to remain as is.**

COMENT IN TEXT	EVALUATION CONSULTANTS' RESPONSE	EVALUATION OFFICE RESPONSE
Para 188. • ***'Private Equity Funds invest with a perspective to a profitable exit. Potentially, there are better partners for a SCAF-type pipeline building facility, e.g. pension funds, insurances, or other types of patient capital. '*** **This does not seem realistic. Pension funds and insurance companies do not invest in early stage development activities. Those investors make long horizon investments but are very risk adverse. Other than PE funds and developers, we do not see any other partners under the SCAF I or the current SCAF II mandate to approach for pipeline building on a project level.**	**Still, they as a group have much more money than PE funds as a group, and are increasingly interested in this market.** **We are just highlighting options for future development. They are for you to take, or for anybody else**	**This will remain as an issue to be considered by UN Environment as it decides how to invest future effort and resources.**
Para 190. ***'In future applications, it can be considered whether or not the SCAF could be and should be turned into a fee-charging revolving fund with slow leakage. This might be possible and actually beneficial for some applications but not necessarily for all.'*** **Making SCAF a fee-charging revolving fund brings it very close to an investor itself, and would risk putting off Cooperating Partners, and definitely change the perception of the facility and the relationship with Cooperating Partners. The facility would become a possible source of funding for the Cooperating Partners.**	**We are just highlighting options for future development. They are for you to take, or for anybody else**	**This will remain as an issue to be considered by UN Environment as it decides how to invest future effort and resources.**

Annex II. Evaluation itinerary and interviewees

Name	Function	Organization	Location
Christopher Clarke	Managing Partner	Evolution One Fund	Cape Town, South Africa
Steve Faure	Deal Principal		
Mark Tanton	Managing Director	Red Cap Kouga	Cape Town, South Africa
David Nicol	CFO		
Mike Goldblatt	Director	Lereko Metier	Johannesburg
Brian van Oerle	Chief Executive Officer from Fieldstone		
Lucas Mbugua	Financial Analyst	Menengai	Phone Call
David Carrol	CEO		
Santiago Villamizar	CEO	RADIANT Energy/DI Frontier	Phone Call
Lars Tejlgaard Jensen	Investment Director	Akiira/ DI Frontier	Phone Call
Luka Buljan	Investment Director - AREF	Berkeley/Managers of the African Renewable Energy Fund	Nairobi, Kenya
Nicholas Tatrallyay	Investment Manager		
Prabodha Sumanaseker	Managing Director	VS Hydro	Nairobi, Kenya
Roanne Albertyn	Director Finance		
Bruce Dunn	Coordinator	ADB-GEF	Manila, Philippines/ Phone Call
(Nina) Ma. Rosario Catalina Narciso	Portfolio Management officer		
Farshed Mahmud	Investment Specialist, Private Sector Investment Funds and Special Initiatives Division (PSIF)	ADB-PSOD	Manila, Philippines
Mela Cabayan	Consultant		
Andrew Affleck	Managing Partner	Armstrong	Singapore
Wymen Chan	Investment Director		
Divyansh Johar	Country Manager	Berkeley Energy	Manila, Philippines
Kunal Mehti	Investment Manager India	Berkeley Energy	Singapore
Martin Cremer		Frankfurt School-UN Environment Collaborating Centre	Frankfurt, Germany; Phone Calls

Name	Function	Organization	Location
Andrea Bode		Frankfurt School-UN Environment Collaborating Centre	Frankfurt, Germany; Phone Calls
Derek Campbell		Frankfurt School-UN Environment Collaborating Centre	Frankfurt, Germany; Phone Calls
Charlotte Kantelhardt		Frankfurt School-UN Environment Collaborating Centre	Frankfurt, Germany; Phone Calls
Eric Usher	Head, UN Environment Finance Initiative; Former Project Manager	UN Environment	Phone Call
Françoise d'Estais	Head, Finance Unit; Project Manager	UN Environment	Paris, France; Phone Calls
Geordie Colville	UN Environment GEF coordinator	UN Environment	Phone Call
Ghita Hannane	Associate Programme Officer, Finance Unit	UN Environment	Paris, France; Phone Calls

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Annex IV. Evaluation Bulletin

Will be attached to the Evaluation report in a separate document.

Annex V. Communication and outreach tools used to disseminate results

The report will be disseminated to the funders and the main project stakeholders (UN Environment, AsDB, Frankfurt School).

Annex VI. Evaluation Terms Of Reference (without annexes)

Terminal Evaluation of the UN Environment/Global Environment Facility project "Seed Capital Assistance Facility, Phase I (Renewable Energy Enterprise Development)"

Section 1: Project Background and Overview

1. Project General Information

2. *Table 1*. Project summary

Implementing Agency:	UN Environment (lead), Asian Development Bank (ADB)		
Executing Agency:	UN Environment/Economy Division, ADB, African Development Bank (AfDB), Frankfurt School UN Environment Collaborating Centre (UNEP FS)		
Cooperating Partners	Cooperating Fund Managers[51]		
Sub-programme:	Climate Change	Expected Accomplishment(s):	EA (b) Energy efficiency is improved and the use of renewable energy is increased in partner countries to help reduce greenhouse gas emissions and other pollutants as part of their low emission development pathways
UN Environment approval date:	14/08/2007	Programme of Work Output(s):	EA (b) – 4: Technical support provided to countries and partners to set up and implement sectoral initiatives and to make renewable energy and energy efficiency technologies bankable and replicable.
GEF project ID:	1609	Project type:	FSP
GEF Operational Programme #:	OP 6 "Promoting the adoption of renewable energy by removing barriers and reducing implementation costs." OP 5 "Removal of barriers to energy conservation and energy efficiency."	Focal Area(s):	Climate Change
GEF approval date:	31 May 2007	GEF Strategic Priority:	CC-4, CC-5 and CC-2
Expected start date:		Actual start date:	July 2008[52]
Planned completion date:	August 2013	Actual completion date:	*Expected:* December 2017

[51] The nomenclature for these partners was not used consistently during SCAF I and refers also to Fund Managers. In SCAF II Fund Managers are consistently called Cooperating Partners

[52] Date when UN Environment/ADB signed MoU and UN Environment Project Management began working on the project.

Planned project budget at approval:	$62,870,000	Actual total expenditures reported as of	?	
GEF grant allocation:	$3,990,000 (UNEP) $4,410,000 Asian Development Bank (ADB)	GEF grant expenditures reported as of 31 December 2016:	$3,841,326 as of 31 December 2016 (UNEP) $3,294,064 as of 31 Dec 2016 (ADB)	
Project Preparation Grant - GEF financing:	$300,000	Project Preparation Grant - co-financing:	$150,000	
Expected Medium-Size Project/Full-Size Project co-financing:	$54,470,000	Secured Medium-Size Project/Full-Size Project co-financing:	$21.4 million[53]	
First disbursement:	October 2008	Date of financial closure:	N/A	
No. of revisions:	4	Date of last revision:	April 2017 (under approval)	
No. of Steering Committee meetings:	4: Sept 2011 Oct 2012 Oct 2013 Nov 2015	Date of last/next Steering Committee meeting:	Last: November 2015	Next: to be scheduled
Mid-term Review/ Evaluation *(planned date):*	Sept 2011	Mid-term Review/ Evaluation (actual date):	July - Dec. 2012	
Terminal Evaluation *(planned date):*	2016/17	Terminal Evaluation (actual date):	May – Oct 2017	
Coverage - Country(ies):	Cambodia, China, India, Indonesia, Kenya, Lao PDR, Malaysia, Philippines, Rwanda, South Africa, Sri Lanka, Tanzania, Thailand, Uganda, Viet Nam, Zambia *(PIR, 2015)*	Coverage - Region(s):	Africa Asia	
Dates of previous project phases:	*N/A* *Associated projects* AREED (Africa) C-REED (China) B-REED (Brazil)	Status of future project phases:	SCAF II (Jan 2014 – Dec 2021, PIMS ref 1657) Non GEF funding	

[53] Berkeley - $2.5 million; Armstrong - $3.0 million; Inspired Ev.- $1.5 million; Frontier - $10.5 million; Infuse – $560K, Lereko Metier - $1.0 million; Co-financing of five new fund developments: $1.4 million. Partner Agency Co-financing: EIB - $950K.

2. Project Rationale

Operating within Asia and Africa, the project aims to create a Seed Capital Assistance Facility (SCAF) that provides technical assistance to help sustainable energy entrepreneurs access enterprise development support and seed capital from mainstream energy investors[54]. Although sustainable energy technologies encompass both renewable energy and energy efficiency, the project mainly targets renewable energy projects and businesses, especially small to medium size enterprises, including: wind, small hydro, photovoltaic, geothermal, biomass and biogas energy.

Typically, financial support for the early stages[55] of sustainable energy enterprise development initiatives comes from foundations and donors who are willing to take a lower rate of return in exchange for the achievement of their broader developmental objectives. Attracting more mainstream sources of seed capital investment has been identified by the project as a necessary step towards realizing the full potential of these sustainable energy technologies.

The SCAF intends to help close the gap between what local sustainable energy project developers are able to offer and the up-front requirements of the investment community, by sharing the costs of preparing projects for investment and temporarily buying-up investment returns. By bridging this gap, the facility aims to help provide local project developers and entrepreneurs with the sort of enterprise development assistance and early stage seed capital needed to plan and develop new sustainable energy projects, products and service offerings. It is anticipated that, by engaging more directly in this area, the clean energy finance community will begin to see early stage seed capital as a viable and cost effective strategy for developing a pipeline of full scale energy investment opportunities.

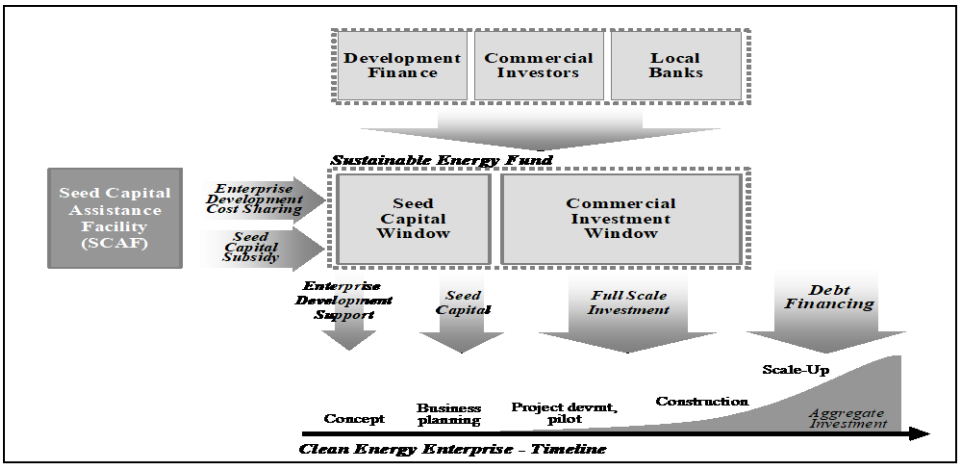
The SCAF support is provided alongside actual seed investments made by fund managers and therefore is aimed at projects that, although at an early stage and therefore risky in nature, are seen by commercial investors as promising enough to merit some early capital commitment. This public- private approach is expected to accelerate the development of investment-worthy projects and over time lead to overall increased investment in the sector in the regions of implementation.

The underlying rationale of the facility is that the seed capital approach offers a market solution for capital formation in the sustainable energy sector because it: (1) helps indigenous clean energy entrepreneurs initiate businesses that can achieve viable financial returns; (2) demonstrates to investors and lenders waiting on the sidelines that these businesses are viable investment opportunities; and, (3) convinces these investors that the key is not to wait for others to make seed capital investments and to feed off the trickle of opportunities that result but rather to "seed" their own pipeline of opportunities.

Figure 1: **SCAF Conceptual Structure**

[54] Typically these are investment funds capitalized by development banks, private institutional investors, and high net worth individuals.

[55] Early-stage (or seed-stage, although this term rather belongs to the terminology of venture capital) refers to that part of the clean energy project or enterprise development timeline till financial close (infrastructure-type projects) or growth stage (clean energy technology).



SCAF Conceptual Structure

This project is intended to build on, and help linkages between, activities in Asia and Africa through UN Environment's ongoing Rural Energy Enterprise Development programs (REED[56]), the Asian Development Bank's (ADB) Clean Energy and Environment Program and parallel fund investment activities, and the African Development Bank's (AfDB) FINESSE technical assistance programme and private sector investment activities.

Through partnerships with ADB and AfDB the project aims to provide the direct technical assistance needed for training entrepreneurs and helping them access the seed financing needed to initiate clean energy projects or businesses. Project funds are not invested as seed capital but rather are used to cost-share incremental enterprise development gaps in ways that the experience of the REED programmes and the feedback of mainstream financiers have suggested are effective. Cooperating Fund Agreements are signed between the project and partner equity fund managers (Cooperating Funds, see more detail under section 4, para 13 Executing Arrangements). Small, temporary, smart incentives are intended to encourage the technical assistance to be sustained, and Cooperating Fund Managers to invest at earlier stages of project development. This is expected to accelerate the development of projects and, over time, to lead to overall increased finance volumes to the sector.

Stakeholders relevant to this project include government departments and development banks. A critical set of stakeholders are equity fund managers.

[56] These include AREED (Africa, www.areed.org), B-REED (Brazil, www.b-reed.org), C-REED (China, www.c-reed.org).

The project goal and objectives, components and outputs as presented in project documents are listed below.

Table 2: **Logical Framework** ***(Source: Internal Project Document)***

SUMMARY	INDICATORS
Global Objective	
Energy related CO_2 emissions are reduced through promotion of renewable energy projects.	GHG emissions mitigated through reduced fossil fuel based energy consumption in targeted regions (target 2.3 Mt CO_2 over 20 yrs). While the replication of similar activities could be more than double that estimated here, a causality factor of less than half is assumed. Amount of total seed/growth investment mobilized in SE projects (Target: US $67 million) GHG reductions resulting directly from assisted transactions will be 0.4 to 0.8 million tonnes while total emission reductions including later stage scale-up will be 2.3 to 6.1 million tonnes.
Outcomes	
Increased access to enterprise development support and seed financing for early stage sustainable energy enterprises and projects in target regions. Increased experience amongst financiers for investing in small scale renewable energy / energy efficiency projects. Mainstreaming of seed capital into commercial energy finance approaches, whereby seed portfolios become *pipeline development tools* for later stage commercial investing. A new breed of indigenous clean energy enterprises established offering a range of GHG mitigating projects, products and services Improved energy services provided to un/under-served populations in target regions	Number of seed finance windows created within new or existing funds (target: 4 to 6 by mid project); Increase in volume of direct seed transactions (Target: US $14 million) The increase in number of SE investments in targeted countries (Target: 134 during fund execution to end of project) Amount of clean energy provided by new SE projects (Target: 52MW_e and 160 GWh/yr). GHG reductions resulting from seed capital transactions will be 0.4 million tonnes (within the investment deployment period and over the life of equipment). Amount resulting from 2nd stage investments will be 1.9 million tones.
Project sub-components	Outputs
Establish the Facility and Develop the Operation Modalities Support for creating "Seed Windows" in New Sustainable Energy Funds (TA)	Governance structures for the management of the Facility and the project in place. Detailed operational parameters of the Facility defined, including the procedures and documentation related to the steps of: Proposal, Letter of Intent, Due Diligence, Approval, Agreement on Terms and Conditions, Contracting and Operating. New sustainable energy funds and seed finance windows created and through them enterprise development support and seed capital provided to sustainable energy SMEs and projects; Capital mobilized from new investors

SCAF Facility Operations	**Sustainable energy entrepreneurs trained and commercially viable projects and SMEs created to provide cleaner energy and energy services; Co-opted seed capital investments made in such enterprises; and Services and products offered by SMEs with direct (cleaner energy supplied) and indirect economic, environmental and social benefits.**
Management Review and Dissemination	**Performance of the Facility and individual seed capital investment projects are monitored and evaluated; other impacts and benefits of the project monitored and evaluated; and best practices and lessons learned disseminated among key stakeholders.**

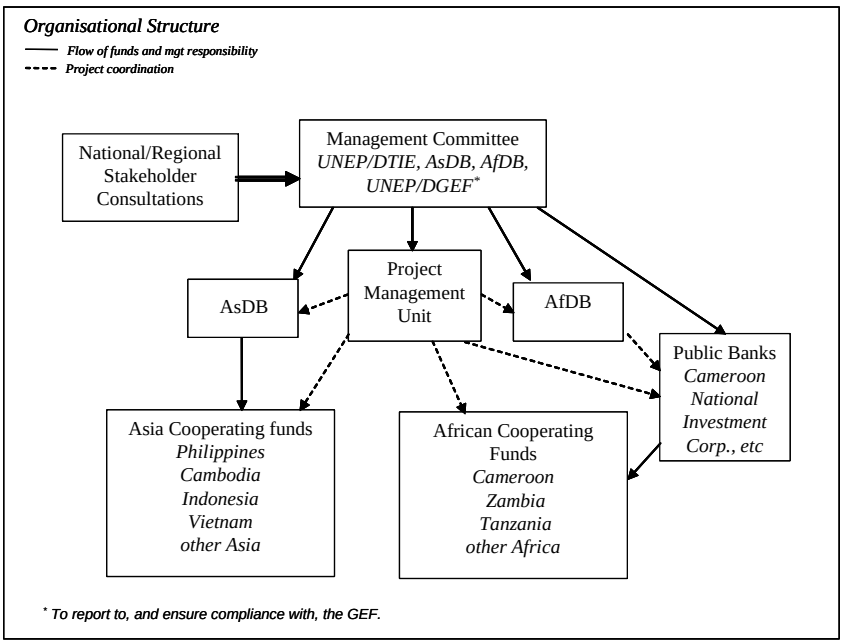
The Seed Capital Assistance Facility is co-executed by the UN Environment Economy Division, through its Energy and Climate Branch/Finance Unit, the Asian Development Bank (ADB), through its Private Sector Department, and the African Development Bank, through its Private Sector Development Unit. The intent is to incorporate Facility Management and Administration into existing activities and thus reduce the time and cost devoted exclusively to the Facility. The initial org chart for the project is shown below.

In Africa at the time of project inception AfDB was not financing private equity funds and therefore was not ready to be an Implementing Agency but rather wanted to support implementation working closely with UN Environment. Originally it was planned that several national public financial institutions would be used as executing agencies and that their ability to execute GEF funds would be assessed as part of the due diligence process undertaken by UN Environment and AfDB. However, when most of the private equity funds that SCAF began to work with had a regional focus no appropriate national public financing institutions could be found that had the appropriate geographic coverage and therefore it was proposed instead for the execution to be undertaken by UN Environment's new collaborating centre for climate and sustainable energy finance located at the Frankfurt School of Finance and Management (Frankfurt School UNEP Collaborating Centre). Within Africa UN Environment and AfDB Management Committee representatives are responsible for the selection of Cooperating Fund Managers after which Frankfurt School UNEP Collaborating Centre does the contracting and related oversight of the work undertaken by the Cooperating Funds Managers.

The SCAF operating structure includes:

- ***SCAF Management Committee* - to approve proposals to the SCAF facility, made up of three representatives from UN Environment Economy Division, ADB and AfDB, plus one representative from UN Environment/DGEF to ensure compliance with GEF eligibility requirements and reporting. It was intended that unanimous agreement would be required of decisions involving SCAF policies, procedures and governance issues. ADB and UN Environment were intended to approve proposals for Asia; AfDB and UN Environment were to approve proposals for Africa.**
- ***SCAF Project Management Unit* - to ensure the successful and credible operation of the Facility, a PMU was to be established, reporting to the Management Committee, that would interact with SCAF cooperating funds and the relevant executing agency by region on a day to day basis. The SCAF PMU was to include a Project Manager, an ADB Investment Specialist (part-time) and additional consultant support, as needed. The PMU was intended to screen proposals and identify the actions to be taken with individual cooperating fund support agreements.**

***Figure 2*: SCAF I Organisational Structure**



The SCAF is designed to enter into Cooperating Fund Agreements with 4 to 6 Cooperating Fund Managers during the duration of the project, each lasting for 2 to 3 years duration. Most of the output generation from the overall SCAF project are expected to come through these Cooperating Fund Agreements, with some supplementary activities undertaken to maximise the sharing of knowledge on seed finance approaches in the clean energy sector. The Cooperating Fund Agreements are structured into two Support Lines as described below:

- **SCAF provides two types of grants: (a) *Enterprise Development Support*, (Support Line 1/SL1), cost-shares defined (and mostly non-project specific) costs incurred by the Cooperating Funds in connection with sourcing, developing and transacting seed scale investments, including training of project developers. (b) *Seed Capital Support*, (Support Line 2/SL2), cost-shares eligible project development costs in connection with actual seed investments that the Cooperating Funds make. (While SL1 is disbursed on the basis of a 2-3 year work plan, SL2 is paid on a project by project basis subject to a quick screening by SCAF management. Cooperating Funds undertake to make a minimum number of seed investments, failing which they must reimburse part (up to 50%) of the SL1 funds received).**
- **A third component to assist Cooperating Fund Managers in establishing first time clean energy funds with an early stage investment window which could become Cooperating Funds was also provided temporarily under the Asia component and the Africa component[57] (see 19 below).**

SCAF Cooperating Fund Agreements have been signed with four funds in Africa:

- **Evolution One Fund (EV1)**
- **Frontier Market Energy and Carbon Fund (DI)**
- **Lereko Metier Sustainable Capital Fund (LMSC)**
- **Berkeley's Africa Renewable Energy Fund (AREF).**

These agreements were active during the 2010-2015 period.

SCAF Cooperating Fund Agreements have been signed with five funds in Asia:

- **Berkeley Partners LLP (Renewable Energy Asia Fund or "REAF")**
- **Armstrong Asset Management (Armstrong South East Asia Clean Energy Fund)**
- **CIIE Initiatives (Indian Fund for Sustainable Energy Capital or "INFUSE Capital").**
- **Asia Climate Partners (ACP).**

A fifth CFA had been signed with Aloe Private Equity but was cancelled in Q2 2014 when the fund manager decided to cancel its fund raising efforts.

The Asia Climate Partners agreement remains the only operating agreement from January 2017.

In 2010 five other Cooperating Fund Managers received SCAF support in Asia to establish new clean energy funds which could become SCAF Cooperating Funds. Berkeley's Africa Renewable Energy Fund (AREF) has also received support. In 2014, SCAF provided Support Line 0 funding to help the cooperating Fund Manager to secure the additional $50 million of investment it required to achieve its first financial close of $100 million. With the exception of Low Carbon Investors, they were unsuccessful due to various reasons outlined in the 2016 PIR. These fund managers were: (i) Conduit Ventures Ltd., (ii) E+Co, (iii) IndiaCo Advisors Pvt. Ltd., (iv) Low Carbon Investors, and (v) Yes Bank Ltd.

The project funds by funding source and component are listed below:

***Table 3:* Project Financing (USD)**

	GEF	UNF	Fund Investments	Fund Managers	UNEP/ADB/ AfDB	Cofinance	Total
Establish the Facility	0				380,000	380,000	380,000

[57] **This was with Berkeley's Africa Renewable Energy Fund (AREF)**

Create Seed Windows	970,000	78,000		400,000	360,000	838,000	1,808,000
Operate the Facility	6,610,000	400,000	50,900,000	1,100,000	260,000	52,660,000	59,270,000
Management and Outreach	820,000	222,000			370,000	592,000	1,412,000
Total Full Size Project	8,400,000	700,000	50,900,000	1,500,000	1,370,000	54,470,000	62,870,000

According to the Project Implementation Report (PIR) of 2016, the total budget in Africa amounts to $3.9 million, of which $3.1 million was sub-contracted to Frankfurt School who had committed $2.8 million through the four CFAs, of which $2.3 million had been disbursed as of June 2015. In addition Frankfurt School had budgeted operating expenses (incl. travel and sundry) of $329k over the project period from 2010 to 2015. In the same report the total Asian commitments are reported to stand at $3.3 million (80%) of the $4.2 million SCAF commitment). With a $0.5 million allocation for Support Line 1 funds to ACP, the balance of approximately $905,935 was expected to be made available to either top up existing allocations to cooperating fund managers for SL2 activities. As of 10 June 2016, $3.3 million had been fully disbursed. The SCAF expects full disbursement by end-2017.

As the very nature of this proposal is to change the investment approach of investors and fund management entities (i.e. to prove the case for seed capital investing as a preferred alternative investing strategy for the modern energy sector) the need to manage substantial risks has been at the centre of the project throughout its life. Specifically, compared to the total seed and growth capital to be made available by the investors, the SCAF contribution is quite small, less than 2% of the total outlay, and the investors themselves have to pay much of the incrementally higher costs of the seed investing. The investors therefore get involved not because of the availability of 'easy GEF money' but rather because they are truly interested in the seed finance approach as a means of making their total investment portfolio succeed. If the one-time cost sharing and incentives *improve* the return on the fund or the efficiency of the fund management entity, this approach will be adopted as a preferred alternative or as a component of the investor's strategy. If the incentives only produce a cash flow improvement or neutral result, then the likelihood of self-replication will have declined. The risks associated with the SCAF operation have been reported as:

- **inability of fund managers/proponents to capitalize funds with a seed capital component;**
- **inability of SCAF team to negotiate and document a timely incentive arrangement with these funds;**
- **insufficient transactions under consideration;**
- **fund managers attempting to "game" the system by seeking incentives for transactions that would be considered without incentives.**

The project's risk management strategies are reported to have been:

- **the alignment of the interests of participants;**
- **strong promotional effort and coordination with such initiatives as REEF 2, EFFI Clean Energy Fund and the Environmental Opportunities Fund to assure a sufficient pipeline of fund activities;**
- **hands-on involvement and enterprise knowledge of the Facility team in implementation;**
- **disbursing part of the SCAF support only at the time of seed fund transactions;**
- **the partial nature of the incentives (risk sharing by fund managers); and,**
- **the greater and shared objective of improving fund performance and finding a successful investment strategy (the payoff on success makes the cash flow benefit of incentives pale by comparison).**

The project suffered delays at the start, which the evaluator of the Mid-Term Review (Ligot, J. 2013) attributed to three factors: a) a UN/MDB co-implementation arrangement with split budgets and responsibilities; 2) the financial crisis which from 2008-2009 made fund raising by new or existing funds much more difficult; and 3) initial difficulties in identifying funds meeting SCAF criteria.

The Mid-Term Review identified several specific features of the project that could be improved:

- **Introduce more flexibility and 'fungibility' in the use of SL1 and SL2 funds within each Cooperating Fund's SCAF allocation.**
- **The payback clause for SL1 funds could be dropped, in exchange for stricter ex-post control on the use of SCAF funds.**
- **The amount of SL2 support per deal could be increased to have more impact; in exchange SL2 could be made refundable for projects that achieve full financial close. SCAF would then become a revolving facility, which would probably mean recentralizing SL2 (taking SL2 out of the CFA envelope as was done with the Lereko Metier CFA).**
- **Cooperating Fund Agreements should ensure that SL2 funds are not treated as Cooperating Fund's investment so that SCAF remain neutral between the Cooperating Funds and the project developers and entrepreneurs.**

Section 2. OBJECTIVE AND SCOPE OF THE EVALUATION

Evaluation findings and judgements should be based on sound evidence and analysis, **clearly documented in the evaluation report. Information will be triangulated (i.e. verified from different sources) as far as possible, and when verification is not possible, the single source will be mentioned (whilst anonymity is still protected). Analysis leading to evaluative judgements should always be clearly spelled out.**

The "Why?" Question. **As this is a terminal evaluation and a follow-up project is likely [or similar interventions are envisaged for the future], particular attention should be given to learning from the experience. Therefore, the *"Why?"* question should be at the front of the Evaluation Consultants' minds all through the evaluation exercise and is supported by the use of a theory of change approach. This means that the Evaluation Consultants need to go beyond the assessment of *"what"* the project performance was, and make a serious effort to provide a deeper understanding of *"why"* the performance was as it was. This should provide the basis for the lessons that can be drawn from the project.**

Baselines and counterfactuals. **In attempting to attribute any outcomes and impacts to the project intervention, the evaluators should consider the difference between *what has happened with, and what would have happened without, the project*. This implies that there should be consideration of the baseline conditions, trends and counterfactuals in relation to the intended project outcomes and impacts. It also means that there should be plausible evidence to attribute such outcomes and impacts to the actions of the project. Sometimes, adequate information on baseline conditions, trends or counterfactuals is lacking. In such cases this should be clearly highlighted by the Evaluation Consultants, along with any simplifying assumptions that were taken to enable the Evaluation Consultants to make informed judgements about project performance.**

Communicating evaluation results. **A key aim of the evaluation is to encourage reflection and learning by UN Environment staff and key project stakeholders. The Evaluation Consultants should consider how reflection and learning can be promoted, both through the evaluation process and in the communication of evaluation findings and key lessons. Clear and concise writing is required on all evaluation deliverables. Draft and final versions of the main evaluation report will be shared with key stakeholders by the Evaluation Office. There may, however, be several intended audiences, each with different interests and needs regarding the report. The Evaluation Manager will plan with the Evaluation Consultants which audiences to target and the easiest and clearest way to communicate the key evaluation findings and lessons to them. This may include some or all of the following; a webinar, conference calls with relevant stakeholders, the preparation of an evaluation brief or interactive presentation.**

In line with the UN Environment Evaluation Policy[58] and the UN Environment Programme Manual[59], the Terminal Evaluation (TE) is undertaken at completion of the project to assess project performance (in terms of relevance,

[58] http://www.unep.org/eou/StandardsPolicyandPractices/UNEPEvaluationPolicy/tabid/3050/language/en-US/Default.aspx
[59] http://www.unep.org/QAS/Documents/UNEP_Programme_Manual_May_2013.pdf . *This manual is under revision.*

effectiveness and efficiency), and determine outcomes and impacts (actual and potential) stemming from the project, including their sustainability. The evaluation has two primary purposes: (i) to provide evidence of results to meet accountability requirements, and (ii) to promote operational improvement, learning and knowledge sharing through results and lessons learned among UN Environment, AfDB, ADB and other project partners. Therefore, the evaluation will identify lessons of operational relevance for future project formulation and implementation.

In addition to the evaluation criteria outlined in Section 10 below, the Terminal Evaluation will address the strategic questions listed below. These are questions of interest to UN Environment and its partners and to which the project is believed to be able to make a substantive contribution:

- **(a)** Financial sustainability: **It is clear that the Facility can never fully address the early-stage financing gap on its own. Changing the views and actions of the mainstream financial sector towards supporting the earlier stages of a sustainable energy enterprise's development is therefore central to the long-term sustainability of the project's approach. To what extent has the public-private partnership upon which the SCAF is built been able to support projects through to financial close (i.e. supported their move out of the early stage of development to full operationalization that can be continued on a commercial basis)? What signs are there that the mainstream financial investment sector is evolving to take up the early stage development role in the longer term?**
- **(b)** Likelihood of long term contributions to reducing CO2 emissions: **The 2016 Project Implementation Report identifies a number of renewable energy/energy efficiency interventions that have been supported by the Cooperating Funds in Africa and Asia. Are these viable initiatives and are their contributions to GHG emissions commensurate with the SCAF I project's overall inputs?**
  7

All evaluation criteria will be rated on a six-point scale. Sections A-I below, outline the scope of the criteria and a link to a table for recording the ratings is provided in Annex 1). A weightings table will be provided in excel format (link provided in Annex 1) to support the determination of an overall project rating. The set of evaluation criteria are grouped in nine categories: (A) Strategic Relevance; (B) Quality of Project Design; (C) Nature of External Context; (D) Effectiveness, which comprises assessments of the achievement of outputs, achievement of outcomes and likelihood of impact; (E) Financial Management; (F) Efficiency; (G) Monitoring and Reporting; (H) Sustainability; and (I) Factors Affecting Project Performance. The Evaluation Consultants can propose other evaluation criteria as deemed appropriate.

A. Strategic Relevance

The evaluation will assess, in line with the OECD/DAC definition of relevance, '*the extent to which the activity is suited to the priorities and policies of the target group, recipient and donor*'. The evaluation will include an assessment of the project's relevance in relation to UN Environment's mandate and its alignment with UN Environment's policies and strategies at the time of project approval. Under strategic relevance an assessment of the complementarity of the project with other interventions addressing the needs of the same target groups will be made. This criterion comprises four elements:

i. *Alignment to the UN Environment Medium Term Strategy[60] (MTS) and Programme of Work (POW)*

The evaluation should assess the project's alignment with the MTS and POW under which the project was approved and include reflections on the scale and scope of any contributions made to the planned results reflected in the relevant MTS and POW.

ii. *Alignment to UN Environment /GEF/Donor Strategic Priorities*

Donor, including GEF, strategic priorities will vary across interventions. UN Environment strategic priorities include the Bali Strategic Plan for Technology Support and Capacity Building[61] (BSP) and South-South Cooperation (S-SC). The BSP relates to the capacity of governments to: comply with international agreements

[60] UN Environment's Medium Term Strategy (MTS) is a document that guides UN Environment's programme planning over a four-year period. It identifies UN Environment's thematic priorities, known as Sub-programmes (SP), and sets out the desired outcomes, known as Expected Accomplishments (EAs), of the Sub-programmes.

[61] http://www.unep.org/GC/GC23/documents/GC23-6-add-1.pdf

and obligations at the national level; promote, facilitate and finance environmentally sound technologies and to strengthen frameworks for developing coherent international environmental policies. S-SC is regarded as the exchange of resources, technology and knowledge between developing countries. GEF priorities are specified in published programming priorities and focal area strategies.

iii. *Relevance to Regional, Sub-regional and National Environmental Priorities*

The evaluation will assess the extent to which the intervention is suited, or responding to, the stated environmental concerns and needs of the countries, sub-regions or regions where it is being implemented. Examples may include: national or sub-national development plans, poverty reduction strategies or Nationally Appropriate Mitigation Action (NAMA) plans or regional agreements etc.

iv. *Complementarity with Existing Interventions*

An assessment will be made of how well the project, either at design stage or during the project mobilization, took account of ongoing and planned initiatives (under the same sub-programme, other UN Environment sub-programmes, or being implemented by other agencies) that address similar needs of the same target groups . The evaluation will consider if the project team, in collaboration with Regional Offices and Sub-Programme Coordinators, made efforts to ensure their own intervention was complementary to other interventions, optimized any synergies and avoided duplication of effort. Examples may include UNDAFs or One UN programming. Linkages with other interventions should be described and instances where UN Environment's comparative advantage has been particularly well applied should be highlighted.

***Factors affecting this criterion may include:* stakeholders' participation and cooperation; responsiveness to human rights and gender equity, and country ownership and driven-ness.**

B. Quality of Project Design

The quality of project design is assessed using an agreed template during the evaluation inception phase, ratings are attributed to identified criteria and an overall Project Design Quality rating is established. This overall Project Design Quality rating is entered in the final evaluation ratings table as item B. In the Main Evaluation Report a summary of the project's strengths and weaknesses at design stage is included.

***Factors affecting this criterion* may include (at the design stage): stakeholders participation and cooperation and responsiveness to human rights and gender equity, including the extent to which relevant actions are adequately budgeted for.**

C. Nature of External Context

At evaluation inception stage a rating is established for the project's external operating context (considering the prevalence of conflict, natural disasters and political upheaval). This rating is entered in the final evaluation ratings table as item C. Where a project has been rated as facing either an Unfavourable or Highly Unfavourable external operating context, the overall rating for Effectiveness may be increased at the discretion of the Evaluation Consultants and Evaluation Manager together. A justification for such an increase must be given.

D. Effectiveness

The evaluation will assess effectiveness across three dimensions: achievement of outputs, achievement of direct outcomes and likelihood of impact.

i. Achievement of Outputs

The evaluation will assess the project's success in producing the programmed outputs (products and services delivered by the project itself) and achieving milestones as per the project design document (ProDoc). Any *formal* modifications/revisions made during project implementation will be considered part of the project design. Where the project outputs are inappropriately or inaccurately stated in the ProDoc, a table should, for transparency, be provided showing the original formulation and the amended version. The achievement of outputs will be assessed in terms of both quantity and quality, and the assessment will consider their usefulness and the timeliness of their delivery. The evaluation will briefly explain the reasons behind the success or shortcomings of the project in delivering its programmed outputs and meeting expected quality standards.

Factors affecting this criterion may include: **preparation and readiness and quality of project management and supervision[62].**

ii. Achievement of Direct Outcomes

The achievement of direct outcomes is assessed as performance against the direct outcomes as defined in the reconstructed[63] Theory of Change (TOC). These are the first-level outcomes expected to be achieved as an immediate result of project outputs. As in 1, above, a table can be used where substantive amendments to the formulation of direct outcomes as necessary. The evaluation should report evidence of attribution between UN Environment's intervention and the direct outcomes. In cases of normative work or where several actors are collaborating to achieve common outcomes, evidence of the nature and magnitude of UN Environment's contribution should be included.

Factors affecting this criterion may include: **quality of project management and supervision; stakeholders' participation and cooperation; responsiveness to human rights and gender equity and communication and public awareness.**

iii. Likelihood of Impact

Based on the articulation of longer term effects in the reconstructed TOC (i.e. from direct outcomes, via intermediate states, to impact), the evaluation will assess the likelihood of the intended, positive impacts becoming a reality. Project objectives or goals should be incorporated in the TOC, possibly as intermediate states or long term impacts. The Evaluation Office's approach to the use of TOC in project evaluations is outlined in a guidance note available on the EOU website, web.unep.org/evaluation and is supported by an excel-based flow chart called, Likelihood of Impact Assessment (see Annex 1). Essentially the approach follows a 'likelihood tree' from direct outcomes to impacts, taking account of whether the assumptions and drivers identified in the reconstructed TOC held. Any unintended positive effects should also be identified and their causal linkages to the intended impact described.

The evaluation will also consider the likelihood that the intervention may lead, or contribute to, unintended negative effects. Some of these potential negative effects may have been identified in the project design as risks or as part of the analysis of Environmental, Social and Economic Safeguards.64

The evaluation will consider the extent to which the project has played a catalytic role or has promoted scaling up and/or replication65 as part of its Theory of Change and as factors that are likely to contribute to longer term impact. Ultimately UN Environment and all its partners aim to bring about benefits to the environment and human well-being. Few projects are likely to have impact statements that reflect such long-term or broad-based changes. However, the evaluation will assess the likelihood of the project to make a substantive contribution to the high level changes represented by UN Environment's Expected Accomplishments, the Sustainable Development Goals[66] and/or the high level results prioritised by the funding partner.

Factors affecting this criterion may include: **quality of project management and supervision, including adaptive project management; stakeholders participation and cooperation; responsiveness to human rights and gender equity; country ownership and driven-ness and communication and public awareness.**

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[62] In some cases 'project management and supervision' will refer to the supervision and guidance provided by UN Environment to implementing partners and national governments while in others, specifically for GEF funded projects, it will refer to the project management performance of the executing agency and the technical backstopping provided by UN Environment.

[63] UN Environment staff are currently required to submit a Theory of Change with all submitted project designs. The level of 'reconstruction' needed during an evaluation will depend on the quality of this initial TOC, the time that has lapsed between project design and implementation (which may be related to securing and disbursing funds) and the level of any changes made to the project design. In the case of projects pre-dating 2013 the intervention logic is often represented in a logical framework and a TOC will need to be constructed in the inception stage of the evaluation.

[64] Further information on Environmental, Social and Economic Safeguards (ESES) can be found at http://www.unep.org/about/eses/

[65] *Scaling up* refers to approaches being adopted on a much larger scale, but in a very similar context. Scaling up is often the longer term objective of pilot initiatives. *Replication* refers to approaches being repeated or lessons being explicitly applied in new/different contexts e.g. other geographic areas, different target group etc. Effective replication typically requires some form of revision or adaptation to the new context. It is possible to replicate at either the same or a different scale.

[66] A list of relevant SDGs is available on the EO website www.unep.org/evaluation

E. Financial Management

Financial management will be assessed under three broad themes: completeness of financial information, communication between financial and project management staff and compliance with relevant UN financial management standards and procedures. The evaluation will establish the actual spend across the life of the project of funds secured from all donors. This expenditure will be reported, where possible, at output level and will be compared with the approved budget. The evaluation will assess the level of communication between the Task Manager and the Fund Management Officer as it relates to the effective delivery of the planned project and the needs of a responsive, adaptive management approach. The evaluation will verify the application of proper financial management standards and adherence to UN Environment's financial management policies. Any financial management issues that have affected the timely delivery of the project or the quality of its performance will be highlighted.

Factors affecting this criterion may include: **preparation and readiness and quality of project management and supervision.**

F. Efficiency

In keeping with the OECD/DAC definition of efficiency, the evaluation will assess the cost-effectiveness and timeliness of project execution. Focusing on the translation of inputs into outputs, cost-effectiveness is the extent to which an intervention has achieved, or is expected to achieve, its results at the lowest possible cost. Timeliness refers to whether planned activities were delivered according to expected timeframes as well as whether events were sequenced efficiently. The evaluation will also assess to what extent any project extension could have been avoided through stronger project management and identify any negative impacts caused by project delays or extensions. The evaluation will describe any cost or time-saving measures put in place to maximise results within the secured budget and agreed project timeframe and consider whether the project was implemented in the most efficient way compared to alternative interventions or approaches.

The evaluation will give special attention to efforts by the project teams to make use of/build upon pre-existing institutions, agreements and partnerships, data sources, synergies and complementarities with other initiatives, programmes and projects etc. to increase project efficiency. The evaluation will also consider the extent to which the management of the project minimized UN Environment's environmental footprint.

Factors affecting this criterion may include: **preparation and readiness (e.ge. timeliness); quality of project management and supervision and stakeholders participation and cooperation.**

G. Monitoring and Reporting

The evaluation will assess monitoring and reporting across three sub-categories: monitoring design and budgeting, monitoring of project implementation, and project reporting.

i. Monitoring Design and Budgeting

Each project should be supported by a sound monitoring plan that is designed to track progress against SMART[67] indicators towards the achievement of the project's outputs and direct outcomes, including at a level disaggregated by gender or groups with low representation. The evaluation will assess the quality of the design of the monitoring plan as well as the funds allocated for its implementation. The adequacy of resources for mid-term and terminal evaluation/review should be discussed if applicable.

ii. Monitoring of Project Implementation

The evaluation will assess whether the monitoring system was operational and facilitated the timely tracking of results and progress towards projects objectives throughout the project implementation period. It will also consider how information generated by the monitoring system during project implementation was used to adapt and improve project execution, achievement of outcomes and ensure sustainability. The evaluation should confirm that funds allocated for monitoring were used to support this activity.

iii. Project Reporting

UN Environment has a centralised Project Information Management System (PIMS) in which project managers upload six-monthly status reports against agreed project milestones. This information will be provided to the

[67] SMART refers to indicators that are specific, measurable, assignable, realistic and time-specific.

Evaluation Consultants by the Evaluation Manager. Projects funded by GEF have specific evaluation requirements with regard to verifying documentation and reporting (i.e. the Project Implementation Reviews, Tracking Tool and CEO Endorsement template[68]), which will be made available by the Task Manager. The evaluation will assess the extent to which both UN Environment and donor reporting commitments have been fulfilled.

Factors affecting this criterion may include: **quality of project management and supervision and responsiveness to human rights and gender equity (e.g. disaggregated indicators and data).**

H. Sustainability

Sustainability is understood as the probability of direct outcomes being maintained and developed after the close of the intervention. The evaluation will identify and assess the key conditions or factors that are likely to undermine or contribute to the persistence of achieved direct outcomes. Some factors of sustainability may be embedded in the project design and implementation approaches while others may be contextual circumstances or conditions that evolve over the life of the intervention. Where applicable an assessment of bio-physical factors that may affect the sustainability of direct outcomes may also be included.

i. Socio-political Sustainability

The evaluation will assess the extent to which social or political factors support the continuation and further development of project direct outcomes. It will consider the level of ownership, interest and commitment among government and other stakeholders to take the project achievements forwards. In particular the evaluation will consider whether individual capacity development efforts are likely to be sustained.

ii. Financial Sustainability

Some direct outcomes, once achieved, do not require further financial inputs, e.g. the adoption of a revised policy. However, in order to derive a benefit from this outcome further management action may still be needed e.g. to undertake actions to enforce the policy. Other direct outcomes may be dependent on a continuous flow of action that needs to be resourced for them to be maintained, e.g. continuation of a new resource management approach. The evaluation will assess the extent to which project outcomes are dependent on future funding for the benefits they bring to be sustained. Secured future funding is only relevant to financial sustainability where the direct outcomes of a project have been extended into a future project phase. The question still remains as to whether the future project outcomes will be financially sustainable.

iii. Institutional Sustainability

The evaluation will assess the extent to which the sustainability of project outcomes is dependent on issues relating to institutional frameworks and governance. It will consider whether institutional achievements such as governance structures and processes, policies, sub-regional agreements, legal and accountability frameworks etc. are robust enough to continue delivering the benefits associated with the project outcomes after project closure.

Factors affecting this criterion may include: **stakeholders participation and cooperation; responsiveness to human rights and gender equity (e.g. where interventions are not inclusive, their sustainability may be undermined); communication and public awareness and country ownership and driven-ness.**

I. Factors and Processes Affecting Project Performance

These factors are rated in the ratings table, but are discussed as cross-cutting themes as appropriate under the other evaluation criteria, above.

i. Preparation and Readiness

This criterion focuses on the inception or mobilization stage of the project. The evaluation will assess whether appropriate measures were taken to either address weaknesses in the project design or respond to changes that took place between project approval, the securing of funds and project mobilization. In particular the evaluation will consider the nature and quality of engagement with stakeholder groups by the project team, the confirmation of partner capacity and development of partnership agreements as well as initial staffing and

[68] The Evaluation Consultants should verify that the annual Project Implementation Reviews have been submitted, that the Tracking Tool is being kept up-to-date and that in the CEO Endorsement template Table A and Section E have been completed.

financing arrangements. (Project preparation is covered in the template for the assessment of Project Design Quality).

ii. Quality of Project Implementation and Execution

Specifically for GEF funded projects, this factor refers separately to the performance of the executing agency and the technical backstopping and supervision provided by UN Environment, as the implementing agency.

The evaluation will assess the effectiveness of project management with regard to: providing leadership towards achieving the planned outcomes; managing team structures; maintaining productive partner relationships (including Steering Groups etc.); communication and collaboration with UN Environment colleagues; risk management; use of problem-solving; project adaptation and overall project execution. Evidence of adaptive project management should be highlighted.

iii. Stakeholder Participation and Cooperation

Here the term 'stakeholder' should be considered in a broad sense, encompassing all project partners, duty bearers with a role in delivering project outputs and target users of project outputs and any other collaborating agents external to UN Environment. The assessment will consider the quality and effectiveness of all forms of communication and consultation with stakeholders throughout the project life and the support given to maximise collaboration and coherence between various stakeholders, including sharing plans, pooling resources and exchanging learning and expertise. The inclusion and participation of all differentiated groups, including gender groups, should be considered.

iv. Responsiveness to Human Rights and Gender Equity

The evaluation will ascertain to what extent the project has applied the UN Common Understanding on the human rights based approach (HRBA) and the UN Declaration on the Rights of Indigenous People. Within this human rights context the evaluation will assess to what extent the intervention adheres to UN Environment's Policy and Strategy for Gender Equality and the Environment.

The report should present the extent to which the intervention, following an adequate gender analysis at design stage, has implemented the identified actions and/or applied adaptive management to ensure that Gender Equity and Human Rights are adequately taken into account. In particular, the evaluation will consider to what extent project design (section B), the implementation that underpins effectiveness (section D), and monitoring (section G) have taken into consideration: (i) possible gender inequalities in access to and the control over natural resources; (ii) specific vulnerabilities of women and children to environmental degradation or disasters; (iii) the role of women in mitigating or adapting to environmental changes and engaging in environmental protection and rehabilitation.

v. Country Ownership and Driven-ness (This may not be relevant to this project, given its delivery modalities)

The evaluation will assess the quality and degree of engagement of government / public sector agencies in the project. The evaluation will consider the involvement not only of those directly involved in project execution and those participating in technical or leadership groups, but also those official representatives whose cooperation is needed for change to be embedded in their respective institutions and offices. This factor is concerned with the level of ownership generated by the project over outputs and outcomes and that is necessary for long term impact to be realised. This ownership should adequately represent the needs and interests of all gender and marginalised groups.

vi. Communication and Public Awareness

The evaluation will assess the effectiveness of: a) communication of learning and experience sharing between project partners and interested groups arising from the project during its life and b) public awareness activities that were undertaken during the implementation of the project to influence attitudes or shape behaviour among wider communities and civil society at large. The evaluation should consider whether existing communication channels and networks were used effectively, including meeting the differentiated needs of gender and marginalised groups, and whether any feedback channels were established. Where knowledge sharing platforms have been established under a project the evaluation will comment on the sustainability of the communication channel under either socio-political, institutional or financial sustainability, as appropriate.

Section 3. EVALUATION APPROACH, METHODS AND DELIVERABLES

The Terminal Evaluation will be an in-depth evaluation using a participatory approach whereby key stakeholders are kept informed and consulted throughout the evaluation process. Both quantitative and qualitative evaluation

methods will be used as appropriate to determine project achievements against the expected outputs, outcomes and impacts. It is highly recommended that the Evaluation Consultants maintains close communication with the project team and promotes information exchange throughout the evaluation implementation phase in order to increase their (and other stakeholder) ownership of the evaluation findings. Where applicable, the Evaluation Consultants should provide a geo-referenced map that demarcates the area covered by the project and, where possible, provide geo-reference photographs of key intervention sites (e.g. sites of habitat rehabilitation and protection, pollution treatment infrastructure, etc.)

The findings of the evaluation will be based on the following:

(a) A desk review of:
Relevant background documentation, inter alia:
Project design documents (including minutes of the project design review meeting at approval); Annual Work Plans and Budgets or equivalent, revisions to the project (Project Document Supplement), the logical framework and its budget;
Project reports such as six-monthly progress and financial reports, progress reports from collaborating partners, meeting minutes, relevant correspondence and including the Project Implementation Reviews and Tracking Tool etc.;
Project outputs:
Relevant material published on the project website: www.scaf-energy.org
Mid-Term Review or Mid-Term Evaluation of the project;
Evaluations/reviews of similar projects.

(b) Interviews (individual or in group) with:
UN Environment Task Manager (TM);
Project management team;
UN Environment Fund Management Officer (FMO);
Sub-Programme Coordinator;
Project partners, including AfDB, ADB, Frankfurt School UNEP Collaborating Centre, managers of SCAF Cooperating Funds, clean energy enterprise and project developers supported by SCAF SL2;
Relevant resource persons.

Surveys (Details to be determined)
Field visits (Details to be determined based on the distribution of Cooperating Funds Managers and access to field sites. Travel will be coordinated with the needs of the Mid Term Evaluation of SCAF Phase II)
Other data collection tools (Details to be determined)

The Evaluation Consultants will prepare:

- Inception Report: (see Annex 1 for links to all templates, tables and guidance notes) containing an assessment of project design quality, a draft reconstructed Theory of Change of the project, project stakeholder analysis, evaluation framework and a tentative evaluation schedule.
- Preliminary Findings Note: typically in the form of a powerpoint presentation, the sharing of preliminary findings is intended to support the participation of the project team, act as a means to ensure all information sources have been accessed and provide an opportunity to verify emerging findings. In the case of highly strategic project/portfolio evaluations or evaluations with an Evaluation Reference Group, the preliminary findings may be presented as a word document for review and comment.
- Draft and Final Evaluation Report: (see links in Annex 1) containing an executive summary that can act as a stand-alone document; detailed analysis of the evaluation findings organised by evaluation criteria and supported with evidence; lessons learned and recommendations and an annotated ratings table.
- Evaluation Bulletin: a 2-page summary of key evaluation findings for wider dissemination through the Evaluation Office of UN Environment website.

Review of the draft evaluation report. The Evaluation Consultants will submit a draft report to the Evaluation Manager and revise the draft in response to their comments and suggestions. Once a draft of adequate quality has been peer-reviewed and accepted, the Evaluation Manager will share the cleared draft report with the Project Manager, who will alert the Evaluation Manager in case the report contains any blatant factual errors. The Evaluation Manager will then forward revised draft report (corrected by the Evaluation Consultants where necessary) to other project stakeholders, for their review and comments. Stakeholders may provide feedback on any errors of fact and may highlight the significance of such errors in any conclusions as well as providing feedback on the proposed recommendations and lessons. Any comments or responses to draft reports will be sent to the Evaluation Manager for consolidation. The Evaluation Manager will provide all comments to the Evaluation Consultants for consideration in preparing the final report, along with guidance on areas of contradiction or issues requiring an institutional response.

Based on a careful review of the evidence collated by the Evaluation Consultants and the internal consistency of the report, the Evaluation Manager will provide an assessment of the ratings in the final evaluation report. Where there are differences of opinion between the Evaluation Consultants and the Evaluation Manager on project ratings, both viewpoints will be clearly presented in the final report. The Evaluation Office ratings will be considered the final ratings for the project.

The Evaluation Manager will prepare a quality assessment of the first and final drafts of the main evaluation report, which acts as a tool for providing structured feedback to the Evaluation Consultants. The quality of the report will be assessed and rated against the criteria specified in template listed in Annex 1 and this assessment will be appended to the Final Evaluation Report.

At the end of the evaluation process, the Evaluation Office will prepare a Recommendations Implementation Plan in the format of a table, to be completed and updated at regular intervals by the Task Manager. The Evaluation Office will track compliance against this plan on a six monthly basis.

For this evaluation, the Evaluation Consultants will consist of a Team Leader and one or two Supporting Consultants who will work under the overall responsibility of the Evaluation Office represented by an Evaluation Manager, Janet Wildish, in consultation with the UN Environment Task Manager, Geordie Colville, Fund Management Officer, Leena Darlington, and the Coordinator of the Climate Change Sub-programme, (to be appointed). The Evaluation Consultants will liaise with the Evaluation Manager on any procedural and methodological matters related to the evaluation. It is, however, the Evaluation Consultants' individual responsibility to arrange for their visas and immunizations as well as to plan meetings with stakeholders, organize online surveys, obtain documentary evidence and any other logistical matters related to the assignment. The UN Environment Task Manager and project team will, where possible, provide logistical support (introductions, meetings etc.) allowing the Evaluation Consultants to conduct the evaluation as efficiently and independently as possible.

The Team Leader will be hired over the period 1st September 2017 to 28th February 2018 and should have: an advanced university degree in environmental sciences, international development or other relevant political or social sciences area; a minimum of 15 years of technical / evaluation experience, including of evaluating large, regional or global programmes and using a Theory of Change approach; a very good understanding of finance and investment/private sector matters and renewable energy; excellent writing skills in English; team leadership experience and, where possible, knowledge of the UN system, specifically of the work of UN Environment. One or two Supporting Consultants will be hired over the period 1st September 2017 to 28th February 2018 and should have: an undergraduate university degree in environmental sciences, international development or other relevant political or social sciences area; a minimum of 15 years of technical/monitoring/evaluation experience; a good understanding of finance and investment/private sector matters and/or renewable energy; with excellent writing skills in English and, where possible, knowledge of the UN system, specifically of the work of UN Environment. Experience in managing partnerships, knowledge management and communication is desirable for all evaluation consultants.

The Team Leader will be responsible, in close consultation with the Evaluation Manager, for overall management of the evaluation and timely delivery of its outputs, described above in Section 11 Evaluation Deliverables, above. The Supporting Consultant(s) will make substantive and high quality contributions to the evaluation process and outputs. The consultants will ensure together that all evaluation criteria and questions are adequately covered.

Specifically, the Team Leader will ensure the following steps are followed as/where appropriate:

Inception phase of the evaluation, including:
- preliminary desk review and introductory interviews with project staff;
- draft the reconstructed Theory of Change of the project;
- prepare the evaluation framework;
- develop the desk review and interview protocols;
- draft the survey protocols (if relevant);
- develop and present criteria for country and/or site selection for the evaluation mission;
- plan the evaluation schedule;
- prepare the Inception Report, incorporating comments until approved by the Evaluation Manager

Data collection and analysis phase of the evaluation, including:
- conduct further desk review and in-depth interviews with project implementing and executing agencies, project partners and project stakeholders;
- (where appropriate and agreed) conduct an evaluation mission(s) to selected countries, visit the project locations, interview project partners and stakeholders, including a good representation of local communities;
- ensure independence of the evaluation and confidentiality of evaluation interviews;
- regularly report back to the Evaluation Manager on progress and inform of any possible problems or issues encountered and;
- keep the Project/Task Manager informed of the evaluation progress and engage the Project/Task Manager in discussions on emerging findings throughout the evaluation process.

Reporting phase, including:
- draft the Main Evaluation Report, ensuring that the evaluation report is complete, coherent and consistent with the Evaluation Manager guidelines both in substance and style;
- liaise with the Evaluation Manager on comments received and finalize the Main Evaluation Report, ensuring that comments are taken into account until approved by the Evaluation Manager and;
- prepare a Response to Comments annex for the main report, listing those comments not accepted by the Evaluation Consultant and indicating the reason for the rejection.

Managing relations, including:
- maintain a positive relationship with evaluation stakeholders, ensuring that the evaluation process is as participatory as possible but at the same time maintains its independence;
- communicate in a timely manner with the Evaluation Manager on any issues requiring its attention and intervention.

13. Schedule of the evaluation the evaluation

The table below presents the tentative schedule for the evaluation.

Table 3. Tentative schedule for the evaluation

Milestone	Tentative Dates
Inception Mission	Dates to be agreed during Inception
Inception Report	
Evaluation Mission	
Telephone interviews, surveys etc.	
Powerpoint/presentation on preliminary findings and recommendations	
Draft report to Evaluation Manager (and Peer Reviewer)	
Draft Report shared with UN Environment Project Manager and team	
Draft Report shared with wider group of stakeholders	
Final Report	

Final Report shared with all respondents	

14. Contractual Arrangements

Evaluation Consultants will be selected and recruited by the Evaluation Office of UN Environment under an individual Special Service Agreement (SSA) on a "fees only" basis (see below). By signing the service contract with UN Environment/UNON, the Evaluation Consultants certify that they have not been associated with the design and implementation of the project in any way which may jeopardize their independence and impartiality towards project achievements and project partner performance. In addition, they will not have any future interests (within six months after completion of the contract) with the project's executing or implementing units. All consultants are required to sigh the Code of Conduct Agreement Form.

Fees will be paid on an instalment basis, paid on acceptance by the Evaluation Office of expected key deliverables. The schedule of payment is as follows:

Schedule of Payment for the Team Leader:

Deliverable	Percentage Payment
Approved Inception Report *(as per annex document 7)*	**30%**
Approved Draft Main Evaluation Report *(as per annex document 13)*	**30%**
Approved Final Main Evaluation Report	**40%**

Schedule of Payment for the Support Consultant:

Deliverable	Percentage Payment
Approved Inception Report *(as per annex document 7)*	**30%**
Approved Draft Main Evaluation Report *(as per annex document 13)*	**30%**
Approved Final Main Evaluation Report	**40%**

<u>Fees only contracts:</u> Air tickets will be purchased by UN Environment or in accordance with UN Environment self-ticketing policy. 75% of the Daily Subsistence Allowance for each authorised travel mission will be paid up front. Local in-country travel will only be reimbursed where agreed in advance with the Evaluation Office and on the production of acceptable receipts. Terminal expenses and residual DSA entitlements (25%) will be paid after mission completion.

The Evaluation Consultants may be provided with access to UN Environment's Programme Information Management System (PIMS) and if such access is granted, the Evaluation Consultants agree not to disclose information from that system to third parties beyond information required for, and included in, the evaluation report.

In case the Evaluation Consultants are not able to provide the deliverables in accordance with these guidelines, and in line with the expected quality standards by the UN Environment Evaluation Office, payment may be withheld at the discretion of the Director of the Evaluation Office until the Evaluation Consultants have improved the deliverables to meet UN Environment's quality standards.

If the Evaluation Consultants fail to submit a satisfactory final product to UN Environment in a timely manner, i.e. before the end date of their contract, the Evaluation Office reserves the right to employ additional human resources to finalize the report, and to reduce the Evaluation Consultants' fees by an amount equal to the additional costs borne by the Evaluation Office to bring the report up to standard.

Annex VII. Quality Assessment of the Evaluation Report

Quality Assessment of the Evaluation Report

Evaluation Title:

Seed Capital Assistance Facility, Phase I

All UN Environment evaluations are subject to a quality assessment by the UN Environment Evaluation Office. This is an assessment of the quality of the evaluation product (i.e. Main Evaluation Report).

	UN Environment Evaluation Office Comments	Draft Report Rating	Final Report Rating
Substantive Report Quality Criteria			
Quality of the Executive Summary: The Summary should be able to stand alone as an accurate summary of the main evaluation product. It should include a concise overview of the evaluation object; clear summary of the evaluation objectives and scope; overall evaluation rating of the project and key features of performance (strengths and weaknesses) against exceptional criteria (plus reference to where the evaluation ratings table can be found within the report); summary of the main findings of the exercise, including a synthesis of main conclusions (which include a summary response to key strategic evaluation questions), lessons learned and recommendations.	Draft report: One or two additional sentences need to make this a stand-alone section – suggestions proposed. Final report: Complete and clear Executive Summary	4	5
I. Introduction A brief introduction should be given identifying, where possible and relevant, the following: institutional context of the project (sub-programme, Division, regions/countries where implemented) and coverage of the evaluation; date of PRC approval and project document signature); results frameworks to which it contributes (e.g. Expected Accomplishment in POW); project duration and start/end dates; number of project phases (where appropriate); implementing partners; total secured budget and whether the project has been reviewed/evaluated in the past (e.g. mid-term, part of a synthesis evaluation, evaluated by another agency etc.) Consider the extent to which the introduction includes a concise statement of the purpose of the evaluation and the key intended audience for the findings?	Draft report: Complete and concise Final report: Concise section, fulfills its purpose.	5	5
II. Evaluation Methods This section should include a description of how the *TOC at Evaluation*[69] was designed (who was involved etc.) and applied to the context of the project? A data collection section should include: a description of evaluation methods and information sources used, including the number and type of respondents; justification for methods used (e.g. qualitative/quantitative; electronic/face-to-face); any selection criteria used to identify respondents, case studies or sites/countries visited; strategies used to increase stakeholder engagement and consultation;	Draft report: Detail of the process is provided, one or two sentences on the method of analysis would be a benefit Final report: A clear description of the methods, limitations as well as mention of marginalized groups, safeguards and risk of unintended negative effects.	4	5

[69] During the Inception Phase of the review process a *TOC at Design* is created based on the information contained in the approved project documents (these may include either logical framework or a TOC or narrative descriptions). During the review process this TOC is revised based on changes made during project intervention and becomes the *TOC at Review*.

details of how data were verified (e.g. triangulation, review by stakeholders etc.). The methods used to analyse data (e.g. scoring; coding; thematic analysis etc.) should be described. It should also address evaluation limitations such as: low or imbalanced response rates across different groups; extent to which findings can be either generalised to wider evaluation questions or constraints on aggregation/disaggregation; any potential or apparent biases; language barriers and ways they were overcome. Ethics and human rights issues should be highlighted including: how anonymity and confidentiality were protected and strategies used to include the views of marginalised or potentially disadvantaged groups and/or divergent views.			
III. The Project This section should include: • *Context:* Overview of the main issue that the project is trying to address, its root causes and consequences on the environment and human well-being (i.e. synopsis of the problem and situational analyses). • *Objectives and components*: Summary of the project's results hierarchy as stated in the ProDoc (or as officially revised) • *Stakeholders:* Description of groups of targeted stakeholders organised according to relevant common characteristics • *Project implementation structure and partners:* A description of the implementation structure with diagram and a list of key project partners • *Changes in design during implementation:* Any key events that affected the project's scope or parameters should be described in brief in chronological order • *Project financing:* Completed tables of: (a) budget at design and expenditure by components (b) planned and actual sources of funding/co-financing	Draft report: Evaluation Manager to consult internally and provide guidance on what is expected to be displayed as the breakdown of financial data. Final report: Complete and clear. Time and effort was needed to achieve summary of financial sources etc.	5	5
IV. Theory of Change A summary of the project's results hierarchy should be presented for: a) the results as stated in the approved/revised Prodoc logframe/TOC and b) as formulated in the TOC at Evaluation. *The two results hierarchies should be presented as a two column table to show clearly that, although wording and placement may have changed, the results 'goal posts' have not been 'moved'.* The TOC at Evaluation should be presented clearly in both diagrammatic and narrative forms. Clear articulation of each major causal pathway is expected, (starting from outputs to long term impact), including explanations of all drivers and assumptions as well as the expected roles of key actors.	Draft report: Some more reflection on (and clarification of) assumptions and drivers is needed. Final report: Theory of Change was constructed with both SCAF I and subsequent SCAF II in mind. Discussion of contributing conditions included.	4	5

V. Key Findings A. Strategic relevance: **This section should include an assessment of the project's relevance in relation to UN Environment's mandate and its alignment with UN Environment's policies and strategies at the time of project approval. An assessment of the complementarity of the project with other interventions addressing the needs of the same target groups should be included. Consider the extent to which all four elements have been addressed:** **v.Alignment to the UN Environment Medium Term Strategy (MTS) and Programme of Work (POW)** **i.Alignment to UN Environment/GEF/Donor Strategic Priorities** **ii.Relevance to Regional, Sub-regional and National Environmental Priorities** **ii.Complementarity with Existing Interventions**	**Draft report:** **This section is well elaborated.** **Final report:** **Well-elaborated.**	**6**	**6**
B. Quality of Project Design **To what extent are the strength and weaknesses of the project design effectively summarized?**	**Draft report:** **The summary is effective and the Assessment of Project Design document is referenced.** **Final report:** **Effective summary.**	**5**	**6**
C. Nature of the External Context **For projects where this is appropriate, key external features of the project's implementing context that may have been reasonably expected to limit the project's performance (e.g. conflict, natural disaster, political upheaval) should be described.**	**Draft report:** **This is a solid section but the numerous abbreviations in the report begin to be problematic at this stage.** **Final report:** **Helpful description of the external context.**	**5**	**5**
D. Effectiveness (i) Outputs and Direct Outcomes: **How well does the report present a well-reasoned, complete and evidence-based assessment of the achievement of a) outputs, and b) direct outcomes? How convincing is the discussion of attribution and contribution, as well as the limitations to attributing effects to the intervention.**	**Draft report:** **Direct Outcomes is a core section of the evaluation report, especially as this is a terminal evaluation being conducted at the same time as the mid-term evaluation of the second phase. Further reflection on whether this section can provide more insight into the nature/depth of the results achieved would be beneficial.** **Final report:** **Substantial discussion of the findings on ouptputs and outcomes given.**	**4**	**5**
(ii) Likelihood of Impact: **How well does the report present an integrated analysis, guided by the causal pathways represented by the TOC, of all evidence relating to likelihood of impact?** **How well are change processes explained and the roles of key actors, as well as drivers and assumptions, explicitly discussed?**	**Draft report:** **Further elaboration of the primary causal pathways would be appreciated, given that the project is rated Highly Likely against this criterion. A review of assumptions and**	**3**	**5**

	drivers, bearing in mind UN Environment's use of the terms, is needed. **Final report:** Substantial discussion of likelihood of impacts.		
E. Financial Management This section should contain an integrated analysis of all dimensions evaluated under financial management. And include a completed 'financial management' table. Consider how well the report addresses the following: • *completeness* of financial information, including the actual project costs (total and per activity) and actual co-financing used • *communication* between financial and project management staff and	**Draft report:** Evaluation Manager needs to consult internally and give guidance on the level of disaggregation that can be expected in the representation of financial data. **Final report:** Complete and concise section. *(if this section is rated poorly as a result of limited financial information from the project, this is not a reflection on the consultant per se, but will affect the quality of the evalution report)*	5	5
F. Efficiency To what extent, and how well, does the report present a well-reasoned, complete and evidence-based assessment of efficiency under the primary categories of cost-effectiveness and timeliness including: • Implications of delays and no cost extensions • Time-saving measures put in place to maximise results within the secured budget and agreed project timeframe • Discussion of making use of/building on pre-existing institutions, agreements and partnerships, data sources, synergies and complementarities with other initiatives, programmes and projects etc. • The extent to which the management of the project minimised UN Environment's environmental footprint.	**Draft report:** If there are any insights to be gained into whether the project worked in ways to minimize UN Environment's environmental footprint, they should be mentioned here? **Final report:** Comprehensive section.	5	5
G. Monitoring and Reporting How well does the report assess: • Monitoring design and budgeting *(including SMART indicators, resources for MTE/R etc.)* • Monitoring implementation *(including use of monitoring data for adaptive management)* • Project reporting *(e.g. PIMS and donor report)*	**Draft report:** Some good content is included and needs to be organized by the three sub-categories, against which ratings are provided. **Final report:** All areas covered.	4	5
H. Sustainability How well does the evaluation identify and assess the key conditions or factors that are likely to undermine or contribute to the persistence of achieved direct outcomes including: • Socio-political Sustainability • Financial Sustainability • Institutional Sustainability *(including issues of partnerships)*	**Draft report:** Further elaboration needed, especially as a high rating is given – this section should be reviewed in conjunction with the Likelihood of Impact. (This evaluation team has the advantage of also evaluating the next phase of the project at mid-term). **Final report:**	3	5

	Adequate section given that a second phase is already underway.		
I. Factors Affecting Performance These factors are not discussed in stand-alone sections but are integrated in criteria A-H as appropriate. To what extent, and how well, does the evaluation report cover the following cross-cutting themes: • Preparation and readiness • Quality of project management and supervision[70] • Stakeholder participation and co-operation • Responsiveness to human rights and gender equity • Country ownership and driven-ness • Communication and public awareness	Draft report: A summary of issues/insights relating to Human Rights and Gender Equity would be beneficial in light of the fact that the project dropped one Outcome related to disadvantaged groups after project approval (and without formal revision?). Final report: Good summary of cross cutting issues.	4	5
VI. Conclusions and Recommendations i. Quality of the conclusions: The key strategic questions should be clearly and succinctly addressed within the conclusions section. It is expected that the conclusions will highlight the main strengths and weaknesses of the project, and connect them in a compelling story line. Conclusions, as well as lessons and recommendations, should be consistent with the evidence presented in the main body of the report.	Draft report: This section is concise and sufficient as it is, but may benefit from a review once the findings from the mid term evaluation of the second phase have been written up. Final report: Clear and concise section.	4	5
ii) Quality and utility of the lessons: Both positive and negative lessons are expected and duplication with recommendations should be avoided. Based on explicit evaluation findings, lessons should be rooted in real project experiences or derived from problems encountered and mistakes made that should be avoided in the future. Lessons must have the potential for wider application and use and should briefly describe the context from which they are derived and those contexts in which they may be useful.	Draft report: This section is concise and sufficient as it is, but may benefit from a review once the findings from the mid term evaluation of the second phase have been written up. Final report: Adequate section given that a second phase is already underway.	4	5
iii) Quality and utility of the recommendations: To what extent are the recommendations proposals for specific actions to be taken by identified people/position-holders to resolve concrete problems affecting the project or the sustainability of its results. They should be feasible to implement within the timeframe and resources available (including local capacities) and specific in terms of who would do what and when. Recommendations should represent a measurable performance target in order that the Project Manager/Head of Branch/Unit can monitor and assess compliance with the recommendations.	Draft report: This section is concise and sufficient as it is, but may benefit from a review once the findings from the mid term evaluation of the second phase have been written up. Final report: Adequate section given that a second phase is already underway.	4	5
VII. Report Structure and Presentation Quality			
i) Structure and completeness of the report: To	Draft report:		5

[70] In some cases 'project management and supervision' will refer to the supervision and guidance provided by UN Environment to implementing partners and national governments while in others, specifically for GEF funded projects, it will refer to the project management performance of the executing agency and the technical backstopping provided by UN Environment.

what extent does the report follow the Evaluation Office guidelines? Are all requested Annexes included and complete?	The report is well structured, concise and informative. Some sub-categories need to be addressed under separate headings (e.g. Monitoring and Reporting). The annexes are under development. Final report: Clearly structured and written report.	5	
ii) Quality of writing and formatting: Consider whether the report is well written (clear English language and grammar) with language that is adequate in quality and tone for an official document? Do visual aids, such as maps and graphs convey key information? Does the report follow Evaluation Office formatting guidelines?	Draft report: The report is well written – minor edits have been proposed to improve the flow and to make sure meanings are clear. A thorough review of the use of abbreviations is needed (guidance provided by email). The report needs paragraph numbers throughout. A photograph for the front page of the report would be appreciated. Final report: Some editing was required to improve the clarity and flow of the text.	4	5
OVERALL REPORT QUALITY RATING		4.35	5.1

A number rating 1-6 is used for each criterion: Highly Satisfactory = 6, Satisfactory = 5, Moderately Satisfactory = 4, Moderately Unsatisfactory = 3, Unsatisfactory = 2, Highly Unsatisfactory = 1. The overall quality of the evaluation report is calculated by taking the mean score of all rated quality criteria.

At the end of the evaluation, compliance of the evaluation process against the agreed standard procedures is assessed, based on the table below. *All questions with negative compliance must be explained further in the table below.*

Evaluation Process Quality Criteria	Compliance	
	Yes	No
Independence:		
1. Were the Terms of Reference drafted and finalised by the Evaluation Office?	Y	
2. Were possible conflicts of interest of proposed Evaluation Consultant(s) appraised and addressed in the final selection?	Y	
3. Was the final selection of the Evaluation Consultant(s) made by the Evaluation Office?	Y	
4. Was the evaluator contracted directly by the Evaluation Office?	Y	
5. Was the Evaluation Consultant given direct access to identified external stakeholders in order to adequately present and discuss the findings, as appropriate?	Y	

6. Did the Evaluation Consultant raise any concerns about being unable to work freely and without interference or undue pressure from project staff or the Evaluation Office?		N
7. If Yes to Q6: Were these concerns resolved to the mutual satisfaction of both the Evaluation Consultant and the Evaluation Manager?		
Financial Management:		
8. Was the evaluation budget approved at project design available for the evaluation?	Y	
9. Was the final evaluation budget agreed and approved by the Evaluation Office?	Y	
10. Were the agreed evaluation funds readily available to support the payment of the evaluation contract throughout the payment process?	Y	
Timeliness:		
11. If a Terminal Evaluation: Was the evaluation initiated within the period of six months before or after project operational completion? Or, if a Mid Term Evaluation: Was the evaluation initiated within a six-month period prior to the project's mid-point?	Y	
12. Were all deadlines set in the Terms of Reference respected, as far as unforeseen circumstances allowed?	Y	
13. Was the inception report delivered and reviewed/approved prior to commencing any travel?	Y	
Project's engagement and support:		
14. Did the project team, Sub-Programme Coordinator and identified project stakeholders provide comments on the evaluation Terms of Reference?	Y	
15. Did the project make available all required/requested documents?	Y	
16. Did the project make all financial information (and audit reports if applicable) available in a timely manner and to an acceptable level of completeness?	Y	
17. Was adequate support provided by the project to the evaluator(s) in planning and conducting evaluation missions?	Y	
18. Was close communication between the Evaluation Consultant, Evaluation Office and project team maintained throughout the evaluation?	Y	
19. Were evaluation findings, lessons and recommendations adequately discussed with the project team for ownership to be established?	Y	
20. Did the project team, Sub-Programme Coordinator and any identified project stakeholders provide comments on the draft evaluation report?	Y	
Quality assurance:		
21. Were the evaluation Terms of Reference, including the key evaluation questions, peer-reviewed?	Y	
22. Was the TOC in the inception report peer-reviewed?	Y	
23. Was the quality of the draft/cleared report checked by the Evaluation Manager and Peer Reviewer prior to dissemination to stakeholders for comments?	Y	
24. Did the Evaluation Office complete an assessment of the quality of both the draft and final reports?	Y	
Transparency:		
25. Was the draft evaluation report sent directly by the Evaluation Consultant to the Evaluation Office?	Y	
26. Did the Evaluation Manager disseminate (or authorize dissemination) of the cleared draft report to the project team, Sub-Programme Coordinator and other key internal personnel (including the Reference Group where appropriate) to solicit formal comments?	Y	
27. Did the Evaluation Manager disseminate (or authorize dissemination) appropriate drafts of the report to identified external stakeholders, including key partners and funders, to solicit formal comments?	Y	

28. Were stakeholder comments to the draft evaluation report sent directly to the Evaluation Office	Y	
29. Did the Evaluation Consultant(s) respond to all factual corrections and comments?	Y	
30. Did the Evaluation Office share substantive comments and Evaluation Consultant responses with those who commented, as appropriate?	Y	

Provide comments / explanations / mitigating circumstances below for any non-compliant process issues.

Process Criterion Number	Evaluation Office Comments
26.	During the evaluation period the position of Climate Change Sub-Programme Coordinator was vacant for a substantial period.