

NICFI Mid-Term Review

Terms of Reference

2021-2025 civil society grant period

## **Advancing Governance and Trade for Legality, Equity, Accountability, and Climate Ambition in the Mekong**

### **Forest Trends**

Forest Trends is seeking a short-term consultancy for an evaluation of its implementation of a grant “Advancing Governance and Trade for Legality, Equity, Accountability and Climate Ambition in the Mekong.” The expected cost of the consultancy is expected to be \$20,000 with an additional \$5,000-7,000 for travel to the Mekong region. Final report is expected by June, 2024.

**1. Background** | FT was awarded a 5-year (2021-2025), 35 million NOK, grant by Norad /NICFI for the project entitled “Advancing Governance and Trade for Legality, Equity, Accountability and Climate Ambition in the Mekong.”

**Objective:** The objective of the project has been to reduce illegal deforestation and corruption in land and forest sectors and increase fair and equitable distribution of revenues from sectoral activity to producer-country governments, communities and smallholders by catalysing good governance reforms and increasing supply and demand for timber and forest-risk commodities (FRCs) sourced legally and sustainably from land in the Mekong region. The project aims to promote forest and territorial governance in the Mekong region and combat the global trade of illegally sourced timber and agro-commodities while safeguarding livelihoods, and improving capacity to promote their rights and interests in policy and finance reforms, forest fiscal accountability and transparency, and effective enforcement of existing laws.

**Expected outcomes:** Major outcomes for this project are expected to be (a) Improved supply side policies and regulations in market benefits, transparency, and customary rights, and (b) Improved demand-side regulations for legal and sustainable timber trade from Mekong countries.

**Activities:** Project activities focus on two main outcomes: (a) improving supply side policies that support improved governance of forests and land, focusing on market incentives, transparency of information and ethnic governance over lands and forests in ethnic minority controlled territories; and (b) improved demand-side regulations for legal / sustainable trade in forest and forest-risk agricultural commodities (FRCs) from Mekong countries, focusing on development and effective implementation (enforcement) of existing legislation. Activities link community, sub-national, national, regional and international stakeholders, commodity chains, and regulatory structures, and are linked to activities in the project Results Framework.

Forest Trends activities take the form of information-based policy advocacy (research and workshops on global production, trade, associated risk, political economy of actors in supply chains); training programs civil society organizations, trade associations and enforcement agencies.

**Theory of Change (TOC):** The project TOC assumed that improved governance, including enforcing legal frameworks and aligning government and local stakeholders' objectives, would do the most to ensure SFM and social safeguards while improving livelihoods and fostering responsible private sector investment (Kissinger et al, 2012). Activities aimed to support evidence-based decision-making built on more equitable balance of competencies and "voice" among stakeholders as well as targeted commodity trade analysis where there is currently little understanding of the core trade and policy issues – to help all stakeholders engage in meaningful dialogue and identify windows of opportunity to "change the rules of the game" currently causing illegal deforestation and associated global trade. The aim is to change corporate behaviour and increase the total global demand for demonstrably legal and zero-exploitation forest products (Norman and Saunders, 2017). This will ultimately lead to diverse market benefits for governance and companies that are willing to produce them (Pepke et al, 2015) and create an incentive for meaningful deliberations and robust system, such as mandatory regulations for zero or zero illegal deforestation production and/or imports. It was also assumed that due to corruption and continued illegalities, corporate commitments to achieve zero-deforestation of forest risk commodities will not happen, and that there is a continued need to support anti-corruption measures as well as increase penalties for non-compliance with voluntary measures and/or import regulations now emerging around the world (Forest Trends 2021). More details of the project TOC are provided in Annex 1, as is Forest Trends' institutional TOC which is provided for background purposes.

**Relevance to NICFI 2021-2025 civil society grant regime:** The project relates to the following 2021-25 civil society grant regime outcomes:

- Approved and implemented policies for sustainable forest and land use in tropical forest countries and jurisdictions
- Improved rights and livelihoods for indigenous peoples and local communities in tropical forest countries
- Effective international incentive structures for reduced deforestation in tropical forest countries
- Increased transparency in land management, land use, value chains and financing
- Commodity markets stimulate deforestation-free production in tropical forest countries
- Reduced forest crime

**2. Objectives of the review |** The objectives of the Review are to evaluate the effectiveness and coherence of the Project, as well as its contribution to NICFI goals and objectives. The evaluation is to ensure that the above-named project is collaborating with the right set of actors and engaging in the right process in order to maximize impact. Through consultations with internal actors, partners and external actors (including donors Norad and UNOPS LIFT which provided parallel financing to some components), The evaluators should produce a report using evaluation best-practice methodologies to facilitate a review of the effectiveness and coherence of the project, plus its contribution to NICFI goals and objectives, and recommend potential modifications to existing activities and implementation plans to reach the project objectives, as given in the results framework, effectively.

This review will be conducted for learning purposes for both FT and Norad. It will assess whether the project is on track to fulfil its stated goals. Evaluators will provide analysis and ideas to be reviewed by FT in order to improve its performance and make small to large modifications in its planning for not only the last half of the grant's implementation.

**3. Scope & Review questions** | The MTR will focus on the following main points, which are further detailed in Annex 2:

- Effectiveness - assessment of project progress. What are the main factors, if any, inhibiting achievement of objectives? Is the case made regarding forest governance as viable climate solutions, or do we need more analysis?
- Coherence - synergies with other interventions. Are we collaborating with the right partners – internal or external – and should we seek out different ones? Are we effectively working with others or duplicating efforts without efficient collaboration?
- Contribution to NICFI Outcomes relevant for this project, identified as:
  - NICFI Outcome I: Approved and implemented policies for sustainable forest and land use in tropical forest countries and jurisdictions
  - NICFI Outcome II: Improved rights and livelihoods for indigenous peoples and local communities in tropical forest countries.
  - NICFI Outcome IV: Increased transparency in land management, land use, value chains and financing
  - NICFI Outcome V: Commodity markets stimulate (illegal) deforestation-free production in tropical forest countries
  - NICFI Outcome VI: Financial markets stimulate deforestation-free commodity production in tropical forest countries
  - NICFI Outcome VI: Reduced forest crime
  - Cross-cutting NICFI-outcome<sup>1</sup>: Mobilizing ambition for forest-friendly policies
- Contribution to NICFI Areas of Strategic Interest

The MTR will cover activities conducted at subnational, national and global levels, with one trip to a producer country / region included, and cover the time period starting in November 2021, but will acknowledge previous work financed by NICFI in the Mekong under earlier NICFI civil society funding cycles.

**4. Main users and stakeholders** | This review will be conducted for learning and control purposes for both FT and Norad, but may also be shared with project partners. Annex 3 provides a list of the main stakeholders, organizations, agencies, and individuals that have so far had a direct interest and/or

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<sup>1</sup> This cross-cutting NICFI-outcome is not one of the seven thematic areas covered by the NICFI Strategic Framework

engagement in the project. During the course of the MTR, FT will discuss with the evaluator other entities that have indirect interest, such as other donor programs.

**5. Methods |** The Methodology of the evaluation can be suggested by the entity conducting the review, and should be included in the tender proposal. However, evaluating this project aimed at influencing public policy and private sector actions in the Mekong region, China, and consumer countries is expected to include a multifaceted approach that integrates various qualitative and quantitative methods. Quantitative methods play a crucial role in assessing the impact and outcomes of the project (e.g. analyzing financial data, trade patterns, investment patterns, and economic indicators) while quantitative surveys and interviews can be conducted to gather data on the project's influence on public policy, including changes in regulations, policy adoption rates, and implementation. Qualitative methods are instrumental in capturing the nuanced aspects of the project's impact on public policy, especially with the ethnic organizations and smallholders. Interviews with key stakeholders, including policymakers, business leaders, and community representatives, can provide valuable insights, helping to uncover the perceptions, attitudes, and contextual factors that contribute to the success or challenges faced by the project.

The evaluator will discuss with Forest Trends where to focus the MTR travel with regards to producer country activities (Vietnam, Cambodia, Myanmar, Laos and/or Cambodia). The global analyses, work with demand-side countries with import regulations, global thought leadership and transparency issues with import regulations are based out of FT's Washington DC office, and interviews with consumer country policy makers and enforcement agencies can be virtual.

An initial list of suggested sources (documents, individuals, organizations) that can be used to gather information is provided in Annex 3, but the evaluator can independently decide whom to interview. Additional sources will likely be added to a "live" Annex 3 once the MTR has started. FT can support engagement with experts, partners and other stakeholders via a video conference platform and in-person to conduct interviews. Additionally, the evaluators will hold conference calls to discuss the findings of the evaluation with FT leadership and component leaders.

## **6. Deliverables and timeline**

**Product:** The evaluators shall produce a written report, no more than 30 pages (excluding annexes), that includes:

- Executive summary (2-4 pages)
- Main body which covers background of project, purpose and objectives of the review, methodology used, findings, conclusions and recommendations based on:
  - o Analysis of effectiveness, coherence and contribution to NICFI outcomes and areas of strategic interest.
  - o Analysis of sampling of published products (reports, information briefs, etc.)
  - o Interviews
  - o Field trip
- List of stakeholders interviewed (Annex) and documents reviewed

**Timeline:** The following timeline is provisional, although the evaluation must be completed out by 1 June 2024.

- February 15, 2024: FT receives and reviews bids
- February 28, 2024: Evaluation team selected and contract finalized
- March 1-April 15: Desk review and video conference interviews of consortium members by evaluation team and travel
- April 15 – May 7: Evaluation team writes report and submits draft to FT (also to be shared with the Norad team) for comments.
- May 7 -21: calls with FT and Norad and other partners to discuss findings
- May 21-28: Evaluation team engages in at least one round of revisions per FT responses
- June 1: Finalization of report

**Application:** Interested parties should submit the following to the points of contact listed below by **2/23/2024**

- CV of proposed evaluator(s)
- Short statement of interest including:
  - o Discussion of evaluator(s)' interests and qualifications for the contract, including previous evaluations undertaken and knowledge of evaluation theory and concepts
  - o Summary of evaluator(s)' familiarity with project concepts (e.g. forest governance, illegal deforestation, import regulations, community and smallholder rights and livelihoods) and geographies (Mekong, China, importing countries)
  - o Suggested approach/methodology
- Financial proposal including proposed number of days and daily rate and travel to one country (or more, budget permitting) in the Mekong (Vietnam, Laos, Cambodia and/or Thailand (for Myanmar activities)
- FT will select the evaluation team based on their experience in evaluation of grant projects. Thematic expertise as outlined above is a minimum requirement for this project.

**Budget** | The maximum budget for this project will be US\$27,000

**Point of Contact** | Kerstin Canby [kcanby@forest-trends.org](mailto:kcanby@forest-trends.org) and Phuc X To [pto@forest-treds.org](mailto:pto@forest-treds.org)

## Annex 1: Theory of Change

### Forest Trends Institutional Theory of Change (TOC)

The Forest Trends institutional TOC is provided for background purposes. The economic drivers behind forest loss, ecosystem degradation, and unsustainable development are systemic, requiring a systemic response. Our theory of change reflects this complexity, identifying multiple change pathways built on mutually reinforcing interventions, which together drive our goal of a broad global shift in economic decision-making.

The theory of change graphic on the following page necessarily leaves out a great level of detail about our work, summarizing only to the level of programmatic outputs. In practice our theory of change is built on intervention points across a broad range of actors, geographies, and themes, and has too many “moving parts” to capture in a one-page diagram.

However, all these interventions can be understood in terms of a small number of high-level outputs, which are displayed on the map. Another useful conceptual framework for understanding Forest Trends’ theory of change lies in *how* we work. Across all our programs, our approach is organized around three interconnected pillars that are designed to address major barriers to the successful development of economic incentives for environmental conservation. These are

- provision of transparent, reliable, and broad-based market and policy intelligence;
- a commitment to working through partnerships and building capacity wherever we go; and
- demonstrating innovative approaches to policy and finance, and freely sharing tools and lessons learned to encourage replication.

Since its inception two decades ago Forest Trends has been dedicated to being a different type of conservation organization: not another institutional dot on the crowded map of NGOs, but instead “connective tissue” between the many organizations and stakeholders, including business, governments, financial institutions, environmental groups, and local communities. We deliberately fashioned Forest Trends as a small, nimble, and global organization built on the premise that partnerships and cooperative actions pave the sustainable way for long-term success. Our vision is simple: a key legacy of our work will be the capacity built around the world via our work with key partners to create long-lasting and systemic change.

#### Context

- At present, society and key decision-makers do not value ecosystem services and biodiversity accurately. Similarly, risks and damages related to climate change, biodiversity loss, and ecosystem degradation are not properly valued. As a result, society continues to deplete the natural capital of the planet without reinvesting in its “capital base.” Ecological restoration and sustainable land use are a cornerstone of any successful climate mitigation and adaptation strategy, but currently receives only

about 2.5% of climate finance<sup>2</sup>. This is a systemic issue in our global economy, which individual or organizational economic decisions or actions cannot fix.

- A lack of experience, information, and decision-making supports regarding economic tools for conservation and sustainable forest and agro-commodity production results in low levels of awareness among key decision-makers, low investments and public finance, and difficulty getting projects off the ground.
- Weak governance of forests and natural resources in many high-risk countries is a major barrier. Corruption, illegality, and bad resource management undermine well-intentioned policy and investment, are frequently associated with human rights abuses and conflict, and divert revenue from public coffers. This also deprives communities of sharing in benefits, which can become a vicious cycle that further undermines their capacity to steward resources.
- Many would-be stakeholders and communities have low capacity to implement restoration, conservation, and sustainable production initiatives quickly and effectively. This creates bottlenecks to scaling investments to the level necessary to take full advantage of the potential of nature-based solutions to contribute to climate stability and sustainable development.

## Assumptions

### *Overall impact:*

- Policies and standards that support markets in environmental goods and services, and strengthen sustainable supply chains, can deliver sustainable development and inclusive green growth.<sup>3</sup>
- Weak forest governance is one of the most significant barriers to effective climate and conservation finance.<sup>4</sup> A systemic approach to building legal and regulatory systems designed to ensure accountability, rule of law, transparency, and inclusiveness will dramatically unlock financial resources and stakeholder buy-in to protect forests and other ecosystems.
- A project-based approach that focuses only on implementing conservation, restoration, and sustainable management projects on the ground is extremely difficult to scale to the necessary level. Capacity-building must occur simultaneously at multiple levels: within communities implementing projects; at the territorial or regional level at which finance and resources are often managed and planning occurs; at national/subnational levels to forge a common vision across sectors and planning processes, harmonize implementation, and design project portfolios; and at the global level, in order to drive replication and scale.
- Natural capital accounting and valuation are a crucial tool underpinning transactions and policy deliberations – as the saying goes, “If you can’t measure it, you can’t manage it.” If these values were well-demonstrated and widely understood, that information would influence decision-making and provide a basis for communities to be recognized and compensation for their contributions. We assume that the values arising from sustainable management and conservation would in many cases

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<sup>2</sup> Griscom, Bronson W., et al. "Natural climate solutions." *Proceedings of the National Academy of Sciences* 114.44 (2017): 11645-11650.

<sup>3</sup> Lammersen, F. and M. Roberts (2015), "Aid for trade 10 years on: Keeping it effective", OECD Development Policy Papers, No. 1, OECD Publishing, Paris. <http://dx.doi.org/10.1787/5jrac6q4xxr5-en>.

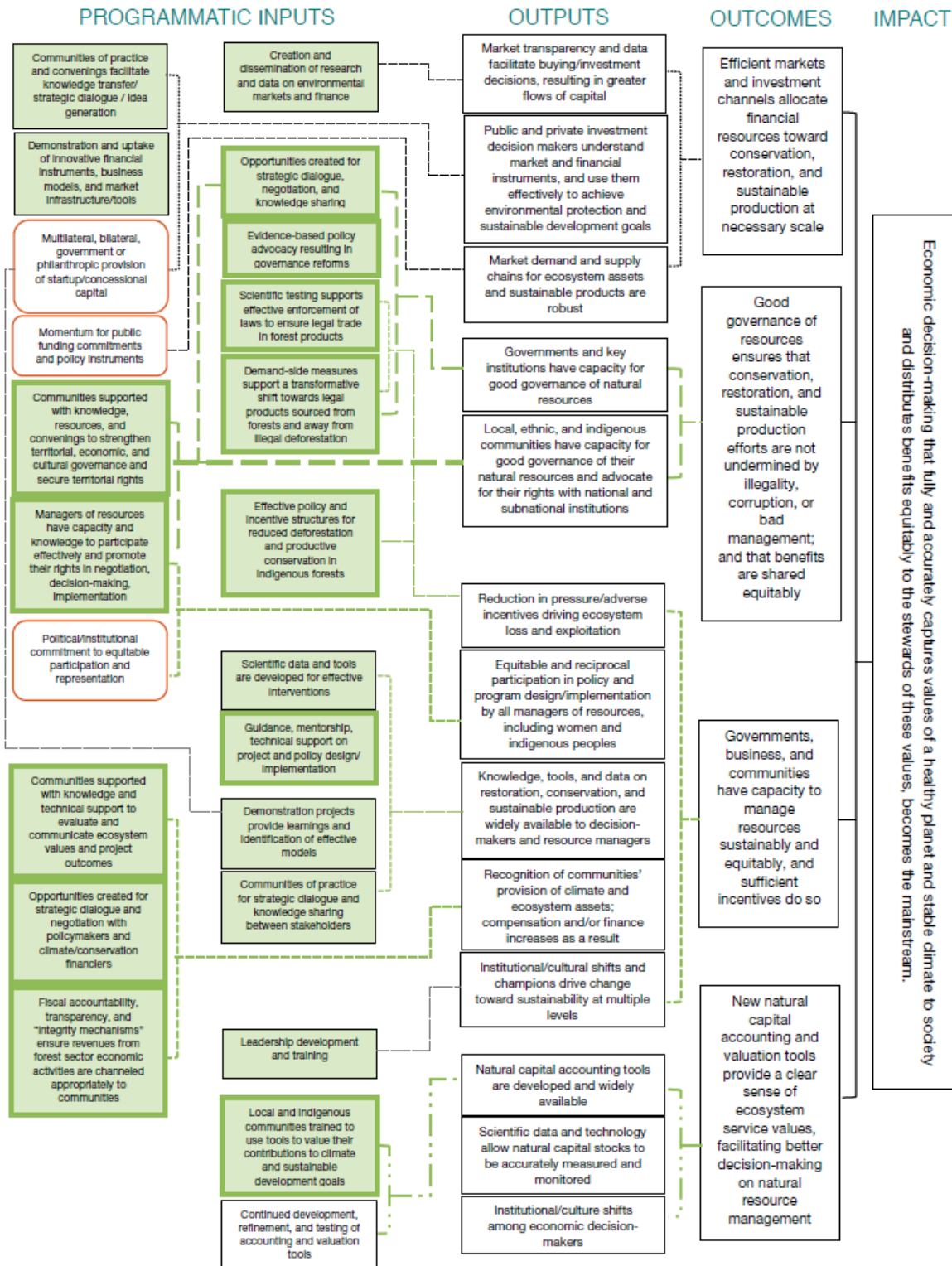
<sup>4</sup> See, for example, Palmer, Charles, and Stefanie Engel, eds. *Avoided deforestation: Prospects for mitigating climate change*. Vol. 16. Routledge, 2009.





exceed the value of short-term resource exploitation and degradation, especially if decision-makers use relatively low social discount rates.

Figure 1: Forest Trends Institutional Theory of Change





*Outcome #1: Efficient markets and investment channels allocate financial resources toward conservation, restoration, and sustainable production at the necessary scale.*

Assumptions linking outputs to this outcome:

- A key barrier to efficient markets and finance is a lack of transparent information. The environmental markets and finance sector, just like mainstream markets and finance, requires reliable and broad-based data to function efficiently. Providing free, timely, and credible information and analysis can help attract new demand and supply to the space and catalyze new transactions.
- Many public and private decision-makers with the power to drive investments and policy have a low level of knowledge on economic incentives for conservation and sustainable management. But many would be interested, especially where successful examples are shared and alignment with existing interests/goals is clearly demonstrated through high-quality evidence-based policy research and decision-support tools.<sup>5</sup>
- Many of the institutions we seek to influence (for example, the water and sanitation sector) often have a culture of risk aversion when it comes to deliberating and implementing innovative policy or investment approaches. It is necessary for Forest Trends and our partners to identify and support would-be champions with resources and capacity-building, and to be able to quickly identify and act on windows of opportunity to drive policy change in order to secure political and funding commitments.
- One of the most effective ways to do so is by building communities of practice to share knowledge from those who have already begun to “make the leap;” the best messenger is often a peer. Communities of practice spanning national and regional levels have been shown to multiply opportunities for change, magnifying local impacts and improving political momentum, policy coherence, and harmonized implementation.<sup>6</sup>
- Business and investment models for ecological restoration/conservation and sustainable management often do not immediately begin generating market-rate returns, and thus require concessionary capital in early stages. Multilateral, bilateral, public, and philanthropic funders are increasingly interested in seeding such pilot efforts.<sup>7</sup>
- There are untapped opportunities for coordination on supportive policy and finance across sectors, but it is necessary to invest time and resources to build these relationships. Skilfully facilitated convenings and communities of practice will provide a venue for idea generation, building relationships and trust, and knowledge transfer.

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<sup>5</sup> For example, a cost-curve analysis conducted by Forest Trends comparing the cost-effectiveness of nature-based solutions with engineered infrastructure in securing water supplies during Lima, Peru's dry season was influential in a decision by Lima's water utility, to allocate nearly 5% of the water fees it collects from users into addressing green infrastructure and climate adaptation. Gammie and De Bievre (2015). Assessing Green Interventions for the Water Supply of Lima, Peru. Forest Trends. <https://www.forest-trends.org/publications/assessing-green-interventions-for-the-water-supply-of-lima-peru/>.

<sup>6</sup> Stiglitz, J. and Charlton, A. 2005. Fair Trade for All: How Trade Can Promote Development. New York: Oxford University Press.

<sup>7</sup> Hamrick, (2017). State of Private Investment in Conservation. Washington, DC: Forest Trends' Ecosystem Marketplace.

*Outcome #2: Good governance of resources ensures that conservation, restoration, and sustainable production efforts are not undermined by illegality, corruption, or bad management, and that benefits are shared equitably.*

Assumptions linking outputs to this outcome:

- Deliberating and implementing policies to effectively address governance “problems” requires a clear and common understanding of the nature, scope, and forces behind those problems.
- Communities of practice amplify and accelerate this shared understanding and identification of policy responses, resulting in greater policy coherence and improved implementation.<sup>8</sup>
- Building the capacity and knowledge base for participation of key stakeholders can make policy reform processes more inclusive.<sup>9</sup> If a diverse set of stakeholders are able to communicate (with evidence) the negative impact of existing poor governance on their interests to national decision-makers, new opportunities for political deliberation may open.<sup>10</sup> Of course, these opportunities also depend on some level of political/institutional commitment or incentive to engage.
- Illegal logging and trade results in significant revenue losses to governments which could otherwise be spent on national education, health, environmental, and other government programs, or the benefits shared with resource managers.<sup>11</sup> Reducing illegal activities, paired with governance reforms (where necessary) to ensure equitable and accountable benefits-sharing, can result in new resources for sustainable development in forest countries.
- The spread and effective enforcement of policies that tackle the trade in illegal forest products will change corporate buyer behaviour and increase global demand for demonstrably legal (and, at a higher level of ambition, sustainable) forest products.<sup>12</sup> This will lead to benefits for governments and companies that are willing to produce them, and thus incentive for meaningful deliberations and robust governance systems to emerge from national reform processes.

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<sup>8</sup> See, for example: Keck, M. and K. Sikkink. 1998. “Activists Beyond Borders: Advocacy networks in international politics.” Ithaca: Cornell University Press; Khagram, S. and J. V. Riker. 2002. “Restructuring World Politics: Transnational social movements, networks, and norms.” Minneapolis: University of Minnesota Press.

<sup>9</sup> See, for example, recent experience in Forest Law Enforcement, Governance and Trade (FLEGT) Voluntary Partnership Agreements negotiations in a number of countries. This is most recently demonstrated in Overdevest and Zeitlin research which shows that through stakeholder participation, and the penalty default effect of the EU Timber Regulation, VPAs empower domestic civil society groups with local knowledge to expose problems, hold public authorities accountable and contribute to developing joint solutions from Overdevest, C. & Zeitlin, J. 2017. Experimentalism in transnational forest governance: Implementing European Union Forest Law Enforcement, Governance and Trade (FLEGT) Voluntary Partnership Agreements in Indonesia and Ghana. Regulation & Governance. doi: 10.1111/rego.12180

<sup>10</sup> See, for example, Overdevest and Zeitlin research which shows that through stakeholder participation, and the penalty default effect of the EU Timber Regulation, VPAs empower domestic civil society groups with local knowledge to expose problems, hold public authorities accountable and contribute to developing joint solutions from Overdevest, C. & Zeitlin, J. 2017. Experimentalism in transnational forest governance: Implementing European Union Forest Law Enforcement, Governance and Trade (FLEGT) Voluntary Partnership Agreements in Indonesia and Ghana. Regulation & Governance. doi: 10.1111/rego.12180.

<sup>11</sup> Nellemann, C. (Editorin Chief); Henriksen, R., Kreihuber, A., Stewart, D., Kotsovos, M., Raxter, P., Mrema, E., and Barrat, S. (Eds). The Rise of Environmental Crime – A Growing Threat To Natural Resources Peace, Development And Security. A UNEP INTERPOL Rapid Response Assessment. United Nations Environment Programme and RHIPTO Rapid Response–Norwegian Center for Global Analyses, 2016.

<sup>12</sup> Norman and Saunders demonstrate that in 2009, the US was the sole operational regulated market, and US imports accounted for just 7 percent of the global share at that time. As the EUTR and the Australian ILPA became operational from 2013 and 2014, the global share of timber imported into regulated markets reached 68 percent. Together, the US, EU, and Australian markets, alongside a number of Asian countries now designing their own import legislation, accounted for over 90 percent of global timber imports in 2016. See Norman, M. and Saunders, J. (2017). Regulating the Trade in Illegal Timber: Asian Approaches Compared. Forest Trends: Washington DC.

*Outcome #3: Governments, business, and communities have capacity to manage resources sustainably and equitably, and sufficient incentives to do so.*

Assumptions linking outputs to this outcome:

- A barrier to scaling environmental market incentives and investments is a lack of capacity among key stakeholders (infrastructure planners, land managers, government ministries of agriculture, environment, forestry, and so forth) to design and implement portfolios of sustainable, gender-inclusive projects. Capacity-building can be driven through development and dissemination of scientific data and tools, technical assistance, mentorship, and communities of practice to exchange knowledge, develop common understanding, share resources, and break down sectoral or institutional siloes to forge new partnerships and coordination.
- Indigenous communities and other local communities managing natural resources seek greater control of territorial, economic, and cultural decision-making (collectively referred to here as “territorial governance”). Strengthening capacity for territorial governance (through a gender-inclusive program design) will enable these communities to more effectively reduce and resist the drivers of deforestation, and manage their lands in a way that contributes positively to climate mitigation and adaptation, and sustainable development goals. Completed and in-progress “Life Plans” (e.g., governance plans) developed with support from Forest Trends support this contention.<sup>13</sup>
- Increased financial flows linked to forest conservation and sustainable productive management can buttress Life Plans, providing resources for Life Plan implementation and reinforcing economic incentives to protect forests.
- As noted above, building the capacity, experience, and evidence base for communities and their leadership to participate in policy and financial mechanism reforms greatly increases the likelihood that reforms will be inclusive, and that indigenous/local community contributions to policy objectives, including Nationally Determined Contributions, will be recognized and compensated.
- Effective dialogue and negotiation by with policy makers and financial mechanism administrators will be reinforced by complementary interventions that strengthen equitable and accountable governance, reduce illegality, and reduce demand-side pressures on forests.
- Reducing illegal activities, paired with governance reforms (where necessary) to ensure equitable and accountable benefits-sharing, can result in new resources for sustainable development in forest countries.

*Outcome #4: New natural capital accounting and valuation tools provide a clear sense of ecosystem service values, facilitating better decision-making on natural resource management.*

Assumptions linking outputs to this outcome:

- We assume that current initiatives and organizations’ efforts to advance natural capital accounting and valuation tools will result in robust, widely available, and credible tools that will increasingly be used by decision-makers in the next decade. (Forest Trends itself does not focus on natural capital accounting methodology development, although we do advise on its application in some contexts, i.e.,

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<sup>13</sup> See, for example, Yawanawa People, (2018). Yawanawa Life Plan. Washington DC: Forest Trends Association. <https://www.forest-trends.org/publications/yawanawa-life-plan/>.

biodiversity offsetting, and train stakeholders in accounting/valuation concepts and methodologies use.)

- Indigenous contributions to climate adaptation and mitigation, ecosystem restoration targets, the Aichi Targets, and relevant Sustainable Development Goals indicators are not well-documented or widely recognized. Indigenous communities control an estimated 80% of the world’s biodiversity and manage or hold tenure of one- quarter of terrestrial land, though they comprise only 5% of the world’s population.<sup>14</sup> But, the evidence base estimating tropical forest carbon stocks in indigenous-controlled lands, and thus indigenous contributions to Nationally Determined Contributions, remains incomplete. Recognizing these contributions and ensuring secure tenure and territorial control for indigenous communities represents a significant opportunity for countries and jurisdictions to increase their climate ambitions.<sup>15</sup>
- Without this evidence base, there is a significant risk that indigenous communities will not have access to current and new financial commitments to forests and other natural climate solutions. Being able to demonstrate the ecosystem value of their territories is a crucial piece of information in negotiating reforms to policy and climate finance that would result in greater resource flows to indigenous territories.
- Finally, it is our assumption that capacity will be meaningfully strengthened, research findings will be improved, and long-term outcomes of this project enhanced if indigenous communities are themselves trained in natural capital valuation methodologies. Forest Trends’ institutional model includes a commitment to advancing research in close collaboration with local stakeholders wherever possible. This approach has proven successful in our experience both in terms of its influence on evidence-based research formulation and implementation, but also in ensuring continued knowledge sharing and ownership of impacts.<sup>15</sup>

## ENABLERS OF OUR THEORY OF CHANGE

### *Internal*

- Reputation for high quality of research and knowledge creation produced by Forest Trends’ team in collaboration with stakeholders
- Deep organizational commitment and long track record of working through coalitions and partnerships, resulting in strong networks, trust, and experience within our staff and close partners to work together effectively
- Staff experience in facilitating effective communities of practice and working as “connective tissue” between diverse organizations to build strong relationships with key stakeholders and forge common visions for action
- Organizational culture of innovation and entrepreneurship; staff and partners’ ability to identify emerging opportunities and respond quickly

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<sup>14</sup> Garnett, Stephen T., Neil D. Burgess, John E. Fa, Álvaro Fernández-Llamazares, Zsolt Molnár, Cathy J. Robinson, James EM Watson et al. "A spatial overview of the global importance of Indigenous lands for conservation." *Nature Sustainability* 1, no. 7 (2018): 369

<sup>15</sup> Woods Hole Research Center and Environmental Defense Fund (2015). Tropical Forest Carbon in Indigenous Territories: A Global Analysis. <http://www.edf.org/sites/default/files/tropical-forest-carbon-in-indigenous-territories-a-global-analysis.pdf>.

### External

- Political momentum for policy and governance reforms in forest countries. For example, market dynamics that increasingly reward demonstrably legal forest products create an incentive for forest countries to participate in governance reform processes in a meaningful way. On the other hand, political situations where economic interests driving deforestation are favoured at a high level can complicate our work on governance and policy reforms.
- Indigenous and other local community commitments to conservation and sustainable modes of production.
- Demand-side momentum to ensure trade and sourcing of forest-risk commodities does not contribute to forest loss and global warming; including corporate follow-through on voluntary “zero deforestation” commitments with a resulting change in behaviour, and law and regulation to stamp out trade in illegal or unsustainable forest products implemented and enforced in consumer countries.
- Stakeholder commitment and capacity to continue engaging with Forest Trends in programmatic activities.
- Financial commitments by governments, multilateral and bilateral institutions, investors, companies, and donors to climate mitigation/adaptation and sustainable development are maintained and scaled within the context of economic recovery from the COVID-19 pandemic.

### Project Theory of Change

When first designed in 2019-2020, the project TOC assumed that improved governance, including enforcing legal frameworkings and aligning government and local stakeholders’ objectives would do the most to ensure SFM and social safeguards while improving livelihoods and fostering responsible private sector investment (Kissinger et al, 2012). Activities aimed to support evidence-based decision-making built on more equitable balance of competencies and “voice” among stakeholders as well as targeted commodity trade analysis where there is currently little understanding of the core trade and policy issues – to help all stakeholders engage in meaningful dialogue and identify windows of opportunity to “change the rules of the game” currently causing illegal deforestation and associated global trade. The aim is to change corporate behaviour and increase the total global demand for demonstrably legal and zero-exploitation forest products (Norman and Saunders, 2017). This will ultimately lead to diverse market benefits for governance and companies that are willing to produce them (Pepke et al, 2015) and create an incentive for meaningful deliberations and robust system, such as mandatory regulations for zero or zero illegal deforestation production and/or imports. It was also assumed that due to corruption and continued illegalities, corporate commitments to achieve zero-deforestation of forest risk commodities will not happen, and that there is a continued need to support anti-corruption measures as well as increase penalties for non-compliance with voluntary measures and/or import regulations now emerging around the world (Forest Trends 2021).

Three main pillars of project TOC were developed:

**Governance:** Policymaking without an adequate evidence base can exacerbate weak institutions, making them more vulnerable to elite capture and increase risk of poor policy design and implementation. FT's Mekong activities and its global forest governance and trade programs are known for their knowledge-building approach, which quickly identifies when and why stakeholders engaged in policy deliberations are struggling to come to a common understanding (typically, with no known data, asymmetrical access to data, or the need to present data accessibly to all stakeholders). We can quickly turn around high-quality, policy-relevant information and present it at workshops, as short reports, or via media uptake. Typically, this involves identifying and supporting national experts and reform champions. We use these results to start a dialogue – both public and private, and local, national and international – with key partners and stakeholders. Beginning this process at the research design stage helps to obtain powerful buy-in for methodology and research findings. Important stakeholders are typically enlisted to implement parts of research, dialogue facilitation, or provide access to data that is typically unavailable. This approach has proven successful both in its influence on policy formulation and implementation and in ensuring continued knowledge sharing and ownership of policy impacts.

Imported timber and FRCs, particularly those from Mekong and African countries (including wood from plantations/concessions on land that may have been illegally cleared of forests), may be high-risk. However, industry leaders are keen to safeguard the reputation of Vietnam's manufacturing industry—maintaining access to the EU market for wood products manufactured from imported material is the driving force behind the VPA process.

**Transparency:** Without political will, no governance reforms will move ahead. This begs the question – *how to foster political will for natural resource governance reform?* Forest Trends has increasingly geared its programs towards *transparency of information* for use by civil society and other reform-minded stakeholders. Transparency, accountability, oversight and anti-corruption/fraud measures need to be enacted with buy-in from relevant stakeholders, including marginalized groups. Making data transparent can drive accountability to ensure resources is properly regulated. Otherwise, opaque management will lead to the opportunity for corruption and increased illegal logging and trade, further causing inequity and negative environmental impact and triggering grievances that fuel political violence (such as in Myanmar and other conflict afflicted states). We assume that greater transparency will lead to better opportunities for research by CSOs and other stakeholders. An informed citizenry will create a constituency for change that demands reform by elites that might otherwise resist. Properly enacted, good governance reforms will drive improvements to SFM, public financial management and SOE operations, which will facilitate social development at both national and regional levels.

**Local rights and control over forests and natural resources (Myanmar):** In Myanmar, ethnic CSOs and EAOs have demanded local rights and control over forests and other natural resources in political negotiations within the national peace process. These rights are the heart of their vision for decentralized political federalism but they need better understanding of potential options. By sharing global best practice, this component will help to develop a fair and equitable decentralized model for Myanmar. This should be explored as part of the peace process to address long-standing grievances and rights disputes and to define more equitable options. Active participation of civil society is foundational to building democracy and is particularly crucial in a context where ethnic minorities have been marginalized in the national body politic. Focusing on forest and land governance is away to



systematically push for political inclusivity and, by extension, environmental and economic policies that benefit ethnic groups, ultimately leading to peace and long-term stability. We will continue working at multiple levels: decentralized land and forest management systems in EAO-controlled areas (which provide good examples of prioritizing sustainable livelihoods and conservation and participatory governance, judiciary and administrative systems); State/Regional constitution drafting committees; the UGoM; the peace process and customary/indigenous institutions. *Note that this TOC was drafted prior to the Myanmar coup. The Forest Trends Myanmar program was restructured to focus more on working with ethnic CSOs, ethnic political groups, the government in exile (NUG), and customary / indigenous institutions. No work with the UGoM (or “junta”) proceeded.*



## Annex 2: Review Questions

### 1. Effectiveness - assessment of project progress

- To what extent is the project achieving desired results? Provide a separate assessment according to each project-level outcome from the results framework (Annex 3)
- In terms of internal, project adjustments, if any, what concrete recommendations do you propose to Forest Trends for the remainder of the project, as well as its overall programming in the Mekong and with consumer demand-side policies?
- What key successes have sprung from the project and have these resulted in a momentum for greater project achievement?
- If there has been changes in relation to enabling conditions, to what extent has the organisation adjusted its approach to meet these? This will be particularly relevant for the Myanmar components of the project.
- To what extent can the project experience be meaningfully replicated and scaled up in similar context? If so, what would be the added value? Please elaborate.

### 2. Coherence - synergies with other interventions

- To what extent does Forest Trends work with or in coordination with other initiatives funded by NICFI? What are the learning points?
- To what degree does Forest Trends seek to create alliances and foster synergies with civil society organisations and other partners, national or international, to ensure harmonisation of interventions in the given contexts? Please provide a separate assessment for each project outcome or by geographic area of the intervention.

### 3. Contribution to NICFI Outcomes

The project is most related to the following desired NICFI Outcomes, and thus will be evaluated for the following:

- NICFI Outcome I: Approved and implemented policies for sustainable forest and land use in tropical forest countries and jurisdictions
  - How does the agreement contribute to protecting tropical forests and other carbon sequestration ecosystems through regulations, legislation and area management?
  - How does the agreement lead to implementation of national or state / regional / provincial level area planning policies that promote forest-friendly rural development?
  - How does the agreement contribute to ensuring implementation of forest conservation within specific sectoral policies, and integrating forest conservation as cross-sectoral issues in governmental policies?
- NICFI Outcome II: Improved rights and livelihoods for indigenous peoples and local communities in tropical forest countries.
  - How does the project contribute to integrating sustainable forest use by IPLCs into legal frameworks, area plans, and development strategies? Please provide concrete examples.

- How does the agreement strengthen IPLC capacities for sustainable management and livelihood activities? Please provide concrete examples where applicable.
- To what extent does the project contribute to poverty reduction, directly or indirectly? How is this measured and monitored?
- NICFI Outcome IV: Increased transparency in land management, land use, value chains and financing
  - How does the project contribute to more precise estimates of illegal deforestation?
  - How does the project make data on international commodity production, concessions in forest area, trade and investment, revenue flows and expose relevant actors along the value chain more accessible?
- NICFI Outcome V: Commodity markets stimulate (illegal) deforestation-free production in tropical forest countries
  - How does the project contribute to making upstream companies take steps to reduce deforestation at various stages of the supply chain?
  - How does the project contribute to the adoption or implementation of legal frameworks, sanctions, regulations or other initiatives that affect the market of raw materials / commodities with a view to reduce deforestation (without producing leakage)?
- NICFI Outcome VI: Financial markets stimulate deforestation-free commodity production in tropical forest countries
  - How has the project been able to raise awareness about the financial sectors role in “conflict timber” and “conflict natural resources” in Myanmar?
- NICFI Outcome VI: Reduced forest crime
  - Has the project led to an increased number of (criminal) convictions related to forest crime? Explain.
  - Has the project led to stronger commitments against forest crime (illegal deforestation) in normative frameworks, resolutions, and declarations on transnational and organized environmental crime?
  - How does the project lead to close collaboration between exporting the importing countries on specific steps towards reducing illegal deforestation?
- Cross-cutting NICFI-outcome<sup>16</sup>: Mobilizing ambition for forest-friendly policies
  - How has the project led to increased knowledge and raising awareness about key solutions to the causes of illegal deforestation?

### Contribution to NICFI Areas of Strategic Interest

- How does the project spur or employ innovative working methods, context analyses, partnership models, or similar innovations? Please elaborate.
- What are the impacts of the agreement, positive or negative, on women and gender equality? What are the lessons learned?

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<sup>16</sup> This cross-cutting NICFI-outcome is not one of the seven thematic areas covered by the NICFI Strategic Framework

## Annex 3: Initial list of source materials and contacts

The evaluator will be provided with links or actual documents of relevance for the review. This is an initial and indicative list. In addition, the evaluator will be provided with names and contact information for individuals and/or organizations relevant for the review. An initiative and indicative list has been provided below. Upon initiation of the MTR, this table will be placed as a live google document to be shared and updated by reviewer(s) and Forest Trends.

| Documents   |  |   |
|---|--|---|
| Project documents: initial grant proposal, final grant proposal, annual work plans and reports, latest version of the agreed upon Results Framework between Forest Trends and Norad, and supplemental documentation to be provided by each Component under the project (i.e. published reports, partner input). | Project documentation                                | The evaluator will be provided, <i>inter alia</i> , the initial grant proposal, years 1-3 work plans, years 1-3 annual reports, the latest version of the agreed upon Results Framework between Forest Trends and Norad, and supplemental documentation to be provided by each Component under the project (i.e. published reports, partner input).     |
| FT's Myanmar workprogram evaluation conducted by independent LIFT evaluator   | Myanmar  | LIFT project evaluation, parallel financed by Norad   |
| Illicit Harvest, Complicity Goods   | Demand-side measures                                 | <a href="https://www.forest-trends.org/publications/the-uk-forest-trends-report-on-the-impact-of-the-united-kingdom-timber-regulation-changing-the-market-to-protect-forests/">https://www.forest-trends.org/publications/the-uk-forest-trends-report-on-the-impact-of-the-united-kingdom-timber-regulation-changing-the-market-to-protect-forests/</a> |
| UK Timber Regulation: Changing the Market to Protect Forests?   | Demand-side measures                                 | <a href="https://www.forest-trends.org/publications/the-uk-forest-trends-report-on-the-impact-of-the-united-kingdom-timber-regulation-changing-the-market-to-protect-forests/">https://www.forest-trends.org/publications/the-uk-forest-trends-report-on-the-impact-of-the-united-kingdom-timber-regulation-changing-the-market-to-protect-forests/</a> |
| How can demand-side measures (DSM) enhance inclusive governance of deforestation-free supply chains: State-of-Play of Demand-side Measures  | Demand-side measures (global)                        | <a href="https://www.forest-trends.org/publications/briefing-notes-on-state-of-play-of-demand-side-measures-oslo-tropical-forest-forum/">https://www.forest-trends.org/publications/briefing-notes-on-state-of-play-of-demand-side-measures-oslo-tropical-forest-forum/</a>   |
| Vietnam's Imports of high risk timber (brief)   | Vietnam  | <a href="https://www.forest-trends.org/wp-content/uploads/2021/07/Vietnamese-imports-of-high-risk-timber-BRIEF.pdf">https://www.forest-trends.org/wp-content/uploads/2021/07/Vietnamese-imports-of-high-risk-timber-BRIEF.pdf</a>   |
| Vietnam's Production and Export of Wood Pellets   | Vietnam  | <a href="https://www.forest-trends.org/publications/page/7/?filter_posts">https://www.forest-trends.org/publications/page/7/?filter_posts</a>   |
| LEGAL ACQUISITION FINDINGS A Handbook by Forest Trends and Center for International Environmental Law (CIEL)  | Demand-side measures (global)                        | <a href="https://www.forest-trends.org/publications/navigating-legality-and-zero-deforestation-intl-partnership-pathway/">https://www.forest-trends.org/publications/navigating-legality-and-zero-deforestation-intl-partnership-pathway/</a>   |
| Navigating the False Dichotomy Between Legal and Zero Deforestation   | Demand-side measures (global) and thought leadership | <a href="https://www.forest-trends.org/publications/navigating-legality-and-zero-deforestation-intl-partnership-pathway/">https://www.forest-trends.org/publications/navigating-legality-and-zero-deforestation-intl-partnership-pathway/</a>   |
| Myanmar's Trade One Year Since the Coup   | Demand-side measures Myanmar                         | <a href="https://www.forest-trends.org/publications/myanmars-timber-trade-one-year-since-the-coup/">https://www.forest-trends.org/publications/myanmars-timber-trade-one-year-since-the-coup/</a>   |
| Pushing Ipe to the Brink of Extinction across the Amazon basin  | Demand-side measures (global)                        | <a href="https://www.forest-trends.org/wp-content/uploads/2022/03/Demand-for-Luxury-Decks-in-Europe-and-NA-is-Pushing-Ipe-to-the-Brink-of-Extinction.pdf">https://www.forest-trends.org/wp-content/uploads/2022/03/Demand-for-Luxury-Decks-in-Europe-and-NA-is-Pushing-Ipe-to-the-Brink-of-Extinction.pdf</a>   |

|   |  |   |
|---|--|---|
| China's International Wood Trade: A review  | Demand-side measure China and global trade analyses) | <a href="https://www.forest-trends.org/wp-content/uploads/2022/06/China-Trade-Report-2022.pdf">https://www.forest-trends.org/wp-content/uploads/2022/06/China-Trade-Report-2022.pdf</a> |
| Turbulent Times For India's Timber Trade: A 2021 Update of "India's Wooden Furniture and Wooden Handicrafts: Risk of Trade in Illegally Harvested Wood" | Demand-side analysis (global)                        | <a href="https://www.forest-trends.org/publications/">https://www.forest-trends.org/publications/</a>   |
| New CITES regulations for timber species Afzelia, Khaya, and Pterocarpus, and implications for African exporters and Chinese and Vietnamese importers   | Vietnam  | <a href="https://www.forest-trends.org/publications/">https://www.forest-trends.org/publications/</a>   |
| Myanmar's Timber Trade Since the Coup: The Impact of Sanctions  | Myanmar  | <a href="https://www.forest-trends.org/publications/myanmars-timber-trade-since-the-coup/">https://www.forest-trends.org/publications/myanmars-timber-trade-since-the-coup/</a>         |
| Powers of exclusion: A case study of state-led large scale rubber development in Vietnam's north-western region   | Vietnam  | <a href="https://www.forest-trends.org/publications/">https://www.forest-trends.org/publications/</a>   |
| Forest Trends Impact Report 2023  | Forest Trends  | <a href="https://www.forest-trends.org/publications/forest-trends-impact-report-2023/">https://www.forest-trends.org/publications/forest-trends-impact-report-2023/</a>                 |

In addition, the evaluator will be provided with names and contact information for individuals and/or organizations relevant for the review, whom the evaluator may wish to interview. An initiative and indicative list has been provided below, but the evaluator will be free to make their own list of individuals and organizations to contact.

| Individuals / organizations                                 | Area of Expertise  |   |
|---|--------------------|---|
| Libera, Ko Kyi, Andrew Noble                                | Myanmar            | LIFT program staff  |
| Kevin Woods   | Myanmar and Mekong | Drivers of deforestation in the Mekong, Mekong organized crime, Myanmar land rights, Myanmar ethnic organization / CSO land management and tenure |
| Gabrielle Kissinger   | Myanmar            | Myanmar land rights, Myanmar ethnic organization / CSO land management and tenure   |
| TRIP Net  | Myanmar            | Civil society organization  |
| SCCB members (Hnin Wai San)                                 | Myanmar            | organizer of SCCB Women's Leadership Committee)   |
| PI (Dr. Sai Oo)   | Myanmar            |   |
| Alex Htoo   | Myanmar            | local Karen policy advisor  |
| KNU leaders who received the advisory and technical from FT | Myanmar            | Received advisory and technical assistance from   |
| Art Blundell (FT expert)                                    | Myanmar and global | Myanmar trade sanctions, Myanmar conflict and NRM, global transparency, illegal deforestation databases, anti-corruption                          |

|  |  |  |
|--|--|--|
| Khin Saw Htay (FT expert)                  | Myanmar  | Myanmar trade sanctions, Myanmar conflict and NRM,   |
| Eh Htee Wah (FT expert)                    | Myanmar  | Myanmar land tenure, gender and youth engagement, livelihoods, media engagement, CSO engagement  |
| KESAN                                      | Myanmar  | Myanmar CSO on drivers of deforestation, Salween Peace Park, community forestry, ethnic forest and biodiversity subnational policies and integration of NRM into NUG Constitution                          |
| ABIPA                                      | Myanmar  | Burma Indigenous Peoples association   |
| HAWA                                       | Vietnam  | Trade association for timber   |
| Vietnam timber trade associations (3)      | Vietnam  | Trade associations for timber or small handicrafts   |
| US Department of Justice                   | Global   | User of Forest Trends reports, TREE trainings and co-host of 2024 TREE meeting   |
| EU & UK TR Competent Authorities           | Netherlands, Germany, UK, Spain, Czech Republic, Sweden, Slovenia, | Responsible for implementation of EUTR, UKTR and increasingly the EUDR and UK Environment Law on FRCs, recipient of TREE trainings, FT reports and risk assessments  |
| USDA Aphis                                 | Demand-side measures   | Responsible for implementation of US Lacey Act and recipient of TREE trainings, FT reports and risk assessments  |
| USDA Forest Service International Programs | Demand-side measures   | Recipient of TREE trainings and co-financer of TREE meetings (global)  |
| US Customs and Border Patrol               | Demand-side measures   | Responsible for implementation of US Lacey Act and recipient of TREE trainings, FT reports and risk assessments  |
| UK Defra                                   | Demand-side measures   | Responsible for implementation of UKTR, development of implementation structure for UK Environment Law, recipient of TREE trainings, user of FT reports and risk assessments, co-host of 2022 TREE meeting |
| Siri Damman <sirid@rainforest.no>          | Myanmar  | Familiar with FT's overall Myanmar work  |
| Sun Xiufang                                | China  | Demand-side measures, China and global trade of timber and FRCs  |
| InFit (UK donor program)                   | China  | UK donor program   |
| InFIT (UK donor program)                   | China  |  |
| Vietnam Rubber Association                 | Vietnam  | FRC production and associated trade  |
| Kerstin Canby                              | all components   | Overall project management   |
| Phuc X To                                  | Vietnam, Cambodia, Laos  | Regional project management  |
| Michael Jenkins                            | All components   | Forest Trends CEO  |
| Jean-Christoph Diepart                     | Cambodia   | Drivers of deforestation / rubber  |
| Kjell-Arild Rein                           | Norad (donor)  | Donor  |
| Leif-John Fosse                            | Norway NICFI   | Donor / partner  |
| Hilde Dahl                                 | Norad (donor)  | Donor  |
| Frans Geilfus <frans_geilfus@yahoo.com>    | Myanmar  | Independent evaluator of FT Myanmar program (Fall 2023)  |