

Independent Mid-Term Evaluation of
the Climate and Land Use Alliance

Summary

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Introduction

CLUA Overview

The Climate and Land Use Alliance (CLUA) was launched in January 2010 for an initial five-year period. The Alliance consists of joint activities supported by four Foundations – ClimateWorks, Ford, Gordon and Betty Moore (Moore), and David and Lucile Packard (Packard)¹. In their 2009 Memorandum of Understanding (MOU) the four Foundations agreed “to coordinate a portion of their grantmaking under the [CLUA] umbrella to reduce greenhouse gas emissions associated with land use management in ways that protect the livelihoods and rights of indigenous peoples and poor rural communities and slow the loss of ecosystem services and biodiversity”.

Key elements of CLUA’s governance and management are the Alliance Board, the Executive Director and the Program Teams led by the Director of Programs. The Program Teams include program officers from the foundations who are responsible for grantmaking in the areas covered by the strategy.

The partner Foundations do not pool their funds. Grants and contracts funded by ClimateWorks are reviewed and approved by the Alliance Board (if over \$250,000) or the Executive Director. CLUA grants funded by Ford, Moore and Packard are each developed, approved and disbursed by the individual foundations according to their own operating and grantmaking procedures. The Alliance Board or the CLUA Executive Director then determines whether each of these grants should be categorized as a CLUA grant.

This Evaluation

The CLUA MOU requires the Alliance Board to advise the partner Foundation presidents and their Boards during 2012 on the likely future of the Alliance at the end of the five-year agreement, specifying one of the following options: (i) dissolve the Alliance before the end of five years, (ii) significantly alter the Alliance structure to better implement the strategy, or (iii) continue the Alliance with its basic structure and operations. A Mid-Term Review of CLUA planned for the second half of 2012 will reflect on these options.

This independent mid-term evaluation (MTE) was planned and implemented to provide information and perspectives that will inform the Alliance Board in their decision making and recommendations related to these MOU options. The MTE is a key element of the four-year Monitoring and Evaluation Plan approved by the Alliance’s Board in January 2011.

¹ ClimateWorks Foundation was launched in 2008 “to promote public policies that prevent dangerous climate change and promote global prosperity”, with funding from the William and Flora Hewlett Foundation, the Packard Foundation and the McKnight Foundation.

As primary information sources we interviewed grantees and independent observers (“wise men and women” in evaluation terms) and reviewed grant documentation and other relevant reports.

This summary is based on our report on the MTE findings that we consider most important and useful to CLUA’s Board and Foundation partners.

Our findings are reported under four headings:

1. *Approach* – has grantmaking been well planned and prepared?
2. *Deployment* – can implementation be improved?
3. *Results* – what has been achieved?
4. *What next?*

Carried out only two years after CLUA’s launch, this MTE was planned and implemented to concentrate primarily on *Approach* and *Deployment* questions, with a final evaluation in 2014 expected to focus more on *Results* as the Alliance’s Initiatives increasingly mature and impacts become clearer.

The MTE consisted of a global review supplemented by in-depth analysis of the following grantmaking Initiatives, selected in consultation with the CLUA management and Board: Brazil, Indonesia, Mesoamerica, US Agriculture and Demand Side (mostly Biofuels)². These Initiatives accounted for 71% of the CLUA grants approved through the November 8, 2011 Board meeting, the agreed evaluation cutoff point. Detailed reports on these in-depth studies have been shared and discussed with the CLUA management team.

The CLUA Portfolio

CLUA had awarded grants and contracts amounting to \$55.7 million by November 8, 2011 (Table 1). Of this amount, \$26.4 million (47%) was provided by ClimateWorks, \$7.9 million (14%) by Ford, \$8.7 million (16%) by Moore and \$12.7 (23%) by Packard through its Agriculture program (in addition to Packard’s direct investments in ClimateWorks). CLUA’s major geographic focus outside the USA has been on Brazil (\$15.1 million), Indonesia (\$9.0 million) and Mesoamerica (\$2.6 million). A further \$8.9 million was invested in International Policies and Processes.

CLUA began in 2010 with four Initiatives: (i) international mechanisms and finance; (ii) national actions in priority countries (forestry in Brazil, Indonesia, and Mesoamerica plus US agriculture); (iii) demand-side emission reductions; and (iv) global research, assessment and analysis. The number and content of these Initiatives were modified in 2011 and in 2012, mainly as a result of reclassifying and regrouping activities. CLUA had 10 grantmaking Initiatives as of November 2011 as shown in Table 1.

² The US Agriculture and Demand Side Initiatives within CLUA (which were reorganized under new headings from 2012) correspond to Packard’s Agriculture program.

Through November 2011 ClimateWorks had funded all CLUA Initiatives except the two that correspond to Packard’s Agriculture program (US Agriculture and Demand Side). Ford had made grants under all CLUA Initiatives focusing outside the USA. Moore grants had been included under two CLUA Initiatives only (Brazil and International Processes and Policies). Packard’s CLUA investments were through its own Agriculture program in addition to the core funding of ClimateWorks.

Table 1. CLUA Grants and Contracts Awarded Through November 8, 2011

Initiative	CW		Ford		GBMF		Packard		Total	
	#	\$ M	#	\$ M	#	\$ M	#	\$ M	#	\$ M
International processes & polices	18	\$4.65	6	\$1.42	8	\$2.88	-	-	32	\$8.95
Safeguards	4	\$0.63	2	\$0.72	-	-	-	-	6	\$1.35
Indigenous peoples & local communities	3	\$0.90	6	\$1.00	-	-	-	-	9	\$1.90
Effective EU support	6	\$0.72	3	\$0.48	-	-	-	-	9	\$1.20
Secure U.S. leadership	10	\$2.56	-	-	-	-	-	-	10	\$2.56
Brazil	18	\$7.89	7	\$1.42	5	\$5.79	-	-	30	\$15.10
Indonesia	33	\$7.59	7	\$1.43	-	-	-	-	40	\$9.02
Mesoamerica	6	\$1.44	9	\$1.20	-	-	-	-	15	\$2.64
US agriculture	-	-	-	-	-	-	31	\$9.11	31	\$9.11
Demand side, especially biofuels	-	-	1	\$0.25	-	-	21	\$3.61	22	\$3.86
Total	98	\$26.38	41	\$7.91	13	\$8.67	52	\$12.72	204	\$55.68

Evaluation Findings

Approach: How well was CLUA planned and prepared?

Collectively, the CLUA partner Foundations have identified and articulated an important niche that would be extremely hard for any single philanthropy to address alone.

The partner Foundations' earlier experiences in tropical forest conservation and the rights of forest-dependent peoples have largely shaped CLUA's approach, especially in Brazil, Indonesia and Mesoamerica.

CLUA's GHG emission mitigation goals are very ambitious. In Brazil and Indonesia these goals are aligned with national government targets that CLUA helped establish. Achievement of CLUA's goals depends on a range of actors and processes over which the Alliance has at best limited influence. As a result, CLUA's quantitative emission reduction goals appear more viable as a vision to aim towards than a target to which CLUA should be held accountable for reaching within a finite number of years.

Immediately prior to the establishment of CLUA there was optimism that significant financing for reducing emissions from deforestation and forest degradation (REDD, or its later variant REDD+) would be included in the global climate regime expected to succeed the Kyoto Protocol (which expired in 2012), and REDD+ became a key element of CLUA's work program. While agriculture is emphasized in the CLUA strategy, it is the forest sector that has been CLUA's primary focus during its first two years.

CLUA's initial strategy was to complement existing sources of funding by supporting "analyses, communications, advocacy, networking, training, and other activities that cannot readily be supported by other donors, that respond quickly to emerging needs and opportunities, that give particular attention to social concerns, and that achieve substantial and demonstrable added value above and beyond other investments". This initial choice of overall strategy and the priority given to selected themes and geographic areas were carefully thought through and appear fully justified, drawing on a wealth of individual and institutional experience.

CLUA's ambition to address emissions from land use while safeguarding rural populations, indigenous peoples, food security, ecosystem services and biodiversity by mobilizing, organizing, guiding, encouraging and otherwise supporting a wide range of actors is a bold undertaking.

Deployment: How well organized and efficient is CLUA?

The Alliance has demonstrated steady progress towards its institutional aims:

- Coordination and focus around a collaborative, integrated strategy.
- Grantmaking impact greater than could be achieved through the sum of the activities of the individual foundations.

- Commitment and engagement by the Alliance Board, the Executive Director, Director of Programs and members of the Program Team.
- Efficient decision-making arrangements.
- Improved matching of potential grantees with sources of funding.
- Sound and transparent monitoring and evaluation of the Alliance and its grantmaking.

Considering the diversity in perspectives among CLUA's Foundation partners, an impressive degree of mutual trust and collaboration has already been established.

The roles of the CLUA Board, leadership, staff and Program Teams are clear, well understood and appear reasonably effective.

A distinguishing feature of CLUA is that the Board representatives from Ford, Moore and Packard are not only highly respected figures in forest conservation but are active principals in the grantmaking both of CLUA and within their own Foundations. In this sense the CLUA Board is very hands-on and operational. Board discussion has tended to focus at the individual grant rather than the grant portfolio level.

CLUA management has recognized the need to carry out periodic portfolio performance monitoring, to report more effectively on progress at the Initiative level and address the "are we making a difference?" question.

Clear recognition of the progress made by CLUA has come from an increasingly close relationship with the young Margaret A. Cargill (MAC) Foundation, which is becoming one of the very largest and potentially most influential environmental philanthropies.

Progress has been made towards the development of procedural manuals, documentation standards, a grants database and management systems, although these are not complete.

Program Teams consistently demonstrate an impressive depth and breadth of domain knowledge and awareness that would be hard for an individual foundation to replicate.

A significant portion of the gains being achieved by CLUA are due not only to grantees but to the actions taken by its own principals and Program Teams who are actively working with a range of partners and potential allies. This is a key feature of CLUA that distinguishes the Alliance from many other philanthropic efforts.

Our in-depth cases studies have found excellent grants and grantees in Brazil, Indonesia, Mesoamerica and the USA, even though grantmaking in all regions except Mesoamerica largely continues patterns set by partner Foundation programs that preceded CLUA.

The existence of CLUA and the collaboration among the Alliance partners provides an important opportunity to achieve a clearer and more analytic overview where multiple grants to major grantees are being considered and managed.

With a few exceptions, individual CLUA-supported grants and contracts appear to have been adequately monitored, supervised and managed. The Initiative Coordinators

communicate effectively with their grantees and contractors, and are generally well informed on the progress being made or any barriers encountered.

Some Initiatives have remained relatively isolated within CLUA, notably Packard's effective US Agriculture and Demand Side (Biofuels) programs. Others have become more integrated, notably those Initiatives which have Ford, Moore or Packard staff managing CLUA/ClimateWorks grant resources.

CLUA grants and contracts funded by ClimateWorks generally cannot exceed one year in duration. We support a structured move toward grants for longer periods, as long as the responsibility and resources for monitoring these grants have been clearly identified.

Strategy reviews and updates were taken seriously and involved extensive discussions among the program teams, including CLUA's leadership. These processes appear to have been valuable and contributed to significant knowledge sharing and mutual learning.

The documented CLUA strategies meet international standards. But they do not appear optimal as a basis for describing what CLUA is doing (or not doing) and why, or as a guide to grantmaking. The addition of several key analytic elements would help build the credibility of the strategies: (i) political analysis, (ii) the roles of other actors (including other donors), (iii) the history of comparable efforts to affect change (decades of forest conservation efforts in Brazil and, in particular, Indonesia are littered with expensive failures), (iv) elaboration of risks and alternative paths not taken, (v) realistic time frames, and (vi) justifications of changes in strategy.

The portfolio of grants and contracts as well as the direct staff engagement all reflect the strategies as stated. CLUA's resources have generally been allocated consistently with strategies and outcomes (i.e., within and between geographic and thematic areas, and between staff, contracts and grants).

CLUA has adopted a Conflict of Interest (COI) policy and followed this policy to disclose COIs and to address some specific concerns. Two potential COI situations came to our attention during the evaluation that appear to warrant further consideration by CLUA's Board and management. Neither of these showed any sign of impropriety.

Results: What impacts has CLUA had?

Assessing CLUA's achievements is challenging and requires careful interpretation. As in many other arenas, forest and land use policy gains (or losses) are often neither clear-cut nor decisive, and it cannot be assumed that even policy changes enshrined in law will be implemented rapidly, if at all. Identifying whether CLUA and its partners actually caused something to happen, whether it would have happened anyway, or something in between, can rarely be confirmed definitively or measured in quantitative terms.

Some notable programmatic gains and impacts have already been achieved by CLUA and its partners, although it is not easy to definitively separate (a) gains due purely to the

existence of the Alliance, from (b) gains that could have been achieved through continuation of the partner Foundations' individual programs, i.e., without creating CLUA, and (c) what would have happened anyway (without CLUA) but at a later stage or with a different emphasis (e.g., the specific form or content of national policies or donor programs).

Some significant gains are clearly attributable to the Alliance: (i) impressive progress towards the development of common standards and application of social and environmental safeguards by multilateral organizations, without which the prospects for REDD+ proceeding in any form would be substantially less, and (ii) Improved definition of national forest sector priorities and programs in Mexico, including those of the World Bank, and enabling the establishment of the Mesoamerica Alliance of Peoples and Forests, an improbable but pioneering and potentially very important union of indigenous peoples and community forest owners and users. Achieving these gains outside CLUA would have been unlikely. The MAC Foundation's significant alignment of its grantmaking with CLUA would also not have happened without the existence of the Alliance, although this is a gain in terms of recognition that offers leverage and enhanced future impact opportunities rather than direct progress towards CLUA's goals.

Other notable gains – achieved through grantees, contractors and/or direct roles played by key CLUA personnel – include:

- Collaborating with the Norwegian International Climate and Forest Initiative, a \$7 billion funding commitment to REDD+, especially in Indonesia
- Helping catalyze and elevate the discussion of Indonesian land tenure reform and community forest management (CFM) to a national level.
- Supporting an expert appointed by Brazil's Minister of Environment to help elaborate Brazil's National Climate Change Plan and Policy.
- Helping the Foundation partners' long-term Brazilian grantees (e.g., IPAM, IFT, FASE and AMAZON) obtain large grants from the Amazon Fund that should free up CLUA resources for alternative uses.
- Helping improve the quality of several national "REDD Readiness" and Preparation Proposals in Central America.
- Defending – so far effectively – the critically-important US Lacey Act (which prohibits the importation of wood products lacking documentation of a legal chain of custody) from challenges.
- Leading the development of methodologies to overcome barriers to the inclusion of US agriculture offsets in carbon markets.
- Providing essential funding for sustainable biofuels standards, now recognized by the EU Energy Directive, through support for the Roundtable on Sustainable Biofuels.

While CLUA's impacts are difficult to quantify, CLUA support has helped with both Brazil and Indonesia adopting quantified and measurable medium-term GHG emission reduction targets. If achieved – the likelihood of which is hard to assess at this point – the result in terms of tons of carbon-equivalent emissions avoided would be significant on a global scale. The evidence suggests that CLUA and its partners made a *major contribution* to these two countries' setting and adopting their targets. Furthermore,

CLUA's collaboration was a *significant factor* in Norway's decision to pursue a \$1 billion REDD+ agreement in Indonesia. It seems plausible to argue that these gains alone would justify the Foundation partners' investments in the Alliance.

CLUA has deliberately retained the flexibility to award grants and contracts in support of efforts to improve climate-related policies that have proved timely and well judged, yielding important gains in Brazil, Indonesia, Mesoamerica and the USA.

The main disappointments for CLUA so far have been shared by the broader forest conservation and environmental community. There is no UNFCCC "global deal" involving REDD+ and currently no prospect of a US cap-and-trade system. In Indonesia, progress appears to have slowed and faces a crucial next 12 months. In Brazil, recent years of reduced deforestation, for which CLUA and the partner Foundations' long-term grantees are due some credit, have recently been followed by changes in the Forest Code and the degazetting of protected areas; these appear to signal an unfavorable political shift, indicating that the sustainability of recent reductions in Brazil's annual deforestation rates is far from assured.

It is not surprising that CLUA and partners have been unable to mitigate or reverse these setbacks with their limited resources directed from a USA philanthropic base. It is impressive how close the CLUA principals, grantees and other partners have managed to stay to key decision-making processes as these situations have evolved and how much influence CLUA actually has had. The Brazilian Forest Code is the only case where CLUA arguably might have acted earlier or differently, but even here it is far from certain that any conceivable interventions would have had a significant impact.

Has CLUA learnt from these setbacks? Arguably, yes, although the lessons will take time to be identified and applied. The investment in UNFCCC was clearly a worthwhile bet as this was essentially the only game in town when it came to a global REDD+ regime, and it could possibly still deliver. Recently, however, CLUA has redirected some, but not all, of its resources and attention away from UNFCCC and towards other international efforts, which appears timely. The collaboration with Norway was also (and continues to be) a good bet, with no other country in the world coming close to Norway's financial and political commitment to REDD+. But Norway may not persevere in Indonesia and possibly elsewhere unless the prospects for a genuine performance-based forest management system improves during the next 1-2 years, which could have significant implications on CLUA's programming. In Brazil a key lesson is that the marginal gain from CLUA's relatively small investments in what are now large and high-performing NGOs can be redirected or more tightly managed with a National Coordinator based in the country.

With the exception of some of Packard's Demand Side work, CLUA has yet to work out a convincing approach towards the private sector – a diagnosis that could be shared with most other conservation-oriented organizations active in this field during recent decades.

There appears to be potential for more cross-Initiative learning within CLUA. While the Demand Side Program Team led by Packard has started exploring cross-cutting opportunities, this may be the only example. Priority themes for cross-Initiative learning include community forest management (CFM), low-carbon development planning, biofuels and safeguards.

At this point a key question for the partner Foundations is whether CLUA is having, or showing the potential to have, an impact that justifies the investments being made, both financially and in terms of their staff time? Our conclusion is that: **Given the opportunities and constraints CLUA faced, the Alliance has so far made excellent use of the available financial and human resources in pursuit of its objectives, and demonstrated an impressive potential to deliver valuable future impacts.**

What Next?

After laying solid foundations during the first two years, the Alliance seems well placed to push forward into its next phase. A Mid-Term Review of CLUA later in 2012 will reflect on options identified in the partner Foundations' MOU. The option of continuing the Alliance with its basic structure and operations would be consistent with our evaluation findings, even though we did not formally identify and assess alternative choices..

CLUA's overall justification and mission still appear at least as vital and compelling as they were when the Alliance was first conceived and then launched in early 2010. CLUA's first two years can be considered a start-up phase, with considerable attention paid to establishing solid working relationships while learning how to address different perspectives and priorities among the partner Foundations. Progress in this area has been very good, exceeding the expectations of many of the participants.

The Board, senior management, administration and the (multi-institutional) Initiative Program Teams all appear to be functioning well. Decision making throughout the Alliance appears transparent, consultative and well informed. Grantees and other partners are supportive although some remain unclear on CLUA's purpose and operating methods.

CLUA has started to explore new ways of monitoring its own performance, going beyond the reporting templates required by ClimateWorks. The performance of grantmaking Initiatives rather than individual grants should be a focus of this effort. The information collected, synthesized and reported through this process should connect directly with the development and periodic update of grantmaking strategies. The grantmaking strategies – both for CLUA as a whole and at the individual Initiative level – can be significantly improved in order to: (i) facilitate stronger engagement and guidance from the Board; (ii) document more clearly what the Program Teams are actually trying to achieve and how; and (iii) provide a sounder basis for assessing CLUA's performance over time.

In periodically “telling the story” of how well grant programs are performing, there is a need to distinguish between two lines of enquiry: (i) what impacts are grantees and

Program Teams having collectively (the *internal* questions); and (ii) what changes have taken place in the grantmaking context that affect the set of opportunities and constraints that the Program Teams and their grantees face (the *external* questions). These contextual changes could include developments in politics, policies, laws, economic conditions or other factors relevant to how successful grantmaking has been and is likely to be.

As of mid-2012, several challenges and opportunities appear likely to have a significant influence on CLUA's future impacts and progress towards its own goals:

- **Diminished prospects for global REDD+.** It now appears less likely that REDD+ will provide substantial resources to compensate countries with tropical forests for not exploiting these resources. Business-as-usual practices cannot be expected to change in the absence of significant and assured financial incentives, irrespective of laws and policies.
- **Political Realities.** Expectations of future achievements, and especially their timing, should reflect shifting political realities. Recent or impending changes in government in Brazil, Indonesia and Mexico, as well as the debt crisis in Europe and the USA all suggest the onset of potentially less favorable forest policy environments than were experienced during CLUA's early years.
- **Scalability of community forest management.** CLUA has increasingly focused on CFM as a potentially effective and scalable mechanism for achieving its goals. The implications of this shift in emphasis have yet to be fully elaborated.
- **Involvement in agriculture.** With the exception of Packard's US Agriculture program, agriculture has not played the role envisioned in CLUA's initial strategy. Options should continue to be explored.
- **Promotion of low-carbon development pathways.** CLUA has supported the development of low carbon emission/green development plans, all more or less based on REDD+ but seeking integration with broader economic development planning processes. The history of externally-supported development planning processes is not strong, especially when there is limited funding for implementation as seems likely here. The preparation of such plans may prove easier to encourage than their adoption and implementation.
- **Engagement with other sectors.** Experience suggests that tropical forest governance cannot be significantly improved without the engagement of diverse economic sub-sectors that influence land use – not just agriculture, but energy, mining, water, etc. When combined with CLUA's low-carbon planning efforts, this consideration makes the World Bank, Global Environment Facility and various UN agencies appear essential partners. It is important to consider the extent to which CLUA currently has the capacity to be effective in this broader economic and social development arena.

- **Influencing the Private Sector.** CLUA has not sufficiently articulated an approach to working with (or even against) the private sector, despite this topic's inclusion in most Initiative strategies. This is a vast and complex topic with considerable reputational risks as several major NGOs have experienced, but the private sector is so important to the achievement of CLUA's goals that this potential program area deserves further explicit consideration.
- **New Science.** Scientific understanding of GHG emissions from land use is changing rapidly. New science will undoubtedly impact the validity of quantitative mitigation goals established earlier and could affect grantmaking priorities at global and national levels. CLUA should start to periodically summarize and report on the impact of scientific advances on its own goals and strategies.
- **Country Strategies.** Our in-depth case studies suggest rethinking CLUA's grantmaking strategy in Brazil and exploring alternative grantmaking priorities in Indonesia.
- **Social and Environmental Safeguards.** Building on CLUA's successes to date, some areas deserve continued attention, notably World Bank's current safeguards review and the safeguards policies and compliance of bilateral development agencies' expanding REDD+ programs.
- **Outside Current Comfort Zones.** There may be other areas with potential where CLUA currently does not have expertise, such as trying to influence the investment policies of sovereign wealth funds or the often-nontransparent financing of forest-threatening infrastructure development. We are aware that CLUA has considered investing in China, and would encourage the continual consideration of new grantmaking possibilities.

We recommend that CLUA assess and make explicit decisions on whether or how to respond to these thematic and geographic challenges, several of which would likely benefit from cross-Initiative information exchanges and learning. In each case the assumptions, risks and likely time periods involved should be elaborated.

These suggestions should not be interpreted as a call for CLUA and partners to take on a wider spectrum of issues related to land use. Instead, it seems critical that CLUA builds on what it does well and very carefully prioritizes the use of its modest quantity of financial and staff resources.