



2014:9

Sida Decentralised Evaluation

Sanne Chipeta
Anna Liljelund Hedqvist
Flemming Sehested
Ditte Juul Kristensen

Evaluation of the Market Transformation Initiative (MTI)

Final Report

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February 2014**

**Sanne Chipeta
Anna Liljelund Hedqvist
Flemming Sehested
Ditte Juul Kristensen**

Authors: Sanne Chipeta, Anna Liljelund Hedqvist, Flemming Sehested and Ditte Juul Kristensen

The views and interpretations expressed in this report are the authors' and do not necessarily reflect those of the Swedish International Development Cooperation Agency, Sida.

Sida Decentralised Evaluation 2014:9

Commissioned by Sida

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Date of final report: February 2014

Published by Citat 2014

Art. no. Sida61709en

urn:nbn:se:sida-61709en

This publication can be downloaded from: <http://www.sida.se/publications>

SWEDISH INTERNATIONAL DEVELOPMENT COOPERATION AGENCY

Address: S-105 25 Stockholm, Sweden. Office: Valhallavägen 199, Stockholm

Telephone: +46 (0)8-698 50 00. Telefax: +46 (0)8-20 88 64

E-mail: info@sida.se. Homepage: <http://www.sida.se>

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Abbreviations and Acronyms

ABNJ	Areas Beyond National Jurisdiction
B4D	Business For Development
BCI	Better Cotton Initiative
BRIC	Brazil, Russia, India and China
CoC	Chain of Custody
CSA	Canadian Standards Association
FAO	Food and Agriculture Organization of the United Nations
FPIC	Free, Prior and Informed Consent
FSC	Forest Stewardship Council
GFTN	Global Forest & Trade Network
IFC	International Finance Corporation
ISSF	International Seafood Sustainability Foundation
M&E	Monitoring and Evaluation
MSC	Marine Stewardship Council
MSEK	Million Swedish Kronor
MSI	Multi Stakeholder Initiative
MTCC	Malaysian Timber Certification Council
MTI	Market Transformation Initiative
NGO	Non-Governmental Organisation
PEFC	Programme for the Endorsement of Forest Certification
P&P	Pulp and Paper
RFMO	Regional Fisheries Management Organisation
RSPO	Roundtable on Sustainable Palm Oil
SFI	Sustainable Forest Initiative
Sida	Swedish International Development Agency
ToR	Terms of Reference
UN	United Nations
WWF	World Wide Fund for Nature

Preface

This evaluation report is the result of the evaluation process of the first phase of Sida core support to the Market Transformation Initiative (MTI), which has been implemented by the World Wide Fund for Nature (WWF) from 2010 to 2013. The MTI is a global initiative within WWF for transforming markets towards greater sustainability in terms of natural ecosystems and diversity. The MTI works on engaging all actors along supply chains of fifteen different commodities, which are seen to be critical for environmental and natural resource protection worldwide.

The evaluation report analyses the overall results of the core support in terms of market transformation towards sustainable production and the results obtained from work with commodities. The evaluation has particularly focused on assessing the results of the forestry commodities timber and pulp & paper. Moreover, through a forest certification case study, the report assesses current knowledge regarding the plausibility of field level impact of the market transformation through certification.

The evaluation was conducted over a period from June to December 2013 and the report provides recommendations for Sida's future support to the MTI programme, which are aimed at supporting the formulation of a second phase of the programme support starting from 2014. The final evaluation report has incorporated comments from Sida and WWF as well as the discussions from the validation seminar held in Stockholm 3 February 2014 with representatives from WWF/MTI, Sida and the evaluation team. The evaluation was conducted by Indevelop AB under the Sida framework agreement for evaluation and reviews.

The evaluation team consisted of Sanne Chipeta, as Team Leader, and Anna Liljelund Hedqvist, Ditte Juul Kristensen as evaluators and Flemming Sehested as technical expert. Quality assurance of the reports was conducted by Ian Christoplos, Project Director at Indevelop for Sida framework agreement for evaluation and reviews.

WWF has, as a response to the evaluation, developed a management response to the evaluation that is included as an annex to this final evaluation report.

Executive Summary

This is an evaluation of the Sida core support to the World Wide Fund for Nature's (WWF) global Market Transformation Initiative (MTI) 2011-2013. The support is part of the Business for Development (B4D) programme of a total of 31.2 MSEK. For Sida B4D, the partnership with WWF on the MTI is seen as an important example of collaboration between the private sector, civil society and the public sector to leverage greater resources for sustainable global development.

The purpose of the support is:

“To enable WWF to develop, strengthen and scale up the MTI by supporting a consolidated strategy and method for influencing companies and whole commodity markets towards more sustainable practices and demand”

The MTI is a global initiative within WWF for transforming markets towards greater sustainability in terms of natural ecosystems and diversity. The MTI works on engaging actors along supply chains of 15 different commodities which are seen to be critical for environmental and natural resource protection worldwide. It works to initiate, develop and improve standards for better and more sustainable production, while also influencing key producers and buyers of each commodity to certify their production and buy certified products. The MTI also works with producers to build their capacity and prepare them for certification.

The present evaluation has assessed the programme in terms of relevance, effectiveness, efficiency, impact and sustainability. The progress in terms of results is assessed against the logframe of the programme, including how the programme is progressing in terms of achieving the long-term goals. The possible connection between the MTI programme and poverty outcomes and impact has been assessed through a case study of forest certification.

Relevance

The overall goal of the WWF and the MTI to influence global markets towards more sustainable practices is highly relevant for the overall goal of Swedish development cooperation and links to both environmental protection and human wellbeing.

Despite the MTI's clearly defined goals, the evaluation found that the partners (Sida and WWF) have different expectations concerning the results that the initiative will achieve. Sida has an expectation that the MTI will contribute to Sweden's overall goal for international development cooperation of poverty reduction.

WWF has a long-term emphasis and established role in environmental conservation. The main focus of the MTI is the promotion of the certification systems where WWF gives more attention to environmental benefits. Social and human rights outcomes and impacts are assumed to be achieved indirectly through the certification processes.

The indicators in the logframe for the Sida core support to the MTI are mostly quantitative measurements of up-take of certification. Changes are often measured at levels where many actors are involved and WWF/MTI has limited influence over the results, such as an increase in hectares of certified forest or in the volume of certified produce. The longer-term goals of poverty reduction and improved livelihoods are not captured as objectives in the MTI logframe.

The MTI programme concept is based on the assumption that moral or economic motivations can be generated among business stakeholders so that they applying the principles of sustainable and responsible sourcing and production. The evaluation found that the motivation for transformation depends on where the stakeholders are in the value chain. At the top of the chain the motivation is linked to branding and the avoidance of reputational risks. These motivating factors apply to Northern¹ companies. Retailing and financing companies from the BRIC countries are generally not motivated in this way.

Further down in the value chain – among traders, manufacturers and producers, such as the forest owners/managers – motivation is closely linked to demands from the market, such as linkages to better markets, opportunities for exposure, exchange of ideas and capacity building.

Effectiveness and efficiency

As an overall programme, the MTI has been partly effective at achieving its targets according to the logframe. For most of the commodities where uptake of certification is measured there is progress in line with the annual targets, but some are still rather far from the ambitious long-term targets.

The overall picture is that the market for the concerned commodities has changed, to a certain extent, during the period of Sida core support. This cannot be fully attributed to the MTI but WWF, through the MTI, has made important contributions to the achievements, which include development of market systems for cotton, palm oil and tuna; environmental sustainability and social responsible sourcing of produce has become a mainstream concern in the Northern part of the world.

¹ In the WWF terminology, the Northern Countries refer to countries in the Northern part of the globe and Southern countries are countries in the Southern part of the globe

For forest production (timber and pulp & paper), the development in the FSC (Forest Stewardship Council) certified area has globally increased rapidly during the last three to four years and, currently, more than 180 million hectares of forest are FSC certified. However, GFTN (Global Forest & Trade Network) membership has remained more or less constant with 22 million hectares (certified and non-certified)² during the same period. It has not been possible to assess how much GFTN has contributed to the increase in certified area.

The programme has been less effective in achieving the targets of forestry in the WWF priority places and significant results in tropical forests are still lagging. Of the current 20 million certified hectares operated by GFTN participants, only 1.9 million hectares are in the tropics. The effectiveness of the strategy of working through big Northern-based retailers to impact the tropical forest is therefore seriously questioned.

The Sida core support to the MTI is not fully-fledged core support to the MTI strategy but rather support to a sub-set of the strategy. However, the mechanism is still regarded to be more efficient than project support. It has not been possible for the evaluation team to assess the cost efficiency of the support because the total budget and expenditure have not been available.

Impact

The strategy of creating market demand by working with the big market actors, mainly in the Northern countries, has had a relatively positive impact at the global level with regard to changing the terms of trade for the targeted commodities.

The main driver for transforming towards more sustainable practices mainly functions with companies whose market is in Northern countries. Therefore, the MTI effort has yet to demonstrate significant, transformational impact in large and rapidly-growing markets in BRIC countries.

In relation to the work with forestry, the strategy has not been able to show significant impact in the local markets of the tropics.

With the limited attention that has been given to monitoring the long-term environmental and social impacts, including gender and human rights impacts, it is difficult to say if the MTI is progressing towards achieving the ultimate impact as described in the MTI Theory of Change. There is case specific, anecdotal evidence of impact in terms of enhanced biodiversity as well as improved stakeholder engagement, and

² It should be noted that there are alternative certifications schemes for forests than FSC (PEFC, SFI, CSA, MTCC etc.). As for the alternatives 250 million hectares are certified with approximately 16.000 CoC. This brings the global certified forest area up to 34%.

workers' safety and benefits. But comprehensive research would be needed to verify these trends.

Sustainability

The sustainability of the results of the MTI rests on the economic viability of the voluntary sustainability certification business case. This is complicated to assess because the business cases differ between the value chains that the MTI is involved in. At the top of the value chain – with big Northern retailers – it appears that the effects of branding and good publicity are a sufficient incentive to comply with the sustainability requirements for purchasing commodities.

Forest enterprises in the Northern countries, which start out with good management, will have to make very limited management changes; therefore, the business case for these certifications may be sustainable. However for the forest enterprises, with low standards of management, the costs of bringing the management up to the required level are much higher and here the business cases for certification are not sustainable but currently depend on donor funding.

There are good prospects for the institutional and capacity sustainability of the commodity networks and the related certification systems as these are driven by business interests and linked to branding of their businesses.

Recommendations

Stronger alignment and harmonisation

It is recommended that the Sida core support in the future align with the MTI strategy to a greater degree. The results framework should clarify the expectations regarding realistic outcomes and impact for both partners. It is recommended that opportunities for increased dialogue between the MTI and Sida are explored and synergies between the MTI and other Sida-supported initiatives are found in order to enhance impact; for example in areas such as policy influence and in the capacity strengthening of public sector actors.

It is strongly recommended that WWF continues to strengthen the ongoing internal process of aligning and harmonising global strategies, including the monitoring system and financial reporting.

Strengthen monitoring framework for learning and quality results

It is recommended that the monitoring framework of a future programme constitutes realistic objectives at outcome levels that are within the control of the programme. The quality aspects of the MTI's work should be captured, such as behavioural and attitudinal changes among the stakeholders that MTI interacts with.

Sida and WWF should moreover agree where MTI monitoring will focus in relation to Swedish policies for development cooperation.

Strengthen the focus on achievement of long-term goals

It is recommended to continue the work of obtaining more information about the long-term environmental and social impacts of certification, as this needs to inform the future strategies of the MTI. It is recommended that WWF/MTI work more proactively with a rights-based approach, including gender and poverty perspective throughout the programme.

It is recommended to focus more on providing guidance to collaborating companies and building their capacity to work with local communities. More linkages should be created with other initiatives and organisations which possess the competencies for this and also with programmes focusing on strengthening policies, governance and the institutions required for the enforcement of legal frameworks.

Increase accountability and transparency for maintaining credibility

It is recommended that accountability and transparency are seriously improved in the MTI programme. One step is to have a realistic logframe/results framework, with clear and measurable indicators, that can easily be linked to the MTI's activities. Another area is that WWF become more proactive in putting pressure on the business partners to measure their progress and make such information publicly available.

Increase results in risky areas

It is recommended that a future programme focus its attention towards increasing results in the WWF high priority places, including tropical areas. The focus on BRIC countries is an important step and should be continued. New strategies and new partnerships may be required for some of these countries.

Establish research for monitoring of long-term outcomes and impact

It is recommended that a future programme include a research component which enables independent and credible research to be conducted, in order to monitor the long-term outcomes and impact of the sustainability certification.

1 Background

1.1 THE SIDA CORE SUPPORT PROGRAMME TO THE MTI

1.1.1 The Sida Core Support Programme to MTI

Sida has, as part of the Business for Development (B4D) programme, been in partnership with the World Wide Fund for Nature (WWF) for the last 2.5 years (2011-2013) and has provided 31.2 MSEK as core support to WWF's global Market Transformation Initiative (MTI) with the following purpose:

“To enable WWF to develop, strengthen and scale up the MTI by supporting a consolidated strategy and method for influencing companies and whole commodity markets towards more sustainable practices and demand”

For Sida B4D, the partnership with WWF on the MTI is seen as an important example of collaboration between the private sector, civil society and the public sector to leverage greater resources for sustainable global development.

The WWF-Sida MTI partnership covers support for:

- Advancing the overall MTI strategy and method (horizontal work³)
- Engaging with the financial sector (horizontal work)
- Engaging with key corporate players and emerging platforms across all commodity supply chains, including transformational partnership agreements with companies (horizontal work)
- Core teams/functions within some specific markets (5 out of a total of 15 commodities targeted by the MTI) (vertical work⁴):
 - Cotton
 - Palm oil
 - Timber
 - Pulp & paper
 - Fisheries (tuna)

³ Horizontal work here means work across commodities

⁴ Vertical work here means work within the commodity lines towards the field level

Sida sees the MTI as an opportunity to increase its knowledge on working with the private sector towards market transformation for greater sustainability.

1.2 THE MARKET TRANSFORMATION INITIATIVE

1.2.1 MTI purpose and objectives

The MTI is a global initiative within WWF for transforming markets towards greater sustainability in terms of natural ecosystems and diversity. The MTI works on engaging all actors along supply chains of 15 different commodities, which are seen as critical to environmental and natural resource protection worldwide. The rationale is to practically engage the private sector in conservation around the world and create demand from large numbers of commercial buyers towards promoting sustainability in the supply chains of those commodities that are most critical to the protection of the world's natural ecosystems.

The MTI programme is catalytic in nature. The MTI works together with different stakeholders throughout the entire value chain of critical commodities⁵ to initiate, develop and improve standards for better and more sustainable production, while also influencing key producers and buyers of each commodity to certify their production and to buy certified products. The MTI also works through WWF's global network, both directly and indirectly, with producers to build their capacity and prepare them for certification.

WWF's overall goal is to contribute to greater environmental sustainability and thereby protect the world's natural resources and diversity. The MTI focuses on influencing markets at a global level and to transform markets on a large scale into favouring more sustainable practices. This will, ultimately, lead to the overall WWF goal. Furthermore, the Sida MTI proposal also assumes a connection between the market transformation and social, human rights and economic goals at the level of end beneficiaries.

The long-term goal of the MTI⁶ is that, by 2020, 25% of the global productions of 15 priority commodities will be certified against credible, global sustainability standards. For the 35 so-called WWF priority places, the goal is that 75% of the purchases of the priority commodities will be certified against credible, global sustainability standards by 2020. Toward these ends, the focus of the MTI core work is intended to be:

⁵ Critical in the perspective of conservation of environment and natural resources

⁶ WWF; 2011; Making Markets Work for People and Nature; A Partnership Framework Proposal from Världsnaturfonden WWF; 2011-Q1-2, 2013

- Developing and finalising new standard settings and/or certification systems for target commodities that currently lack them
- Building the adoption of recently-launched standards
- Scaling up market share for long-standing certifications
- Strengthening standards and their governance
- Building capacity across commodity teams
- Sharing lessons learned to ensure overall effective delivery on market transformation

1.2.2 Implementation structure - How does MTI work?

The MTI consists of a rather complex set of actors and activities – or, rather, catalytic processes – which all are intended to transform the global market towards greater sustainability. The activities/processes undertaken can be described as follows:

- The MTI is operating at global, regional and national levels. Work with commodities is initiated and developed at the global level through Multi Stakeholder Initiatives (MSI) and successively implemented at global, regional and national levels. As WWF is a network organisation, the implementation at regional and national levels is facilitated in a decentralised manner according to demand.
- The MTI works with the stakeholders to create global networks around critical commodities via MSIs,⁷ such as roundtables. The roundtables consist of the key players across the commodity supply chains, including buyers, producers, suppliers, relevant Civil Society Organisations, advocacy groups, academics, technical experts and other interested parties. They are the fora to begin negotiating the standards and procedures that may later be developed into certification schemes for the commodities. The WWF MTI currently works with 15 different commodity supply chains, of which the Sida support focuses on five: timber, paper and pulp, palm oil, cotton and fisheries. WWF has also identified and focused on High Priority Places⁸ of production, i.e. geographical areas where there is a particular environmental threat connected to the use of natural resources. The MTI has a specific focus in the high priority places.
- The MTI works with creating demand for the sustainable management of commodity supply chains and, thereby, for the certification of the commodities through influencing key players at the top end of the supply chain – retailers and brands/buyers.
- The MTI also works with the financial sector, seeking to transform the financial market for the relevant commodity chains to demand sustainability in the supply chains that they finance – and, if possible, demand certification of the commodity

⁷ For further information on MSI see the overview of MSIs in the Annex 5.2

⁸ WWF has identified 35 global priority places around the world

chains that they finance, e.g., when financial institutions lend money to the forest industry; FSC certification is often a demand.

- The MTI supports developing the capacity for better and more sustainable management practices among producers and processors through their own network, as well as through other partners operating at the field level. The MTI commodity teams provide technical support and training to these actors in order to make it possible for suppliers of the commodities to achieve the certification standards, and also to the certification bodies to develop their capacity to implement the standard certification procedures.

An emerging area of work for the MTI is advocacy and technical assistance towards governments and other policy makers, such as the EU on development of policy, laws and regulation on sustainable production and procurement of the prioritised commodities.

1.3 THE EVALUATION OF THE FIRST PHASE – PURPOSE AND AGREED UPON SCOPE

According to the ToR (see annex 5.1), the purpose and objectives of the evaluation are:

- Assess the results achieved through the Sida core support to the MTI by evaluating the relevance, effectiveness, efficiency, impact and sustainability of the MTI including assessing the results for the beneficiaries of the initiative.
- Provide recommendations for future work.

In order to limit the scope of the evaluation, two of the five main commodities supported by Sida have been selected for review. These are timber and pulp/paper, which are both part of the Global Forest & Trade Network (GFTN) that is supporting the Forest Stewardship Council Certification (FSC) scheme. So far, timber and pulp & paper are the most mature and well-developed commodity supply chains in this regard.

The present evaluation has assessed the programme in terms of relevance, effectiveness and efficiency, impact and sustainability. The progress, in terms of results, is assessed against the logframe of the programme and also with regard to how the programme is progressing in terms of achieving its long-term goals, as described in the programme document. This includes assessing how the programme activities contribute to balancing the environmental, social and economic interests of stakeholders so that they are likely to produce positive outcomes, from the perspectives of both Sida and WWF. The evaluation has also sought to determine market transformation drivers, i.e. how are different stakeholders motivated to transform and who actually benefits from the MTI.

The possible connection between the MTI programme and poverty outcomes/impact has been assessed through a review of literature in the area of impacts of forestry certification and standards.

2 Methodology

2.1 UTILISATION

The intended users of the evaluation are:

- Sida, unit for Private Sector Collaboration and ICT
- WWF /MTI senior management staff such as the MTI Leader, commodity leaders, implementing offices and M&E staff.

The evaluation has used a utilisation focused approach, whereby an inception meeting with the partners of the core support programme, Sida B4D and WWF MTI, was conducted to initiate the evaluation, which is where the partners' intended use of the evaluation was clarified and the scope of the evaluation was agreed upon.

For Sida, the evaluation is important for providing guidance to their future support to WWF/MTI.

For WWF, the evaluation and its recommendations are intended to contribute to the process of reviewing the MTI strategy that will start end of 2013 and conclude during the first half of 2014.

2.2 STAKEHOLDER ANALYSIS

The MTI consists of a rather complex set processes involving different actors and activities which are all intended to transform the global market towards greater sustainability.

As mentioned above, 'the backbone' of the MTI work is the Multi Stakeholder Initiatives (MSIs) that are often named as roundtables. These are international networks of multi stakeholders and often consist of a very diverse group of constituencies around the supply chain of a specific commodity. The MSIs relevant for the Sida support to the MTI are:

- Forest Stewardship Council (FSC)
- Roundtable on Sustainable Palm Oil (RSPO)
- Better Cotton Initiative (BCI)
- Marine Stewardship Council (MSC)

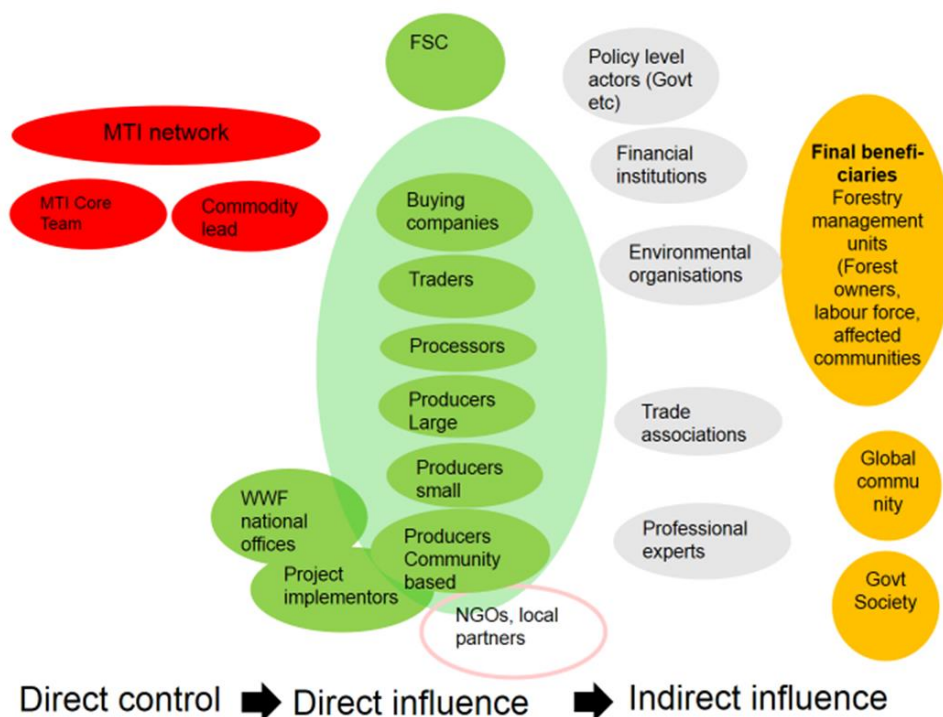
WWF has been involved in establishing these MSIs, but it is important to understand that there are many other actors involved as well. Apart from the stakeholders themselves, the actors include forums and initiatives such as:

- Global Environmental Facility (GEF)
- The United Nations Forum on Forest (UNFF)
- The Collaborative Partnership on Forests (CPF)

The MTI thus collaborates with a large range of stakeholders and these were identified during the inception phase, as seen in figure 1, in which the stakeholders are placed according to the MTI's level of influence.

According to figure 1, the end beneficiaries are intended to be producers, the labour force in the production and processing lines, and the affected local communities. In the forest commodity line this will, for example, be forest owners and managers, forest workers and the local communities that are directly or indirectly affected by the forest and associated industry. Other beneficiaries are national societies and the global community.

Figure 1. MTI Stakeholders in Forestry



2.3 METHODOLOGY APPLIED

The evaluation criteria, questions and indicators, as well as the means of verification are found in annex 5.7 The evaluation matrix. The evaluation was conducted in three phases:

- Inception phase: This phase provided an overview of what data is available, which stakeholders/actors/experts to consult with and included a detailed plan for

consultations, interviews and the field visit. Moreover, the structure for the literature review and interviews was developed. Both in the ToR and during the inception period, it was highlighted that this evaluation would use the forestry and pulp/paper commodity line as a case study.

- **Data Collection:** The data collection included the following:

- Mapping of outcomes and stakeholders
- Literature study
- Field visit to Indonesia
- Collection of logframe data from monitoring systems
- Interviews with stakeholders

- **Reporting**

The evaluation has sought to ensure the validity of the analyses through triangulating all sources of information. During the evaluation, information was sought from a combination of:

- A desk review of the programme monitoring data and progress reports - see annex 5.6 list of documents reviewed.
- Interviews with a selection of people in all groups of stakeholders (as mapped out in figure 1) – see the list of interviews in annex 5.4.
- For the timber and pulp & paper commodity lines, a visit was conducted to Indonesia, where stakeholders were interviewed at the field level (national WWF staff, forest enterprises, government officials and certification bodies).
- Review of a selection of literature on outcomes and impact of forest certification. The literature review has provided a synthesis of what is known about the connection between certification and poverty outcomes/impact from MTI-related projects and other projects of forest certification – see annex 5.5 case study review.

Moreover, the findings and recommendations of the draft evaluation report was presented and discussed at a validation workshop with the participation of senior management staff from Sida (from the B4D programme and other relevant departments) and WWF MTI in beginning of February 2014.

The evaluation has used the OECD/DAC definition of the different levels of results:

- **Output:** *The products, capital goods and services which result from a development intervention; may also include changes resulting from the intervention which are relevant to the achievement of outcomes.*
- **Outcomes:** *The likely or achieved short-term and medium-term effects of an intervention's outputs.*
- **Impacts:** *Positive and negative, primary and secondary long-term effects produced by a development intervention, directly or indirectly, intended or unintended.*

2.4 EVALUATION PROCESS AND LIMITATIONS

The present evaluation was initially planned to begin in 2012, and due to delays within Sida, was instead commissioned in June 2013 with a planned start in July 2013. The scope of the evaluation, as per the ToR, was very ambitious compared with the resources available. The ToR included a verification of impact results at the field level, despite there only being resources available for one short field trip for one person. With the MTI being a global programme, it posed a challenge from a methodological point of view on how one could analyse the linkages between the MTI's global work and down to the field level. It was agreed during the inception phase that the evaluation should focus on the forestry and pulp/paper commodity lines as cases when assessing the MTIs work. The availability of staff at Sida during the evaluation phase has also been a limiting factor. The process of the evaluation has, thus, from the beginning, been challenging – first to adjust the scope of the evaluation to the available resources, and subsequently, the engagement of the partners has posed other challenges.

The complexity of the MTI setup, which involves a vast number of stakeholders within the WWF network, has also had an impact on the evaluation process. The complexity of the setup, and how WWF and the MTI share information internally and externally, translated into concerns for the evaluation team and hindered the evaluation process.

While certain key individuals have been cooperating with the team of evaluators, the overall assessment of the evaluation team is that there has been an attitude of reluctance to provide and share information. This has resulted in it being necessary to ask for the same information repeatedly, such as information about GFTN operating countries for selection of field visits, regarding collaborating companies and contacts to these as well as information on financial management – MTI funding and spending of Sida funds. For some of this information, the team has had to find alternative channels.

The evaluation team had particular difficulties in obtaining information regarding GFTN results in priority places and tropical areas. The required information was provided after the submission of the draft evaluation report. This information has been analysed and has been incorporated into this final evaluation report.

Another concern related to the sharing of information has been the outstanding difficulties in making actual contacts with the corporate partners as requested. As a result, the evaluation team has not been able to interview corporate partners to the extent that was planned.

Less commitment/ownership among stakeholders has been seen for the evaluation in relation to their contact with Sida being less direct, for example, during the team leader's field work in Indonesia, with the main purpose to interview GFTN related

staff and stakeholders. Despite the GFTN monitoring officer's serious efforts, other GFTN staffs were reluctant to allocate sufficient time for interviews.

The limited number of interviews with corporate partners and also, in some cases, limited time with some of the MTI staff members are limitations in this evaluation.

The difficulties encountered in the evaluation process may, however, contain findings in themselves. It is suggested that the reasons for the difficulties may be:

- There are structural difficulties in effectively coordinating a global programme in an institutional setting of decentralised national organisations, which have their own projects and agendas that do not always align with the international agenda.
- Transparency in the sharing of information seems to be problematic within the organisations, where negative attitudes seem to extend beyond individuals and raises questions if there is more of an institutional limitation.

3 Findings

3.1 RELEVANCE

3.1.1 The relevance of the logframe

WWF's overall goal is to contribute to greater environmental sustainability and thereby protect the world's natural resources and diversity. The MTI focuses on influencing markets at a global level, preferably on a large scale, to transform into favouring more sustainable practices, in order to pursue the overall WWF goal.

It is clear that the overall goal is highly and urgently relevant for Sweden's objectives for international development cooperation, which covers both environmental protection as well as improved livelihoods for people living in poverty. Natural resources and diversity are dwindling rapidly and deforestation, in particular, is a major contributing factor in global climatic change.

According to the project document, the long-term goals of the MTI are: 25% of the global productions of 15 priority commodities will be certified against credible, global sustainability standards by 2020. For the 35 so-called WWF priority places, the long-term goal is that 75% of the purchases of the priority commodities will be against credible, global sustainability standards by 2020.

Sida's core support to the MTI is not actual core support to the overall the MTI strategy, but is, rather, based on a separate strategy for a sub-set of activities which exist within the overall MTI strategy. The logframe for Sida's core support to the MTI consists of a set of goals, objectives and indicators for the MTI core activities and for each of the five commodities timber, pulp & paper, palm oil, cotton and tuna, including a set for MTI's work with financial institutions.

The strategies and activities of the MTI are, to a large extent, market-based. The primary focus is on the establishment of global level networks in order to influence the development and improvement of standards, promote the uptake of credible certification among global stakeholders and enhance the technical capacity of selected producers and processors. The objectives of the programme are linked to the market-based strategy, such as developed standards for the certification of commodities, the adoption of certification by scaled up market shares and capacity in the national organisations to scale up and engage with market actors.

The indicators in the MTI logframe are mostly quantitative measurements of the uptake of certification and, generally, do not fully capture the qualitative aspects of the MTI work. Changes are often measured at levels where many actors are involved and where WWF/MTI has limited influence over the results, such as an increase in hec-

tares of certified forest or volume of certified produce. Those changes in behaviours and attitudes that are more directly linked to the contribution of the MTI are not being measured, such as the result of the capacity strengthening activities of WWF national offices, the qualitative aspects of the transformative partnerships, etc. The qualitative aspects of MTI's work with stakeholders, such as the relevance and effectiveness of technical support, are not fully captured in the logframe.

Since the design of the programme implies that WWF interact with many different stakeholders at different levels to transform markets, and there are also several other actors working in the same area, the long-term developmental goals of the MTI are very much outside of the direct sphere of control and influence of WWF. The objectives at impact level of the MTI cannot be attributed to the MTI's work alone, but are part of an environment where many actors are involved and where external political and economic factors have strong influence on whether or not defined objectives are fulfilled. Throughout the implementation of the core support programme, Sida has requested that the MTI report on impact indicators. This has, however, been problematic, as it forces the MTI to claim impact results that they have too little influence on; this does not just apply to attribution of results but also to the MTI contribution to results at this level. It would probably be more appropriate to focus on the qualitative outcome level aspects of the MTI work.

The evaluation therefore finds that the programme, overall, is relevant but that the design of the logframe is not fully relevant due to an implicitly over-ambitious focus on impacts in a programme that has limited influence on these impacts.

3.1.2 The relevance of the programme to environmental, social/HR and economic goals

Despite the clearly-defined goals of the MTI, the evaluation has found that the partners in the collaboration (WWF and Sida) have rather different expectations of what results the MTI will achieve, when, and also at which level.

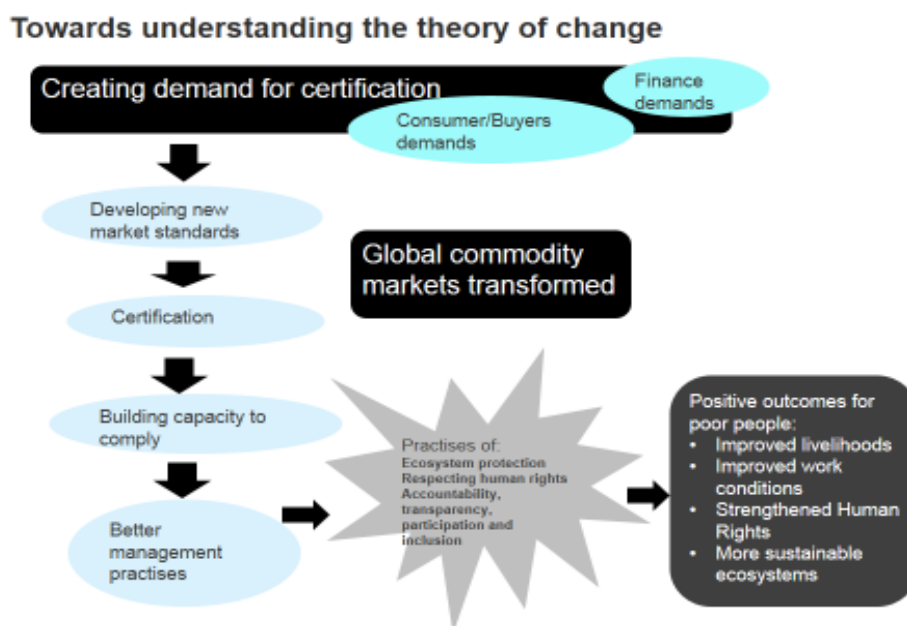
Sweden has an overall development goal of improving living conditions for people living in poverty. Sida's website states that the MTI contributes to the objectives of Sida's B4D initiative by engaging the private sector to contribute to sustainable development to achieve more development impact. It is stated that the aim of the initiative is to transform major global commodity markets, such as cotton, palm oil and timber, towards greater sustainability, with positive outcomes for people living in poverty as well as positive impacts for the environment. According to Sida's Assessment Memo for the Proposal, the positive outcomes are expected in the areas of:

- Improved livelihoods
- Improved working conditions
- Improved human rights
- Improved and more sustainable natural ecosystems

It is moreover expected that these can be found and measured as results at the level of beneficiaries at field level in developing countries. This, however, is not reflected in the logframe of the core support programme.

The rationale behind the programme is that the certification is the main process that will lead to a change in behaviour among private enterprises, and improved management by the producers, which, in turn, will lead to improved social and environmental conditions. The overall theory of change is thus the same for Sida and the MTI and can be illustrated as figure 2.

Figure 2. Theory of Change⁹



However, the rationale, intentions and the logframe by which the programme is measured are not well aligned. The stated and monitored goals and objectives of the MTI, according to the logframe, do not reflect the underlying intentions of achieving development results in terms of social, economic and environmental outcomes and impact at the field level which will lead to improved living conditions for poor people in developing countries. The logframe, further, does not include indicators that capture gender and human rights principles. Recognising that it is a challenge to attribute long-term impacts to the MTI, and that the monitoring of the programme is primarily at the output and outcome levels, the MTI is not focused on the social impacts of the certification or MSIs. Since WWF has a long-term emphasis on, and also established

⁹ As developed by the evaluation team during the Inception phase of the evaluation

role in, environmental conservation, their contribution mainly emphasises the environmental benefits, and it is largely up to other actors to focus on the social and human rights impact.

It is therefore not surprising that of all the WWF staff interviewed during the evaluation, only one mentioned the improved livelihood of end beneficiaries as a goal for his/her work. There are however signs from closer discussions during the interviews and from recent WWF/MTI publications, that WWF/MTI are currently moving towards capturing the outcome of social impacts and have recently established a WWF social indicators working group.

One could argue that the measurement of the social impacts of the MTI is embedded in the measurement of the uptake of certification, as it is implied that the certification process will lead to improved social conditions. In the case of forestry and paper/pulp, the FSC has principles and criteria in place to ensure compliance with human rights standards. FSC, as an organisation, also has a setup which guarantees participation by different stakeholders. It should, however, be noted that some of the respondents questioned if the real influence of different stakeholders in roundtables in reality is equal. Here, the various FSC chambers¹⁰ were mentioned as an example where stakeholders in the economic chamber were perceived to have more resources to influence. The principle of Free Prior Informed Consent (FPIC)¹¹ also provides a good hypothetical starting point for ensuring that the principles of participation, non-discrimination, accountability and transparency are adhered to. There are, however, challenges in ensuring that the practical implementation of FPIC in forest management leads to the respect of human rights of communities and indigenous peoples, since it takes both time and resources to do it right. The case study, annex 5.5, shows that there is still limited evidence that the implementation of FPIC has significant impacts in terms of securing rights of indigenous peoples and communities in relation to forestry investments.

¹⁰ FSC consists of three chambers; economic, social and environmental chamber. Each chamber is in turn divided into representation from North and South.

¹¹ FPIC is the principle that a community has the right to give or withhold its consent to proposed projects that may affect the lands they customarily own, occupy or otherwise use. FPIC, is a key principle in international law related to indigenous peoples and also increasingly for communities rights to protect themselves from negative impact of land based investments. FPIC has been reinforced in the new FSC Principles and Criteria for Forest Management as per 2012.

3.2 EFFECTIVENESS AND EFFICIENCY

3.2.1 Overall results of the programme as per logframe

The overall results of the MTI, as per the logframe, in terms of transforming markets towards sustainable production, are only partly satisfactory. The long-term goals of 25% of the global production of 15 priority commodities being certified against credible, global sustainability standards by 2020 and 75% of the purchases of the commodities in priority places, are highly ambitious.

Table 1 shows the results in terms of targets for 2013 of global uptake – here measured as certification for the five MTI Sida core support commodities during the support period from 2009 to 2013.

Table 1. Global standards uptake for MTI Sida core support commodities				
Commodity	Indicator	Baseline 2009	Planned 2013	Status 2013
Timber	% FSC certified Hectares	8,4 %	14,6% (2014)	14,2% ¹²
Pulp & Paper	Virgin fibre: % FSC certified Hectares	4 %	6,7 %	6,3%
	Recycled fibre % m3	51,9 %	54% (2014)	53,4%
Palm oil	% RSPO certified tons	1%	15%	14%
Cotton	% BCI certified tons	0%	1,3% BCI	2%
Tuna	% MSC certified tons	0%	10%	11,82%

Table 1 shows that all of the commodities have progressed substantially in terms of certification and well in line with the annual targets; but some, such as cotton and tuna are still quite far from the long-term 25% target.

For the 35 so-called WWF priority places, where the long-term goal is 75% of the purchases to be certified by 2020, the evaluation team has not been able to assess progress, as specific data has not been available. For palm oil, where the main players are in high potential areas, it is likely that the results which are accounted for above are also prevalent in these areas. For timber and pulp & paper, however, which has been studied in greater detail than the other commodities in this evaluation, the latest information of the geographical distribution of forest certification provided by the

¹² This uptake covers all FSC certified forest both for timber and pulp & paper for august 2013, so the two numbers (for timber and pulp & paper) overlap.

MTI (see p. 18 -20) shows that the progress in the so-called high priority places is very behind schedule and poses a particular challenge (see the sp. 18 – 20).

Annex 5.3 provides a brief overview of how the overall MTI programme and the commodity lines have progressed towards their specified indicators of results. The overall picture is that the market for the concerned commodities, to a certain extent, has changed during the period of Sida core support:

- New markets have been developed for certified cotton, palm oil and tuna.
- Environmental sustainability and socially responsible sourcing of produce have become mainstream concerns among large retailing companies as well as producers and manufacturers in the Northern part of the world.
- Out of a list of 100 targeted companies, approximately 50 have made commitments to source against credible certification (this is an increase from 20 to 50), and several of these now have staff in place to control purchases and the supply chain.
- Many companies have taken their own initiatives to create groupings on specific topics such as Consumer Goods Forum (450) on deforestation and International Seafood Sustainability Foundation (ISSF) on sustainable tuna processing.

As described in section 3.1, a challenge in assessing the results of MFI under the scope of this evaluation, is that the progress indicators measure results that the MTI can only influence to a limited extent. However, the perception among most of the stakeholders interviewed as part of the evaluation is that WWF, through the MTI, has made an important contribution to the results of transforming the global market. This has been expressed in the form of appreciating that WWF has been the actor with the competencies and credibility to actually get things to happen – meaning pushing actors from being just a 'chatterclub' to real action.

Another particular challenge has been assessing the results of the commodity line of pulp & paper. The 2020 goal for pulp & paper: *25% under responsible management and/or credible certification* is highly problematic for the following reasons:

- It is unclear against what baseline this development is supposed to be evaluated.
- A clear definition of the kind of silvicultural regimes/areas that this commodity covers is unclear.
- A clear definition of what “responsible management” implies is lacking.
- It is unclear whether the certified proportion of the desired areas under responsible management will be included in the 2020 goals for the timber commodity.

On the other hand, the three to five year targets are concrete, measurable and time-bound, and certainly very central for the programme:

Supply- side

- By 2015, zero loss of high conservation values due to pulp production and
- More than half the world's pulpwood plantations are credibly certified.

Demand-side

- By 2012, the norm amongst paper buyers and end users is responsible procurement, efficient use and minimisation of waste.

However, the MTI/Sida progress report for 2012 fails to significantly document progress against the short-term targets above.

The programme has also had its critics, and some of the respondents mention the high reputational risk that WWF is taking by engaging in close partnership with companies in the different commodity lines. Examples that have been given are that WWF/MTI sometimes works with a company to improve its behaviour and performance towards sustainability and responsible business while the same company is sponsoring other WWF projects. While this willingness to accept risk can also be interpreted positively as courage, the respondents mention that WWF could be more proactive in mitigating the risk by acting in a more transparent manner and sharing more information about companies' transition towards more sustainable production and also putting more pressure on companies to progress towards more sustainable practices. Of all the existing challenges for transforming the global market towards greater sustainability (see annex 5.3 of MTI results), the following can be mentioned as being of particular concern for the achievement of the goals of the MTI programme:

- Getting companies to really commit and act responsibly. Apparently there are many companies who want the branding benefits affiliated with 'the Panda', but fewer that actually take full action and change their policies and behaviour for commodity sourcing.
- Setting up systems that benefit actors not only at the highest end of the value chain but all along the chain, including the resource poor producers and end-beneficiaries.
- The drivers for sustainable production are not the same in all regions; consumer concern, reputational risk and branding appear to only work in the Northern part of the world, whereas, for example, the huge Asian market is less influenced by this sort of motivation and probably requires a specific analysis of the different drivers, where official regulations and enforcement of such is likely to play a larger role.
- Encouraging the financial sector to more actively demand for sustainability and responsible production and purchases by their clients- apart from just a few individual institutions- and moving away from a situation where the financial institutions just follow the wishes of their clients.

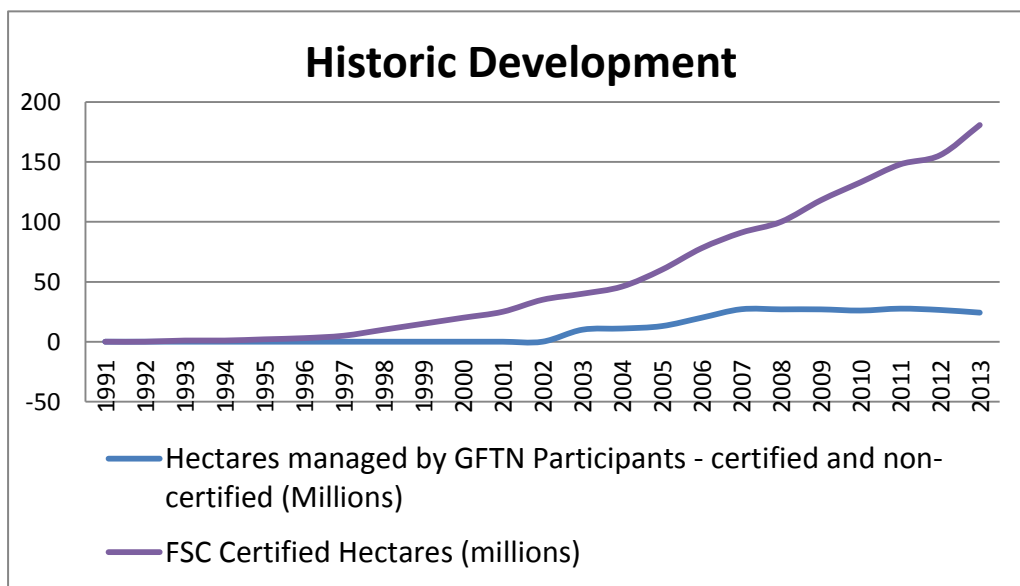
3.2.2 Specific results of the Global Forest and Trade Network

GFTN is the major instrument for the MTI's promotion of forest certification both for pulp & paper and for timber. WWF began working with forest certification in 1991 and this is thus regarded as the most mature of the supported commodity lines. It was therefore decided that this evaluation would look at the results of MTI by focusing on the forest commodities. The GFTN works by creating networks of business participants that are active throughout the value chain of forest products, and supports those networks and participation by promoting the process of certification: FSC certifica-

tion for forest managers and FSC Chain of Custody (CoC) for participating trading and manufacturing companies in the value chain. GFTN provides support by making the ‘Stepwise Approach’¹³ tool available, by which companies are assessed by a third party. The process includes gap identification for the FSC certification. Based on this assessment, the company is then supported by GFTN to develop a plan of action for how to reach certification that consists of a number of steps and milestones towards being able to obtain FSC certification within a time period of maximum five years.

Furthermore, GFTN supports the participants by facilitating or brokering market linkages between the participants – retailers, traders and producers along the supply chain. As the FSC and GFTN were in operation well before the MTI core support programme, the evaluation team found it relevant to take the historic development in FSC certified areas into account and understand how this has been influenced by GFTN. Figure 3 shows this development.

Figure 3. Historic development of FSC certification and GFTN participation¹⁴



As seen in figure 3, the development in the certified area has increased rapidly over time, but particularly during the last three to four years. Currently, more than 180 million hectares of forests have been FSC certified distributed among approximately 1 200 forest management certificates and 27 000 CoC certificates, whereas the GFTN participation has remained more or less the same at 22 million hectares (certified and

¹³ Described in detail on the GFTN website

¹⁴ Developed by data provided by the GFTN team

non-certified)¹⁵. It has not been possible for the evaluation team to obtain information that can explain this relationship, as the hectares of entrance and exit of participants in the GFTN is not made public. Also, the amount of wood traded by GFTN participants has remained relatively constant in the period from 2009; approximately 98 million m3 certified out of a total of 227 m3 traded by GFTN participants (certified and non-certified).

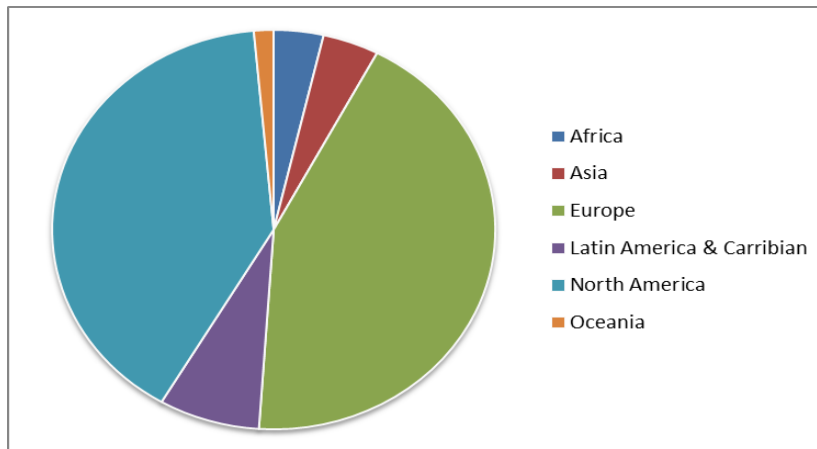
Another question of interest to the evaluation has been the results in terms of uptake of certification in forests in the so-called high priority places. According to the log-frame indicators for 2013, the target for forest states that by end of 2013, 26 million hectares should be under responsible management¹⁶ by GFTN participants. Hereof 60% (15.6 million hectares) should be in priority places. According to information received after the submission of the draft evaluation report, the status at the end of 2013 is that 20 million hectares managed by GFTN participants are certified and in priority places 11.3 million hectares has been certified. However, the last figure also includes terminated and suspended certificates. The figure for areas still under certification is 5.4 million hectares. This means that the 2013 targets are met by 77% globally and only by 35% in high priority places.

Figure 4 shows that a large majority of the uptake has been in Europe and North America and only 16.55 % of the FSC certified area is in Africa, Asia, Latin America and Caribbean and Oceania. If we exclude China, Turkey, New Zealand and Australia, the estimate is that only 13.16% of the certified forest is likely to be tropical forest.

Particularly for GFTN participants, the 5.4 million hectares under certification in high priority places is distributed with 1.9 million hectares in tropical and 3.5 million hectares in non-tropical areas.

¹⁵ I should be noted that there are alternative certifications schemes for forests than FSC (PEFC, SFI, CSA, MTCC etc.). As for the alternatives 250 million hectares are certified with approximately 16.000 CoC. This suddenly brings the global certified forest area up to 34%.

¹⁶ Meaning FSC certified

Figure 4. Regional distribution of uptake of FSC certification¹⁷

It is thus clear that the MTI might have been effective in promoting certification in temperate and boreal forests (although the actual contribution of MTI has not been possible to verify under the scope of this evaluation), but that the results in tropical forests are still lagging. This has been confirmed by FAO in a study from 2011-2012 (FAO 2012) that concludes that, after 20 years of FSC certification, only 2% of tropical forest has been certified and, during that same period, more than 290 million hectares were destroyed and converted to non-forest uses¹⁸.

The retailers that were interviewed during the evaluation confirmed this trend and stated that they avoid sourcing from most of the tropical and sub-tropical regions, which often coincide with developing or transitional economies. The management challenges of obtaining the right amount and quality of material, without risking unsustainable sourcing, are perceived to be too high in these areas. This seriously questions the strategy of working through large Northern retailers to achieve impact in tropical forests, which are, at the same time, most exposed to the risk of deforestation.

Indonesia is the country where GFTN has exerted the most effort and developed the greatest capacity towards forest certification. If success is measured against FSC certified area, the experiences here are mixed. So far 1.5 million hectares out of a total forest area of approximately 85 million hectares are FSC certified, of which only 319.000 hectares are managed by GFTN participants. According to FAO¹⁹, the forest area is rapidly declining in Indonesia; in 1990, there were 116,5 million hectares, in 2000, 97,8 million and in 2005 the area of forest was down to 88,5 million hectares.

¹⁷ Based on data from FSC website <https://ic.fsc.org/facts-figures.19.htm>

¹⁸ It should be noted that it is generally recognised that 80% of the world's forest degradation is not driven by forest management but by extension of agriculture and mining.

¹⁹ <http://www.fao.org/forestry/country/32185/en/idn/>

The majority of the market for forest products consists of buyers based in China, India and Japan. This fact, combined with weak governance, strong demand for land for agricultural plantation and significant problems of corruption in the forest sector, makes Indonesia a challenging case that cannot alone be addressed through forestry certification.

However, looking at other aspects of achievements in Indonesia such as protection of High Conservation Value areas, a major achievement has been made by having Asia Pulp & Paper committed to collaborate on the protection of these areas²⁰. If adhered to, this collaboration is likely to have a strong potential for increased protection of important biotopes in Indonesia.

There are thus indications that a market-based approach can produce relevant results, but alone it may not be sufficient to effectively address deforestation in either Indonesia or the many other countries with tropical forests. It will be necessary to combine the market based approach with other strategies.

In Africa, only a very small proportion of forest produce is traded as industrial wood, including timber, – the share of the global trade in sawn wood is only 2% and in industrial wood 5%, whereas Africa's share of global fuel wood is 33% and of charcoal 60%²¹. The analysis by the evaluation team of the market based on this estimates that only 10% of Africa's forest production would potentially benefit from FSC certification. Again, reducing degradation of forests in Africa would require strong combined strategies of which the market based may be of limited importance.

3.2.3 Reporting effectiveness

WWF/MTI has submitted timely reports to Sida in accordance with the agreement. However, reporting effectiveness has especially been constrained by two factors. First, Sida core support has its own logframe that is different from the overall WWF MTI programme. The schedule of reporting is also not aligned with WWF's own schedule, so the MTI has had to process separate reports for the Sida core support programme.

Second, the MTI programme strategy is not well aligned within WWF. The internal structure of WWF is a network of national offices that are autonomous, each with their own board, where the local office reports to their own board on their own strate-

²⁰ Asia Pulp and Paper Forest Clearance Moratorium (February 2013)

²¹ Analysis of data from

<http://www.unece.org/fileadmin/DAM/timber/mis/presentations/PepkeGlobalWoodMkts050510.pdf>

gies. The person responsible for monitoring and reporting in the MTI core team therefore had to collect data from all offices with MTI activities and aggregate this data for overall MTI reporting. However, there is a recent WWF agreement on ‘Global Partnership Commitments’; i.e. there is a mandate from WWF International to upload data related to WWF formal corporate engagements to the Global Network Database. Every WWF office has agreed to give information on all their engagements. The database will be used to evaluate the data used for the next MTI progress report (2013).

3.2.4 Results in terms of intended ultimate outcomes and impacts

The intended ultimate outcomes and impacts of the MTI as stated in the Theory of Change (figure 2) were not monitored and measured during the core support programme, since they are not part of the logframe.

The focus of the MTI in terms of the forest commodities, in its collaboration with large-scale buyers of commodities and by mainly measuring results quantitatively via the increase of global market shares, has not been conducive to ensuring that the sustainable markets move towards the environmentally and socially risky areas in the tropics. Moreover, as the design has not included qualitative objectives and indicators of the work at field level in the monitoring, it has neither been possible to ensure nor document outcomes and impact at the field level. This means that there might be outcomes and impacts in the field that are not documented and/or reported on.

The findings on impact, available from the studies carried out by WWF and others, are often of an anecdotal character or are from isolated case studies. The available literature is therefore very limited when it comes to evidence provided through professional independent studies – the evidence of ultimate outcomes and impacts are elaborated upon in more detail in chapter 4.

3.2.5 Efficiency of the core support set-up

The evaluation team has assessed the efficiency of the core support set-up according to the sub-headings below.

Flow of funds

WWF Sweden acts as the Key Account Manager for WWF’s relationship with Sida and the funds flow through the WWF Sweden office, with a major portion of the funds going to the MTI core team to distribute them as agreed upon by the partners. The funds are distributed between WWF Sweden, the MTI core team functions and the commodity teams of the five supported commodities.

According to statements by MTI staff, the core support provides extremely important funding for the MTI global core team for the development and coordination of the MTI, as well as for the implementation of strategic approaches for a select set of priority commodities, that also coincides with Sida’s and WWF Sweden’s priorities (timber, pulp & paper, international finance, tuna, palm oil and MTI strategy development and coordination).

One difficulty with evaluating the effectiveness and efficiency of the core funding is that it has not been possible to obtain a full picture of the total expenditure of the MTI programme. The autonomous WWF offices all have separate financial management systems which report to their own national boards; they have not reported their finances to a central system. In 2011, WWF provided an overview of the global expenditure on MTI-related action and funding by the top 10 offices of the WWF Network that supported the MTI. This resulted in an overall estimate of the MTI programme budget at €25 million per year (about 220 million SEK), of which Sida was supposed to provide 31.2 Million SEK over three years. As a result, this evaluation has not been able to assess the cost efficiency of the core support programme, since the total budget and expenditure were not available²². However, the MTI core team reports that the Sida core funds are spent according to the principles in table 2. The actual expenditure and its distribution were not made available to the evaluation team

Table 2. Flow of Sida core support funds in the MTI programme			
Commodity	Countries that receive Sida funds	Examples of allocated funds	Budgeted
MTI strategy development and coordination	Netherlands*,	MTI Core team staff positions**, strategy development, tool development, communication, lessons learned across commodities, capacity building of MTI, impact	3 802 500
Palm oil	China, India, Indonesia	Palm oil Field Staff positions in demand and producer market	4 657 950
Cotton	Sweden		4 297 950
Timber	Netherlands*, Peru, Colombia	GFTN Core team Staff position**, Field staff positions	4 297 950
Pulp & Paper	Netherlands*, Austria, Chile, China	Pulp & Paper Core team staff positions**, Studies Field staff positions	2 580 750
Tuna	Netherlands * Fiji, Madagascar, Pakistan, Peru, Colombia, Ecuador	Studies , capacity building, strategic engagement workshop for tuna fisheries in Coastal East Africa and Madagascar and Western Indian Pacific Programme, Field staff positions.	4 297 950
International finance	Netherlands*, Singapore	Studies, capacity building workshop (e.g. making the finance sector work for you – training), Field staff positions.	3 240 000
Partnership WWF Sweden			1 710 000
Total			28 885 050

²² In the interim period the WWF Network has launched a new management system ('INSIGHT') that brings together data for the entire WWF organisation with regard to expenditure on the whole range of WWF programmes and projects implemented by national offices. This entails a data pull from the 28 national WWF National Organisations (each of which is a separate legal entity in which it is registered with its own budget and independent Supervisory Board) and the 24 WWF Programme Offices around the world.

According to the MTI core team, the impact of the Sida core funding is, however, proportionally much larger, due to the way in which this is allocated. By moving beyond separate commodity initiatives towards a consolidated strategy and method, they find that the programme becomes more effective in influencing companies, and entire markets, towards more sustainable practice and demand. In particular, they mention that this funding enables WWF to play a strong role in influencing the enabling conditions (standards and certification, market links) for better commodity production that benefits foresters, farmers and fishers, while also leveraging investments by others (companies, governments, and NGOs) towards the shared objectives.

In particular, the core team mentions that the core funds have helped to build staff capacity in given countries and expand or shift to other regions when the work is yielding results, thereby creating a ripple effect and allowing them to expand to a wider region. For example, the MTI work with tuna first established a position in Fiji to focus on reforms of Regional Fishery Management Organisations (RFMO) in the Pacific. This capacity was then shifted to the Indian Ocean (Seychelles), and finally to the Eastern Pacific when new funds became available. Having this capacity in place had catalytic effects, as it provided WWF with the needed capacity in-country to engage strategic partners, such as the Global Environmental Fund, and help initiate the ABNJ (Areas Beyond National Jurisdiction) initiative, which has helped leverage a lot of financial resources for tuna conservation from other sources. These efforts, together with support to engage the ISSF, connected to efforts to reform RFMO, helped broker the recent dramatic advance in MSC-certified tuna. Staff capacity in one country can help to generate new resources so that expansion can take place.

The evaluation team assesses that it is likely that the core support mechanisms can increase the effectiveness of the global programme, as they allow funds to flow where they are most needed, and for the programme to act fast on new relevant initiatives. It is, however, not possible in this case, due to the financial management and level of reporting, to verify the extent to which this has been the case.

Alignment and harmonisation

Sida's support to the MTI is not full core support, as it does not support the MTI strategy as such. The funding is set up to support a sub-set of the strategy that emphasises Sida's, as well as WWF Sweden's, priorities. It can therefore better be described as a hybrid of core support and earmarked programme support. There is separate programme strategy, logframe and reporting for the Sida/MTI programme and the overall MTI programme. In addition, as was emphasised by some of the MTI staff, this may not be optimal in terms of effectiveness. To have the full advantages of core support, it would require more alignment and harmonisation with the MTI programme strategy, the results and reporting framework as well as the reporting schedule. One challenge is that fiscal years (on a calendar year cycle) for Sida and WWF Sweden are different from the rest of the WWF network, including the Netherlands, and all implementing offices, which operate on a 1 July-30 June fiscal year cycle. This means that it exists outside the cycle of the majority of WWF financial reporting.

Dialogue and communication

According to the interviews and other statements by the MTI staff, the programme has benefited from the dialogue with Sida and the ‘push’ that the collaboration provides to WWF in terms of increasing the awareness of social perspectives in their work.

WWF Sweden has the primary responsibility for managing the partnership with Sida, and functions as the key account manager for MTI Sida. All communication to Sida is via the partnership manager in WWF Sweden. WWF Sweden also has specific areas of responsibility for the Sida/MTI partnership that extend beyond managing the interface with Sida. For example, WWF Sweden is responsible for the partnership management work stream, which includes identifying further opportunities with Sida, such as development talks, promotion of the markets approach and the partnership with MTI in global forums (e.g. This year WWF Sweden, BCI and Swedish Foreign Office organised a side event arranged 4th Global Review of Aid for Trade in Geneva). WWF Sweden also manages the engagement with Swedish companies that are MTI priorities and represents the WWF markets agenda within Sweden on such issues as palm oil, timber, etc.

A distinct advantage of WWF Sweden taking this role, mentioned by other MTI staff, is that WWF Sweden understands the Sida culture and procedures, and is best able to place the MTI work in the perspective of Swedish society and politics. This helps the MTI, as an international global initiative, to understand the Swedish perspective and, given the geographic constraints, with the MTI hosted in the Netherlands, this allows for more frequent contact with Sida.

The Partnership manager WWF Sweden, the MTI Director and other representatives of the MTI core team meet together with Sida biannually. In general, these biannual meetings have been very positive and Sida has important contributions to make towards refining the MTI agenda, for example on best practices in achieving social impacts, and connections to other innovations, trends, developments and key events in the development cooperation community. Sida has also played a role in promoting the MTI approach within development forums, at times in partnership with WWF. For example, the former MTI director spoke at the UN global aid effectiveness summit in Busan, Korea at the invitation of Sida.

The MTI staff, however, also emphasise that the partnership has been constrained, e.g. with a high turnover of contact persons in Sida and also that the partnership offers opportunities for dialogue that could be further explored and better utilised. It is also mentioned that the role of WWF Sweden sometimes can make communication with Sida distant. During the evaluation process, this distance appeared, for example, as a constraint to effective communication between the evaluation team and the programme.

Reporting and accountability

Compared to more traditional project support, the MTI staff emphasise that the core support mechanism can make the process of reporting more effective and efficient, as it allows the programme to report on the joint strategy, rather than specific outcomes on project level. They reuse the content of internal technical reports.

The MTI core team mentions that they have a fairly good understanding of Sida requirements in terms of technical reporting; but at the same time, they would like to know more about Sida's internal reporting requirements in order to more precisely report on what Sida needs.

3.3 IMPACT

3.3.1 Market transformation impact – at global and local levels

The strategy of creating market demand by working with the major market actors, mainly in the so-called Northern countries, has had a relatively positive impact at the global level in terms of influencing the terms of trade for some of the targeted commodities. For example, in timber and pulp & paper, the Northern business community has come a long way to mainstream and address issues of sustainability and social responsibility in the supply chain. For these commodities, it has even been mainstreamed into public procurement policies as well as trade regulations. Also, many companies are currently becoming engaged in the sustainability discussions related to cotton and palm oil through their participation in the BCI and the RSPO, or at least by recognising the importance of the issues in public discussions.

Most actors agree that transforming global markets is a long-term effort and it will take time before the impact is seen. Several actors mention the immense effort required to move the companies from the 'chatterclub' to real action, in the words of one Danish Newspaper. The article²³ particularly acknowledges the transformation of Unilever from being perceived as an environmental 'bad-guy' to a trend-setter in environmental sustainability.

There are many actors in the international community involved in this transformational trend, and one cannot, therefore, attribute changes in global markets to the work of WWF or MTI alone. What comes out of this evaluation is that the contribution by WWF appears to be significant, even if this contribution cannot be strongly verified. The perception of the stakeholders interviewed during the evaluation is that the WWF engagement has played an important role in setting standards and initiating the engagement of stakeholders. The stakeholders interviewed particularly emphasised WWF's important competencies, credibility and experience in this field.

The main driver for actors at the top of the value chain seems to be the reputational risk associated with purchases of goods that are either illegal or related to unsustainable practises. This is, however, a driver that mainly functions with companies who

²³ Dagbladet Information 24. Oktober 2013

have their main market in Northern countries. The MTI effort has not yet been able to demonstrate significant impact on transformation in the big and rapidly-growing markets in the BRIC countries. This is worrying, as these tend to access their main supply from developing countries (Amazonas, Africa and South East Asia/Pacific), where the need for improved management of environment, social and human rights aspects is greatest.

The work with forestry is the most mature of the MTI commodities and it is where WWF has worked for the longest period of time. Nonetheless, despite the GFTN efforts to engage local producers in the tropics, the market based strategy has not been able to show a significant impact in the local markets of the tropics, as the big Northern actors are not sourcing from these countries to any substantial extent.

As a result of realising this, MTI is currently shifting its attention towards trying to influence the major market actors in BRIC countries, such as Brazil, India and China, and have started building capacity in these countries. The impact of this has yet to be seen, but according to the MTI staff interviewed, the experience so far suggests that some of these countries, such as China, would need a different approach for the MTI to be successful, where more attention would be needed to focus on policy level influence and increased collaboration with the public sector would play a larger role.

3.3.2 Beneficiaries and benefits

The MTI interacts with the private sector actors in the value chains of the concerned commodities. This means that the programme works directly with influencing the market actors and changing their behaviour and capacity towards the responsible sourcing and production of commodities.

When it comes to benefits, it has been difficult to identify these and quantify them, as premium prices do not seem to be paid for certified products. However, the impression is that the market actors are the actual beneficiaries and that the benefits are higher up in the chain rather than at lower levels. It is not possible to verify this, but the impression received from the interviews is that the major retailers and traders are reaping the benefits from the branding and improved reputation- something that they see as important towards their customers-, while processors and producers receive the benefits of linkages to better markets and exposure to bigger networks.

The case study (annex 5.5) on the impact of certification found no solid evidence of benefits from the certification for the end-beneficiaries, according to the MTI Theory of Change (see figure 2), i.e. the workers and communities influenced by the forest production. The certification framework includes measures that make it likely that benefits will materialise, but there has not been adequate or credible research to prove this.

3.3.3 Power relations

The certification systems that the MTI works with all pursue changes in power relations and have frameworks that seek to use a human rights-based approach. This is pursued through the standards that demand participation from all stakeholders in both

the standard setting and, locally, in implementing the certifications. The standards further promote stakeholder consultations and involvement in management decisions that influence them. However, as the literature study also points out, the skewed power relations between large private enterprises, small producers and the local communities is something that cannot be solved by certification schemes alone. Where governance structures are very weak, it is difficult for companies to take on the role of duty bearer towards citizens. The certification schemes can guide companies to better comply with sustainability standards, but it cannot replace the role of public sector institutions.

3.3.4 Evidence of impact on environment, socioeconomic and human rights aspects

The MTI Core support programme logframe does not have any objectives or indicators by which to measure impacts at field level, as measuring these very long-term effects is outside the time frame of the current Sida support. The scope of the evaluation did not allow for impact assessments at the field level, but a review was conducted of available literature concerning forest certification on environmental, socioeconomic and human rights impact. The aim was to determine the current knowledge regarding the ultimate and intended impact certification that can be connected to the MTI programme – see annex 5.5.

The review concluded the following concerning evidence of impact for the environment: Most agree that FSC certification has the potential to induce change in forest management and is likely to enhance biodiversity in the certified forests – all other things being equal. However, there are no common measurable targets, defined or measured for FSC certification, in terms of improved biodiversity and other environmental outcomes and impacts.

Looking at the required changes to forest management, it appears likely that there are positive outcomes to be found in the forests that are certified, such as changes in logging intensity, road and trail planning, wetland management, management of chemicals and management of endangered species. However, the evaluation has not been able to verify to what extent certification actually leads to substantial changes in practical forest management or whether the forest management units that become certified already comply with the FSC requirements before certification. There are, for example, indications that one of the reasons that certification has spread rapidly in many of the Northern countries is that the forests there do not require a significant change in the management because they already, largely or fully, comply with the standards. At the same time, in many tropical forests, where the required changes to management are substantial and the communities are resource poor, the incentives for certification are not high enough to motivate the owners to certify their forests.

Even if it is assumed that the management changes take place, the impacts of these changes are not known. So, for the time being, there is inadequate empirical evidence to assess the ultimate impact of the certification on environmental factors for the forest.

Regarding socioeconomic impacts and human rights, the review concluded the following: There are positive impacts and outcomes to be found in some cases, which tend to be very site specific, but little can be said in terms of generalised positive social impacts and there are few findings from more general qualitative research. The impacts found include:

- Improved stakeholder engagement (workers, communities)
- Improved worker safety
- Improved workers' benefits by increased job opportunities for local workers and members of the local community

As noted above, these findings cannot be gender disaggregated. There is thus very limited information to differentiate how women and men respectively benefit from certification.

From the literature review it has become clear that there are several knowledge gaps regarding forestry certification and its impact on socioeconomic conditions and human rights. The identified gaps regarding the connections between forestry certification and impacts are summarised and listed below:

- Securing land rights for men and women
- Securing indigenous peoples rights
- Impact on gender and power relations
- Information regarding employment conditions in order to shed light on seasonal income
- Impacts on nutritional intake

There is a strong realisation within WWF that greater emphasis should be placed on monitoring the social impact of MSIs; and they are now in the process of strengthening the internal capacity to define, monitor and evaluate this impact.

3.4 SUSTAINABILITY

3.4.1 Motivation of business stakeholder

The MTI programme concept is promoting voluntary certification, which is based on the assumption that business stakeholders can be motivated to apply the principles of sustainable and responsible sourcing and production. During the evaluation, the different business stakeholders were specifically asked about their motivations regarding participation or non-participation in MSIs. Not surprisingly, the motivations differ depending on where these stakeholders are situated in the value chain. At the top of the value chain – large retailers and financing institutions – the motivation is strongly linked to branding and avoiding reputational risks. While a few companies have an ideological motivation and have had responsibility and sustainability in their policies from the beginning, several of the stakeholders have a history of being exposed by major environmental NGOs, via the media, for their irresponsible sourcing and in-

vestments. They have then addressed these problems by establishing collaboration with WWF/MTI on developing policies and procedures for responsible sourcing. Some of them even participate in the MSI's development of sustainability standards.

Moreover, the IFC states that financing institutions are strongly motivated by research that shows that companies who apply responsible sourcing or sustainable production are generally better managed and therefore regarded to be better and less risky investments.

The participating companies emphasise the positive collaboration they have with WWF as an NGO that works constructively with them to get things in order – and also the powerful branding effect that WWF and the Panda logo has for them.

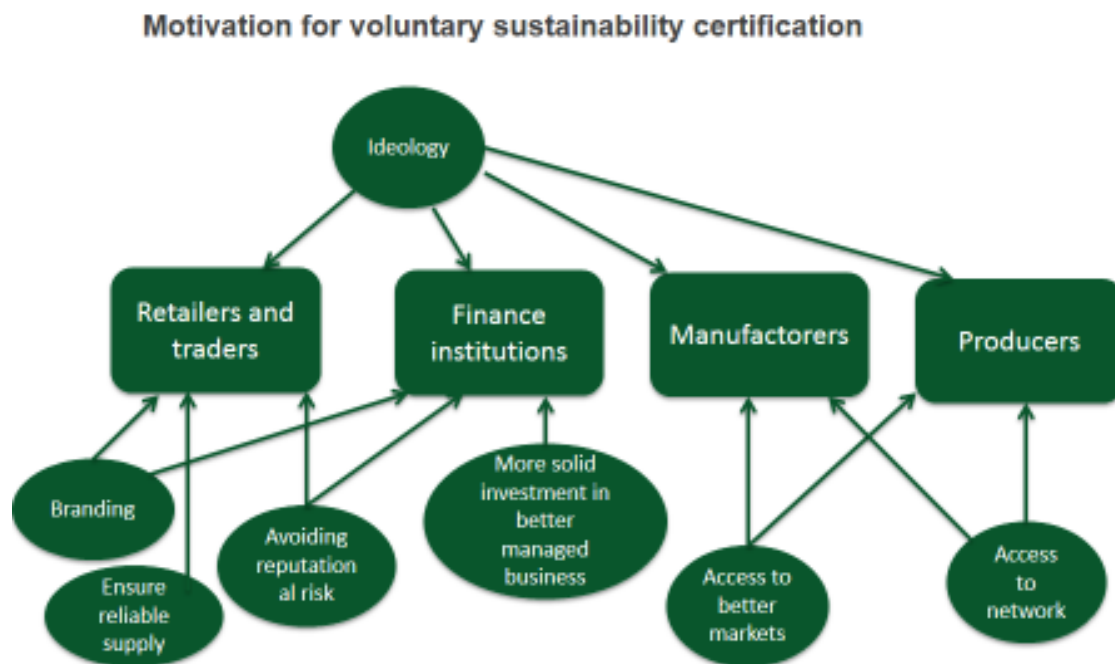
The evaluators did not have opportunity to interview companies from any of the BRIC countries, but the responses, both from the MTI staff and financing institutions, emphasised the fact that BRIC-based retailing and financing companies are not motivated in this way.

Further down in the value chain – with traders, manufacturers and producers, such as the forest owners/managers that have been interviewed during the evaluation – the motivation is closely linked to demands from the market. The motivation for forest owners and manufacturers were stated to be :

- Linkages to better markets
- Exposure to a bigger network (GFTN) where there are opportunities for exposure and exchange of ideas
- Capacity building opportunities for better management systems and procedures

None of the respondents are obtaining a formal price premium for certified products, but is not clear if the access to what they call better market opportunities are linked to better prices than their former markets.

Figure 5. Different motivational drivers in the value chain



3.4.2 Business cases in the value chain

The point of departure for the MTI is that the move towards sustainable production by voluntary certification should be market driven, i.e. that the sustainability of the approach is supposed to be based on a viable business case of certification.

There are substantial costs related to obtaining certification and also to maintaining it. For FSC certification, the following direct global costs, per year, have been estimated by FAO (2012) :

- Costs of assessment are between 499 million and 22,5 billion USD
- Costs of annual audit is between 37 million and 1,5 billion USD
- Chain of Custody (CoC)²⁴ costs 60 million USD annually

To understand that the costs are substantial, it can be compared to the fact that the EU round and sawn wood imports are equal to 16 billion USD annually.

The economic sustainability and viability of the system of voluntary certification is therefore justified by that the products get a higher value. The price relationship be-

²⁴ Chain of Custody-certificering (CoC) is a certification of traceability that ensures that the FSC certified material can be traced all the way through the value chain

tween certified and non-certified produce is, however, difficult to assess. The big retailers and users of produce at the top of the value chain that we interviewed made it clear that the branding of their product, and their business concept through certification, is of a very high value – or may even be a precondition for existing in the Northern market.

Further down the value chain, particularly with the smaller producers, the situation is more obscure. Almost all of the forest producers and manufacturers that the evaluation team interviewed claimed that there was no price premium; but the same producers say that they obtain access to a better and more reliable market through certification. In the Northern countries it is well documented that certified wood does not yield a higher price, but that the certification either promotes market differentiation or is a requirement for entering certain markets. Comprehensive research would be needed to gain greater insight and assess if this, in other ways, results in better prices or increased incomes. However, in Indonesia the forest managers and other stakeholders all stated that certification in Indonesia rests entirely on donor support in some sense, and that it will not continue without technical and financial support to the certification process.

Apart from this, there are also indirect costs associated with certification. This is to prepare, implement and maintain the certificate. This involves, for example, mapping, inventories, developing management procedures and policies, training of staff and changes in management practices that can lead to lost revenue due to the requirements. One case study (Brown and Zhang, 2005) estimated an average loss of 3,05 USD per hectare due to indirect costs.

The indirect costs of certification depend on the level of management in the company in question. The indirect cost of implementation is likely to increase in relation to the magnitude of the changes that the company must make to management practices and procedures.

A study by Bass et al. (2001) on certification's impacts on forests, stakeholders and supply chains found that, mainly, forest enterprises with most resources make the decision to become certified. The enterprises with fewer resources do not do so, as the costs are too high.

There is competition between those producers who are just above, and those who are just below, the threshold of acceptable forest management. As a consequence, the costs of certification are much higher for bringing a forest enterprise with low standards of management up to the required level. The study by Bass et al. (2001) found that for the many producers operating at low levels, the incentives are not high enough to consider certification in the absence of being compensated by other means, such as participating in donor projects. They also found that this includes a majority of producers in many developing countries with poor access to skills, equipment, resources and information.

The study found that a change in concern from improving the management of degraded and deforested forests, notably in natural tropical forests, to a current buyer-driven focus, such as the MTI involving delivery of large quantities of certified wood products, has led to a focus on those big producers who already have well-managed forests and can readily supply the produce.

3.4.3 Commodity networks and certification systems

The commodity networks and the related certification systems are based on business interests in developing approaches that can brand the stakeholders and their businesses. This means that the stakeholders have a mutual interest in collaborating between networks, in maintaining the certification systems and also in upholding their credibility, so long as they balance business and civil society interests. This means that there are good prospects for the institutional and capacity sustainability of these networks. There are, however, critics among the informants who worry about the business parts of the roundtable governance being too influential, especially as they are also the main contributors to the financial sustainability of the networks and certification systems.

3.5 CONCLUSION

3.5.1 Relevance

The overall goal of the WWF and the MTI to influence global markets towards more sustainable practices is highly relevant for the overall goal of Swedish development cooperation with links to both environmental protection and human wellbeing.

Despite the clearly defined goals of the MTI, the evaluation found that the partners (Sida and WWF) have different expectations concerning the results that the initiative will achieve during the time frame of the programme. There seems to be an agreement over the overall Theory of Change behind the MTI, but Sida has an expectation that the MTI will contribute to results at the level of the overall development goal of Sweden – improving living conditions for people living in poverty. Sida expects to see positive outcomes in the areas of livelihoods, work conditions, human rights and sustainable ecosystems, to be measured at the level of end-beneficiaries in developing countries during the time frame of the programme. The MTI logframe, however, does not measure outcomes and impacts at this level and, furthermore, it is not reflected in the logframe of the MTI core support programme.

The logframe of Sida's Core Support to the MTI is assessed to be less relevant as it mostly focus on impacts that the MTI has a limited influence over. The changes in behaviour and attitude that are more directly linked to the contribution of the MTI are not being measured.

The evaluation found that the motivation for the transformation among the business partners depends on where the stakeholders are in the value chain. At the top of the chain – with big retailers and financing institutions – the motivation is strongly linked to branding and the avoidance of reputational risks. The participating companies em-

phasise the positive collaboration they have with WWF as an NGO that works constructively to get things in order – and also the powerful branding effect that WWF and the Panda logo have for them.

It is important to note that these motivating factors apply to Northern companies, where public opinion is very sensitive to sustainability factors. The drivers and motivation for transforming into more sustainable practices for retailing and financing companies from the BRIC countries differ and requires a separate analysis.

For traders, manufacturers and producers, such as the forest owners/managers, further down the value chain the motivation is closely linked to demands from the market, such as linkages to better markets, opportunities for exposure, exchange of ideas and capacity building. The general picture is that there are no premium prices for certified produce, but it is not clear if improved market opportunities are linked to better prices than is the case in other markets.

Seen from the perspective of forestry, the relevance of the programme for poverty alleviation is not clear, since the work on forestry has had limited impact in tropical forests.

3.5.2 Effectiveness and efficiency

As an overall programme, the MTI has been partly effective at achieving its targets. In terms of uptake of certification, there is progress for most of the commodities, but some are still rather far from the ambitious long-term targets.

One challenge when evaluating the results of the MTI is the fact that the progress indicators measure results that cannot be attributed to the MTI alone and even the MTI contribution is difficult to verify. However, the overall picture is that the market for the concerned commodities has changed, to a certain extent, during the period of Sida core support and that WWF, through the MTI, has made important contributions to these achievements. These achievements include development of market systems for certified cotton, palm oil and tuna; as well as the fact that environmental sustainability and socially responsible sourcing of produce has become a mainstream concern in the North. Approximately 50 large-scale companies have made commitments to source against credible certification and many companies have taken their own initiatives to create groupings on specific topics such as Consumer Goods Forum (450) on deforestation and International Seafood Sustainability Foundation (ISSF) on sustainable tuna processing.

For forest production (timber and pulp/paper), the development in the total FSC certified area has increased rapidly during the last three to four years. However, it is not clear to what extent the GFTN has contributed to this increase since the GFTN membership has remained more or less the same during the same period. In the so-called WWF priority places the programme has been much less effective (35% achievement of 2013 targets).

Looking at the results of forest certification from a regional perspective, it is clear that the MTI through the GFTN, might have been effective in promoting certification in temperate and boreal forests; but the results in tropical forests are still lagging. Only 1.9 million hectares of the 20 million hectares of certified forest belonging to GFTN participants are located in the tropics. After 20 years of FSC certification, only 2% of tropical forest has been certified and, during that same period, more than 290 million hectares have been destroyed and converted to non-forest uses. The big retailers of forest produce, who collaborate with MTI, appear to avoid sourcing from most of the tropical and sub-tropical regions, where there are challenges to obtaining the right amount and quality of material. This seriously questions the effectiveness of the strategy of working through big, Northern-based retailers to impact the tropical forest.

The effectiveness of the core support mechanism to the MTI is assessed to be, overall, effective. It is not fully fledged core support to the MTI strategy but support to a subset of the strategy with a separate logframe and reports. It has allowed for support to important human capacity in areas of need and it has been flexible enough to effectively allocate resources where needed at different times. It has not been possible for the evaluation team to assess the cost efficiency of the support, as a total budget and expenditure were not available.

3.5.3 Impact

The strategy of creating a market demand by working with the big market actors, mainly in the Northern countries, has had a relatively positive impact at the global level in terms of changing the terms of trade for some of the targeted commodities. It can be concluded that, here, the MTI's contribution to the impact of changes is significant. However, most actors agree that transforming global markets is a long-term effort and it will take time before substantial impact is seen. The main driver, at the top of the value chain where the MTI has most of its focus, seems to be the reputational risk associated with unsustainable purchases of goods. This is, however, a driver that mainly functions with companies who have their markets in Northern countries.

The MTI effort has not yet been able to demonstrate significant, transformational impact in big and rapidly-growing markets in the BRIC countries. This is worrying, as they receive their main supply from developing countries (Amazon, Africa and South East Asia/Pacific), where the need for improved environmental management and respect for social and human rights is particularly high.

In relation to the work with forestry, which is the most mature of the MTI commodities and where WWF has worked for the longest period of time, the strategy has not been able to show a significant impact in the local markets of the tropics. Although the speed of deforestation have slowed down in recent years, the main trend is basically that deforestation continues²⁵, particularly in the tropics.

As a result of the continued deforestation, the MTI is currently shifting its attention towards trying to influence the big market actors in BRIC countries, Brazil, India and China. The impact of this has yet to be seen, but the experience so far indicates that, for the MTI to be successful in these countries, the approach would need to be different. It would probably be necessary to focus greater attention on policy level influence and collaboration with the public sector would play a bigger role.

With the limited attention that has been given to monitoring environmental and social impact, including gender and human rights, it is difficult to test the overall MTI Theory of Change. There are cases which show anecdotal evidence of impact in terms of enhanced biodiversity as well as improved stakeholder engagement (workers, communities), and workers' safety and benefits through increased job opportunities for local workers and members of the local community. However, there is currently inadequate empirical evidence to say that we know the ultimate impact of certification on improving biodiversity in forests and human well-being. Comprehensive research is necessary to verify these trends.

3.5.4 Sustainability

The sustainability of the results of the MTI rests on the economic viability of the business case of voluntary sustainability certification. This is complicated to assess because the business cases differ between the value chains that the MTI is involved in. The economic viability is also linked to the scale of the operations as well as the resourcefulness of the owner.

At the top of the value chain – with big Northern retailers – it appears that the branding effects and positive publicity are sufficient incentive for compliance with the sustainability requirements in the purchase of commodities.

However, at the production level, the costs of certification are high, as is the cost of maintaining the certification. The indirect cost of implementation is likely to increase in relation to the magnitude of changes required in management practices for the individual company. Many forest enterprises in the Northern countries, which begin with good management, will have to make very limited changes; also, they often have

²⁵ 12-15 million hectares of forest are lost each year, 87% of global deforestation occurs in just 10 tropical countries - http://wwf.panda.org/about_our_earth/about_forests/deforestation/

good access to markets that demand certification. The business case for these certifications may, therefore, be sustainable. But for the forest enterprise, with low standards of management, the costs of bringing management up to the required level for certification are much higher. In this case, the business case for certification is often not sustainable and, for these producers, the incentives are not great enough to consider certification in the absence of being compensated by other means, such as participating in donor projects. For a majority of producers in tropical countries, the latter may be the case.

In terms of the commodity networks and the related certification systems, these are based on business interests in developing approaches that can brand the stakeholders and their businesses. This means that the stakeholders have a mutual interest in their networks collaborating on, and maintaining, the certification systems and also in upholding their credibility, so long as they balance business and civil society interests. This means that there are good prospects for the institutional and capacity sustainability of these networks.

4 Recommendations for Future Development and Support

4.1 ALIGNMENT AND HARMONISATION

Recommendations to Sida/WWF:

It is recommended that the Sida core support, in the future, align with the MTI strategy to a greater degree. Common ground should be found regarding a results framework that can clarify the expectations regarding realistic outcomes and impact for both partners. It is, moreover, recommended that the opportunities for reporting harmonisation be explored, as this will improve on the efficiency of programme management.

It is recommended that the opportunities for increased dialogue between the MTI and Sida, beyond the current dialogue between Sida and WWF Sweden, are explored in a future collaboration. Widening the dialogue towards more of the MTI programme staff and partners would be beneficial for the mutual understanding of expectations regarding objectives and goals, and could also probably increase learning among all involved partners – for Sida's B4D programme there are opportunities for increased learning about collaboration with the private sector; and for WWF/MTI there are opportunities for learning how to strengthen the MTI's focus on poverty orientation without losing its main focus of market transformation. For both Sida and WWF/MTI, there is untapped potential to seek synergies between the MTI and other Sida-supported initiatives in order to enhance impact; for example, in areas such as policy influence and in the capacity strengthening of public sector actors.

Recommendation to WWF:

It is strongly recommended that WWF continue and strengthen the ongoing internal process of aligning and harmonising global strategies, including the monitoring system and financial reporting, as this is likely to improve the efficiency of managing the global programmes such as the MTI.

4.2 STRENGTHEN MONITORING FRAMEWORK FOR LEARNING AND QUALITY RESULTS

Recommendation to WWF/MTI :

For a complex programme of this nature, it is important that the logframe be a realistic tool which measures achievement towards the overall objectives. It is therefore recommended that the monitoring framework of a future programme be carefully designed, with realistic objectives at output, outcome and impact levels that are within the control of the programme, and also that necessary data is collected which cap-

tures the quality aspects of the MTI's work, such as the changes in behaviour and attitude to which the MTI contributes. The framework should enable WWF to monitor and document how the MTI is influencing the corporate partners' actual behaviour, how it is building capacity for improved management with producers and working to broker links between producers and markets, how their networks are being used and how national WWF offices are being strengthened.

Recommendation to Sida:

It is recommended that Sida takes time to understand the Theory of Change of the MTI along with a realistic level of monitoring for MTI outcomes. It is important that there be a joint understanding of where the MTI monitoring will focus and where the MTI operates in relation to Swedish policies for development cooperation.

4.3 STRENGTHEN THE FOCUS ON ACHIEVEMENT OF LONG-TERM GOALS

Recommendations to WWF/MTI :

It is recommended that the ongoing initiatives within WWF are reinforced to obtain more information about the long-term environmental and social impacts of certification/Multi-stakeholder Sustainable Initiatives. The Availability of evidence-based information about the long-term impact of these initiatives for the ultimate beneficiaries is critical to verifying that the Theory of Change behind MTI works.

It is recommended that WWF/MTI work more proactively with a rights-based approach, including gender issues and a poverty perspective, throughout the programme. Presently, the certification process carries the responsibility of transforming practices that will lead to social impact. Strengthening the poverty perspective in MTI would not have to mean that WWF/MTI begin to direct their activities towards end beneficiaries; but there could be a clearer strategy in terms of the selection of partners, focus areas, and how they provide technical support, in order to strengthen the link to the long-term goals of the MTI and Sida. The MTI could also play a role in identifying gaps in information, which would help to link the direct activities of the MTI with the longer-term goals.

Recommendation to Sida:

It is recommended that a future programming works proactively with collaborating companies to give guidance and build their capacity to work with local communities. In situations where there are very weak governance structures, with limited state presence to uphold rights and provide social services, there might be need for more direct support to communities to enable them to engage in a meaningful dialogue with private enterprises and to claim their rights. It is therefore recommended that the programme create more linkages with other initiatives and organisations which possess the competencies to work directly with community empowerment and also with programmes that focus on strengthening policies, governance and the institutions required for the enforcement of legal regulations.

4.4 ACCOUNTABILITY AND TRANSPARENCY FOR MAINTAINING CREDIBILITY

Recommendations to WWF/MTI :

WWF is taking a considerable risk in terms of credibility and reputation by taking the necessary steps out of their ‘comfort zone’ of civil society organisations and collaborating closely with private sector actors in this rather ground-breaking work towards market transformation. Despite the fact that WWF currently has a strong brand that most actors regard as trustworthy and credible, it is also susceptible to critics of the MTI and its market-based approach. An important strategy for WWF/MTI, in order to mitigate this risk, is to incorporate high degrees of accountability and transparency.

It is therefore recommended that accountability and transparency be improved in the MTI programme. One step is to have a realistic logframe/results framework with clear and measurable indicators that can easily be linked to the MTI’s activities and influence. Another area is sharing documentation and making it easily available for assessment, both internally and externally. With the MTI being a complicated programme involving many different stakeholders within WWF, it is crucial to have clear routines for how to share documents and collect data.

It is recommended that WWF is more proactive, and exert pressure on business partners to measure their progress. This could, for example, consist of a scoring system of performance against the agreed upon plans of action that is made publicly available.

4.5 INCREASING RESULTS IN RISKY AREAS

Recommendations to WWF/MTI :

It is recommended that future programming focus its attention to increasing the results in the so-called high priority places, including tropical areas. This is in order to both be more effective in terms of achieving the long-term goals of conserving valuable biodiversity, such as tropical forest, and in order to increase relevance from a poverty perspective. The focus on BRIC countries is an important step and should be continued as e.g. countries such as China and India (and even Japan) are enormous markets for wood from tropical forests.

It is recommended that the MTI continues to explore the potential to work in these countries and develop appropriate strategies, including seeking new partnerships, as increased work with the public sector might be necessary for areas such as policy development. In the producer countries, poor governance and weak capacity and structures make it crucial to explore possible synergies with other initiatives and organisations that can operate in this environment (this is linked to the recommendation 4.3). Also, WWF international is a unique network that should be explored to its full potential in finding synergies with the MTI programme.

4.6 RESEARCH FOR MONITORING OF LONG-TERM OUTCOMES AND IMPACT

After 20 years of work on FSC certification it is fair to say that it is crucial to build a credible framework for evaluating the impact of forest certification on the environment/biodiversity, as well as social and human rights aspects.

Recommendation to WWF and Sida:

It is therefore recommended that a future programme include a research component that enables independent and credible research to be conducted to monitor the long-term outcomes and impact of the sustainability certification along the concerned commodity lines. This should be in order to both establish realistic and measurable impact targets and increase the knowledge on how these can best be achieved.

5 Annexes

5.1 TERMS OF REFERENCE

2013-06-04

Terms of Reference Evaluation of Market Transformation Initiative (MTI) Unit for Private Sector Collaboration and ICT

Background

In 2011, Sida joined forces with WWF - the World Wide Fund for Nature around the Market Transformation Initiative (MTI). It is a 2,5 year partnership (January 2011-June 2013) in the form of core support amounting to a total of MSEK 31,2 in Sida funding.

Sustainable economic growth and trade are key factors for development and poverty alleviation. Unsustainable extraction, production and consumption of natural resources, however, are having a serious impact on the earth, its biodiversity and many people who are dependent on them. The effects are not just linked to increasing global demand, but also to where and how companies and their supply chains obtain and process commodities.

In order to safeguard adequate resources for the future, reduce negative impacts on the natural resource base/biodiversity and alleviate poverty, it is necessary to move beyond “business as usual” in the production, processing, consumption and financing of major global commodities. By demonstrating that commodities (for instance cotton, timber/pulp & paper, palm oil) can be produced at affordable costs, with notably reduced negative environmental and social impacts, and by creating a significant demand for such products, entire commodity markets can be moved (shifted) towards greater sustainability. The idea is that once a certain level of more sustainable practice and demand in a market is achieved, a tipping point is reached, making the entire market tip over and shift forward, thus bringing about large-scale positive effects. These are the central tenets of the MTI, which was first started by WWF in 2009, building on the organisation’s previous experience in working to influence the way in which different key commodities are produced. The Sida-supported MTI initiative has been launched to coordinate, develop and lead the work in an overarching manner, across the commodities and WWF’s global network, as well as to scale up the effort and work more also on demand side issues.

Although a very large number of people across the world are involved in producing, growing or extracting natural resources for global markets, those markets are in several cases dominated by a smaller number of major companies. By working with major actors in the supply chain, bringing together stakeholders (businesses, trade, industry, producers and NGO's) in roundtables to develop and agree on new market standards and better management practices (environmental, social and economic) around various commodities, which can also help producers participate in voluntary certification programmes that can open new market opportunities, markets can be transformed. This work is complemented by transformative one-on-one agreements between WWF and various private sector partners as well as engagement with platforms of companies.

Better livelihoods for people living in poverty, improved working conditions and human rights situations as well as maintained or improved natural ecosystems leading to a more sustainable growth may thereby be achieved. Clearly, conserving natural resources and biodiversity is closely linked to sustainable development and important for poverty alleviation.

Examples of standards setting and certification work around specific commodities previously supported by Sida include the Marine Stewardship Council (MSC, fishery certification programme and seafood eco-label) and the Better Cotton Initiative (BCI). The innovative part of the MTI work, however, is that it attempts to go beyond isolated support for different commodity processes and instead work to consolidate the strategies, learn from and replicate lessons learned across the board, thereby developing the market transformation method and increasing the potential impact.

Through this kind of cooperation between the private sector, civil society and the public sector, greater resources for sustainable global development are leveraged to bring about positive change.

As a global network organisation WWF is complex in its structure. Each national office has its own budgets, financial contributors, projects, etc. Priorities are based on WWF's global programme strategy, but there is also room for national priorities. Each national office contributes to the organisation's international work according to its own priorities and ability. For example 80% of WWF Sweden's conservation budget is spent aligned with global priorities. WWF does not have a common global budget or economy. A national office contributes ten percent of its budget as a "network fee" to WWF International to finance common capacities (e.g. WWF International) and administration of programme offices. Funding for different WWF programmes generally come from a number of national offices, who are involved in the work in various ways and degrees. It is also a complex structure in the sense that it contains numerous networks and cross-cutting strategies and staff divide their time across various budgets and initiatives, national as well as global.

Sida contribution to MTI

The Sida contribution is in the form of core support to enable WWF to develop, strengthen and scale up the MTI, taking it one step further by moving beyond separate commodity initiatives towards a consolidated strategy and method, thereby becoming more effective in influencing companies and whole markets towards more sustainable practice and demand.²⁶ It is also about enabling horizontal initiatives and approaches, for instance trying to influence the financial sector and discussing various commodities at the same time. The impact of all these efforts, however, are to be found and measured in terms of what is happening “on the ground” within the five commodity “legs” in the structure below (for instance increased demand for certified palm oil, decreased use of dangerous pesticides, increased incomes for the cotton farmer in Pakistan, etc.).

The core support is for WWF’s MTI work and organisation on two levels: i) the cross-cutting/horizontal level where lessons learned and good practices are shared between commodities etc, thereby consolidating the MTI method, and horizontal initiatives such as engaging the financial institutions, ii) support for core teams and functions in the five prioritised commodity markets.

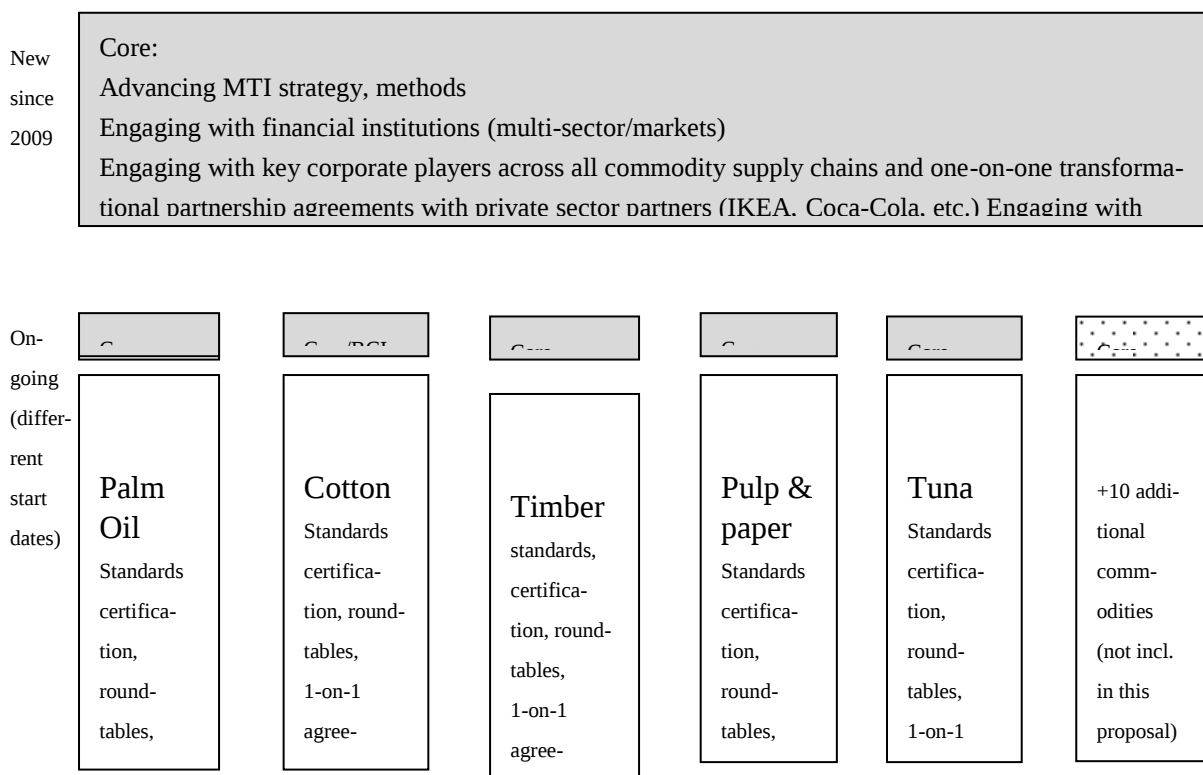
The latter entails leading and coordinating the work on a commodity internally in WWF, as well as representing WWF in a stakeholder dialogue (for instance in the RSPO, Round Table on Sustainable Palm Oil). These commodity leads are responsible for ensuring that the MTI reaches its objective of tipping the market for that commodity, as defined by 25% of global production as certified according to a standard supported by WWF by 2020. The core team for a commodity thus leads the WWF network, which includes developing strategies, joint communication strategies, evaluations, ensure coherent communication with companies, initiate pilot projects, etc. Thus, they are the “hub” for the various national WWF offices’ work on a certain commodity, and as such may for instance provide support to the national office in Indonesia working on a pilot project to engage palm oil small-holders through offering technical assistance and training for cooperatives that want to adapt better management practices. They are also responsible for relaying information and experiences both up- and downwards in the structure above. In essence, the core team is responsible to lead the change process, drawing on the various national offices involved for cooperation with business, for communication, etc.

The WWF-Sida MTI partnership covers:

²⁶ It is not funding for the actual microfinance scheme to help small holder cotton farmers improve their production methods within BCI, etc. (although in some cases commodity core teams’ budgets include contributions to pilot projects in production countries).

- advancing the overall MTI strategy and method (horizontal work)
- engaging with the financial sector (horizontal work)
- engaging with key corporate players across all commodity supply chains, including transformational partnership agreements with companies (horizontal work)
- core teams/functions within some specific markets (five of the total fifteen commodities targeted by the MTI):
 - agricultural (cotton, palm oil)
 - forestry (timber, pulp & paper)
 - fisheries (tuna)

Figure 1 – Sida support = the grey areas



Previous Sida support to WWF market transformation work includes early support for MSC and support to BCI, as well as start-up funding during 2009 of MTI and Transformational Change programs. A recent external evaluation of BCI notes positive results as well as future challenges, but concludes that although BCI can be considered a high-risk venture, it is a risk worth taking given the potential dividend, at least for a couple of years.²⁷ WWF has carried out a midterm review of MTI, an evaluation at an overarching level in relation to the objectives to be achieved. The midterm re-

²⁷ Report on a Project Evaluation – Better Cotton Initiative (BCI/2007-09), 100118/Final Version, January 18, 2010.

view covered two and a half years (FY2009/2010 to FY2011/2012). Given that WWF has received Sida support as a framework organisation since 2007, assessments covering this have also been carried out.

MTI fits very well within Sida's Unit for collaboration with the private sector and ICT. The initiative can be seen as a very large-scale public private development partnership or as an example of working with/through NGO's to influence markets towards greater sustainability. The initiative is also fully in line with the strategy governing B4D; capacity development and collaboration 2011-2013, with the overarching goal: "business sector actors who contribute effectively to the objectives of international development cooperation and reform cooperation in Eastern Europe", as well as the sub-goal "contribute to developing markets and production methods of benefit to people living in poverty through cooperation with organisations and companies".

Objectives and Scope

The objective of the evaluation is twofold;

- 1) to assess the organisation and implementation and results achieved by the Sida-supported MTI programme up until May 2013 by evaluating the relevance, effectiveness, efficiency (incl. cost efficiency), impact and sustainability against the overall objective of Swedish development cooperation and the strategy for Capacity development and cooperation (section on private sector collaboration).
- 2) to provide findings, conclusions and recommendations regarding possible improvements for future work.

In order to try to limit the scope of the evaluation, the main focus shall be on one the Sida supported commodity legs namely timber/pulp & paper and FSC. The purpose would be to see if and how the Core MTI work has contributed to the results of individual projects at grass root level in support of FSC and been of value to the end beneficiaries, that is poor people participating in one or two WWF - FSC projects.

The results framework and project document for the current support is attached in Annex 1. Reporting received from WWF to date is attached in Annexes 2- 4.

The evaluations should take into consideration the overall objective of the Swedish International Development Cooperation, i.e. to contribute to an environment supportive of poor people's own efforts to improve their quality of life. The four fundamental principles of Sida's work; non-discrimination, participation, transparency, and accountability are also important to take into account during the evaluation.

Methodology

The consultant shall propose an appropriate methodology and time table for fulfilling the task at hand. Some specific requirements to be reflected in the methodology include:

- Field visits including consultation with programme beneficiaries within one of the MTI commodity legs that is timber/pulp & paper and FSC.
- Identification of and extract lessons learned from existing evaluations of the MTI and projects within the network through a desk study to avoid duplication of work
- Assessment of poverty focus and impact, gender impact, integration of the rights perspective and the four principles of non-discrimination, participation, transparency, and accountability (dialogue issues)
- Assessment of the effectiveness and value-added of core support (Swedish programme set-up) to MTI to improve the lives of people living in poverty
- Assessment of the appropriateness and effectiveness of MTI private sector targets, entry points as well as stakeholders and beneficiaries in order to achieve market transformation, including a possible WWF power and stakeholder analysis
- Identification of the added value of involving the private sector and its leverage effect on Sida funds
- Assessment of the relevance of WWF and its comparative advantage in achieving market transformation, increased sustainability and poverty reduction

Evaluation questions

The evaluations should answer the following evaluation questions:

1. Has the MTI reached the results presented in its results framework?
2. What social/poverty outcomes and possibly impact has the MTI programme achieved?
3. Who are the real beneficiaries and how have they been affected and benefited from the MTI program? Both directly and indirectly.
4. What are the positive and negative effects of the MTI programme and certification for the environment, local communities (people living in poverty), and the private sector partners?
5. How does the programme ensure environmental, social and economic (poverty) relevance and focus as well as a human rights-based approach?
6. If and how do production and sourcing against standards and certification for more sustainable production (environmental, social and economic) lead to market transformation?
7. To what extent does the programme affect power relations among the stakeholders with a focus on people living in poverty?

Stakeholder Involvement

Stakeholders along the value chain (in the timber/pulp & paper commodity leg) are to be involved in the evaluation process, not the least participating companies and beneficiaries such as small holder farmers, whose living conditions should be improved by the voluntary standards MTI aims to initiate, help develop, improve and drive uptake of.

Expected results

- Key lessons regarding the organisation and implementation and results achieved by the Sida-supported MTI programme up until May 2013 with a focus on relevance, effectiveness, efficiency (incl. cost efficiency), impact and sustainability against the overall objective of Swedish development cooperation and the Strategy for capacity development and cooperation.
- Key lessons and recommendations to inform planning for a possible second phase of MTI

Work Plan and Reporting

The evaluation is to be carried out between May 30, 2013 and August 31, 2013. It shall include field visits, the location of which is to be proposed by the consultant following dialogue with WWF.

One inception report, written in English, shall be delivered to provide an overview of the MTI Network and Sida-WWF partnership as well as a description of the selected commodity. This should be carried out based as a desk study based on objectives, goals, implementation strategies as well as other relevant information.

One final report, written in English, shall be delivered including an executive summary. Clear recommendations for a possible second MTI phase are to be included as well, covering inter alia a more narrow and sharp results framework/log frame. A seminar could be organised by Sida and WWF to present the result.

Funding

The consultant shall propose a budget based on its suggested methodology and work plan.

Evaluation Team

Evaluation team qualifications:

- The team leader shall have expert knowledge of and experience of conducting complex evaluations and working with complex organisations
- At least one team member shall have significant experience and knowledge of environmental certifications and standards.
- At least one team member shall have significant experience and knowledge of partnerships with the private sector in the field of development, value chains and preferably the Making Markets Work for the Poor (M4P) approach.
- At least one team member shall have significant experience and knowledge of support to/partnerships with civil society organisations.
- At least one team member shall have significant experience from and expert knowledge about qualitative methods.

5.2 INCEPTION REPORT

1. Executive Summary

The present Inception Report is outlining the scope, approach and methodology for the evaluation of Swedish core support to WWF's Market Transformation Initiative (MTI) 2011 -2013.

The purpose of the support is: *“To enable WWF to develop, strengthen and scale up the MTI by supporting a consolidated strategy and method for influencing companies and whole commodity markets towards more sustainable practices and demand”*.

MSEK 31.2 has been provided and covers support to:

- Advancing the overall MTI strategy and method (horizontal work)
- Engaging with the financial sector (horizontal work)
- Engaging with key corporate players across all commodity supply chains, including transformational partnership agreements with companies (horizontal work)
- Core teams/functions within some specific markets (five of the total fifteen commodities targeted by the MTI): Cotton, palm oil, timber, pulp & paper and fisheries

The purpose and objectives of the evaluation are to:

- Assess the results achieved through the Sida core support to the MTI by evaluating the relevance, effectiveness, efficiency, impact and sustainability of MTI including assessing the results for the beneficiaries of the initiative
- Provide recommendations for future work

In order to limit the scope of the evaluation, two of the five main commodities supported by Sida have been selected for evaluation that is Timber and Pulp & paper, which are both part of the Global Forest & Trade Network (GFTN) that are supporting the Forest Stewardship Council Certification (FSC) scheme.

The evaluation will be assessing the progress against the log-frame of the programme and also assess how the programme is progressing achieving the long term goals as described in the programme document (proposal). This will involve assessing how the programme activities contribute to balancing environmental, social and economic interest of stakeholders in such a way that it is likely to produce positive outcomes as intended from the perspective of Sida as well as WWF.

The possible connection between the MTI programme and poverty outcomes/impact will be assessed through a review of literature from MTI related projects in forest certification and other likeminded projects.

The evaluation will be managed in three phases:

- Inception phase- September
- Data Collection - October
- Reporting – November

2. Assessment of scope of the evaluation

2.1 Introduction of the MTI/Background

Background

The Market Transformation Initiative (MTI) is a global initiative within WWF for transforming markets towards greater sustainability in terms of natural ecosystems and diversity. MTI works on engaging all actors along supply chains of fifteen different commodities, which are seen to be critical for environmental and natural resource protection worldwide. The rationale is to engage the private sector practically in conservation around the world and to create demand from large numbers of commercial buyers to promote sustainability in the supply chains of the commodities that are most critical for protection of the world's natural ecosystems.

The MTI programme is catalytic in nature. WWF MTI works together with different stakeholders from the entire value chain of critical commodities²⁸ to initiate, develop and improve standards for better and more sustainable production, while also influencing key producers and buyers of each commodity to certify their production and to buy certified products. The MTI also works through WWF's global network, both directly and indirectly, with producers to build their capacity and prepare them for certification.

Sida B4D has a 2, 5 years partnership with WWF (2011 - 2013), providing MSEK 31.2 as core support to WWF's global Market Transformation Initiative (MTI). The purpose of this is:

“To enable WWF to develop, strengthen and scale up the MTI by supporting a consolidated strategy and method for influencing companies and whole commodity markets towards more sustainable practices and demand”

For Sida B4D, the partnership with WWF on MTI is moreover seen as an important example of collaboration between the private sector, civil society and the public sector to leverage greater resources for sustainable global development.

The WWF-Sida MTI partnership covers support to:

- Advancing the overall MTI strategy and method (horizontal work²⁹)
- Engaging with the financial sector (horizontal work)
- Engaging with key corporate players and emerging platforms across all commodity supply chains, including transformational partnership agreements with companies (horizontal work)

²⁸ Critical in the perspective of conservation of environment and natural resources

²⁹ Horizontal work here means work across commodities

- Core teams/functions within some specific markets (five of the total fifteen commodities targeted by the MTI):
 - Cotton
 - Palm oil
 - Timber
 - Pulp & paper
 - Fisheries (tuna)

Aims and objectives of MTI – Sida partnership

According to the project document³⁰, the long term goals of the MTI are:

25% of the global productions of 15 priority commodities are certified against credible, global sustainability standards by 2020. For the 35 so-called WWF Priority Areas, the goal is that 75% of the purchases of the priority commodities are against credible, global sustainability standards by 2020.

Toward these ends, the focus of the MTI core work is intended to be:

- Developing and finalizing new standard settings and/or certification systems for target commodities that lack them
- Building adoption of recently launched standards
- Scaling up market share for longstanding certifications
- Strengthening standards and their governance
- Building capacity across commodity teams
- Sharing lessons learned to ensure overall effective delivery on market transformation

Despite these clearly defined goals as per the project proposal, a first important finding during the inception phase of the evaluation is that the partners in the collaboration (WWF and Sida) have rather different expectations of what results the Initiative will achieve and also at which level.

WWF's overall goal is to contribute to greater environmental sustainability and thereby protecting the world's natural resources and diversity and in this context. The MTI focuses on influencing markets at a global level and preferably on a large scale to transform into favouring more sustainable practices in order to pursue the overall WWF goal. However, WWF's MTI Proposal also assumes a connection between the market transformation and social, human rights and economic goals at the level of end beneficiaries.

³⁰ WWF; 2011; Making Markets Work for People and Nature; A Partnership Framework Proposal from Världsnaturfonden WWF; 2011-Q1-2, 2013

Sweden has an overall development goal of poverty reduction among poor people in developing countries. At Sida B4D's website it is stated that MTI contributes to the Sida B4D by engaging the private sector to contribute to sustainable development to achieve more development impact.

It is furthermore stated that the aim of the initiative is to transform major global commodity markets, such as cotton, palm oil and timber, towards greater sustainability, with positive outcomes for people living in poverty as well as the environment. According to Sida's Assessment Memo for the Proposal³¹, the positive outcomes are expected in the areas of:

- Improved livelihoods
- Improved working conditions
- Improved human rights
- Improved and more sustainable natural ecosystems

It is moreover expected that this can be found and measured as results at the level of beneficiaries at field level in developing countries.

Sida also sees the MTI as an opportunity to increasing Sida's knowledge on working with the private sector towards market transformation for greater sustainability.

The link between the stated and monitored goals and objectives of MTI (see above) according to the log-frame versus the underlying intentions of achieving development results in terms of social, economic and environmental outcomes and impact at the field level with poor people in developing countries is not clear.

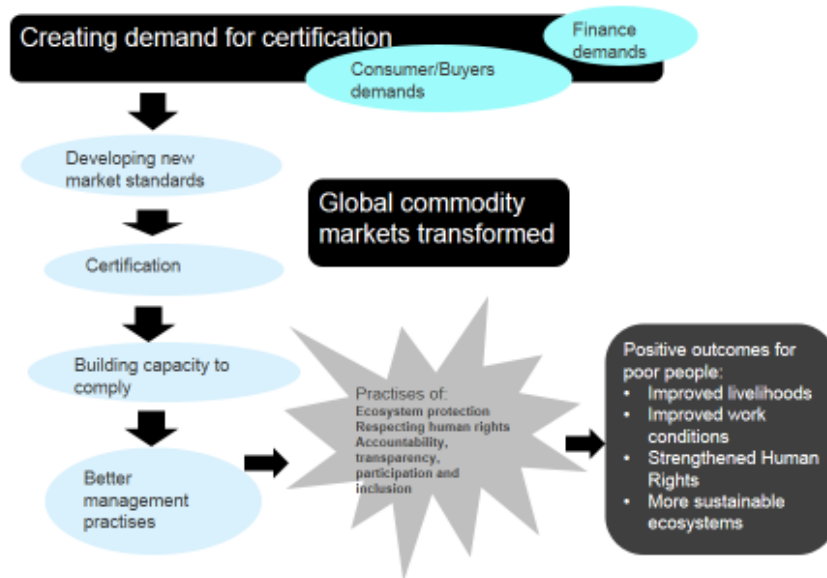
The strategies and activities of MTI primarily focus on the establishment of global level networks in order to influence the development and improvements of standards, promote an uptake of credible certification among global stakeholders and enhance technical capacity of selected producers and processors. It is assumed that the strategies at the global and commodity levels will ultimately result in the intended positive development outcomes for people living in poverty because they promote certification that involve stakeholders and include principles and criteria of social, economic and environmental improvements of forest management. This is illustrated in figure 1.

Figure 1. Towards understanding the Theory of Change

³¹ Sida; 2010; Assessment Memo for WWF's Making markets work for people and Nature – The market Transformation Initiative – core support 2011-mid-2013

As the MTI programme is monitored against to the stated goals and objectives in the log-frame (defined as activities, outputs and short term outcomes) it is at this moment not known whether it is possible within the scope of this evaluation to establish causal attribution

Towards understanding the theory of change



strengthened human rights or more sustainable ecosystems. A major challenge for the evaluation will therefore be to balance Sida's and MTI's different focuses on goals as well as finding a way to define a more explicit set of causal assumptions between the global results of creating demand for certification, setting standards and increasing certification, building capacity to comply with the standards and the likelihood of impacts among poor people.

How does MTI work and who are the stakeholders?

MTI consists of a rather complex set of actors and activities – or rather processes, which all are intended to transform the global market towards greater sustainability. The complexity can appear overwhelming, and needs to be mapped in more detail during the course of the evaluation. However to begin with in short, the activities/processes undertaken can be described as follows:

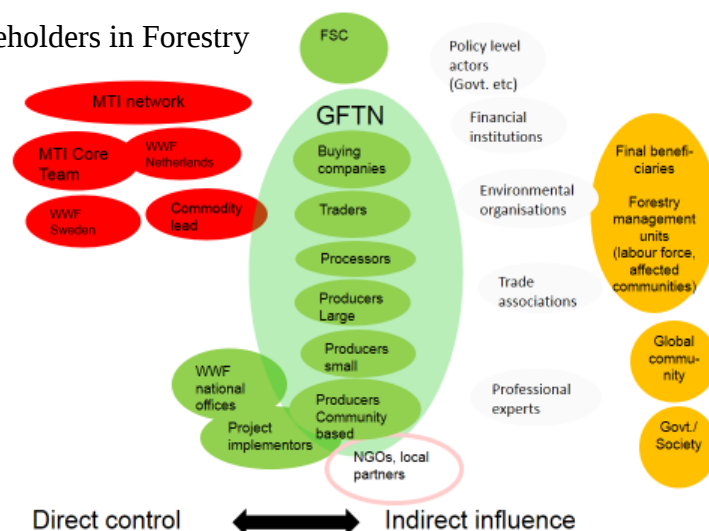
- MTI is operating both at global, regional and national levels. Work with commodities is initiated and developed at the global level through Multi Stakeholder Initiatives (MSI) and successively implemented at the global as well as regional and national levels. As WWF is a network organisation, the implementation at regional and national levels is facilitated in a decentralised manner according to demand.
- MTI works with the stakeholders to create global networks around critical commodities via MSIs such as roundtables. The roundtables consist of the key players across the commodity supply chains, including buyers, producers, suppliers, relevant Civil Society Organisations, advocacy groups, academics,

technical experts and other interested parties. They are the fora for starting negotiating the standards and procedures that may later be developed into certification schemes for the commodities. The WWF MTI currently works with fifteen different commodity supply chains of which the Sida support is focusing on five commodities: Timber, paper and pulp, palm oil, cotton and fisheries. At the same time MTI has identified and focused on High Priority Areas of production, which means geographical areas where there is a particular environmental threat connected to the use of natural resources in connection with production of these commodities.

- MTI works with creating demand for sustainable management of commodity supply chains and thereby for certification of the commodities through influencing key players in the top end of the supply chain - retailers and brands/buyers.
- MTI also works with the financial sector, seeking to transform the financial market for the relevant commodity chains to demand sustainability in the supply chains that they finance - if possible demanding certification of the commodity chains that they finance, e.g., when financial institutions lend money to the forest industry, FSC certification is often a demand.
- MTI supports developing the capacity for better and more sustainable management practices among producers and processors through their own network as well as through other partners operating at the field level. The MTI commodity teams provide technical support and training to these actors in order to make it possible for suppliers of the commodities to achieve the certification standards, and also to the certification bodies to develop their capacity to implement the standard certification procedures.
- An emerging area of work for MTI is advocacy and technical assistance towards governments and other policy makers such as the EU on development of policy, laws and regulation on sustainable production and procurement of the prioritised commodities.

MTI thus collaborates with a huge range of stakeholders. During the inception phase these were identified as seen in figure 2, where the stakeholders are placed according to the level of influence that the MTI has over these.

Figure 2. MTI Stakeholders in Forestry



According to figure 2, the end beneficiaries are intended to be producers, the labour force in the production and processing lines and the affected local communities. In the forest commodity lines, this will for example be forest owners and managers, forest workers and the local communities that are directly or indirectly affected by the forest and associated industry. Other beneficiaries are national societies and the global community.

2.2 The assignment

According to the ToRs, the purpose and objectives of the evaluation are to:

- Assess the results achieved through the Sida core support to the MTI by evaluating the relevance, effectiveness, efficiency, impact and sustainability of MTI including assessing the results for the beneficiaries of the initiative
- Provide recommendations for future work

In order to limit the scope of the evaluation, two of the five main commodities supported by Sida have been selected, that is timber and pulp & paper, which are both part of the Global Forest & Trade Network (GFTN) that are supporting the Forest Stewardship Certification (FSC) scheme that has existed since the early 1990's. Timber and pulp & paper are therefore so far the most mature and well developed commodity supply chains in this regard.

The intended users of the evaluation are:

- Sida B4D: For Sida the evaluation is important for providing guidance for their future support to WWF/MTI
- WWF /MTI senior management staff such as the MTI Leader, commodity leaders, implementing offices and M&E staff. In WWF, the evaluation and its recommendations are intended to contribute to the process of reviewing the MTI strategy that will start end of 2013 and to be concluded first half of 2014

2.3 Scope

As mentioned above, a major challenge for the evaluation will be to balance Sida's and WWF's different focuses on MTI's goals. Another challenge will be to find a way to define a more explicit set of causal assumptions between the results of network development with large companies and organisations at global level in terms of behavioural changes in the purchase and supply chains, developing standards and increasing certification, building capacity to comply with the standards and results at field level in terms of social, economic and environmental improvements.

There are strong limitations in directly measuring evidence of outcomes/impact at beneficiary level, as Sida understands it, in a credible way. First of all, the available resources are inadequate for this, particularly seen in the light of the lack of any base-lines to compare with. There are also huge problems in attributing changes directly to the MTI intervention, which occur at a higher level and in a very complex environment, where several factors plus different actors and incentives influence social, economic and environmental conditions. If it was to be done, it would require substantial resources and work to find comparative cases for counterfactual analysis.

During the inception phase, a search has been made for literature on outcomes and impact of forest certification. This showed that although only a few studies have actually measured field level impacts, a good number of case studies are available that investigate the social, economic and environmental results of certifications either directly or indirectly.

It has therefore been agreed to limit the scope of the evaluation to assess the progress against the log-frame of the programme and also assess how the programme is progressing in terms of achieving the long term goals as described in the programme document (proposal). This will involve assessing how the programme activities contribute to balancing environmental, social and economic interest of stakeholders in such a way that it is likely to produce positive outcomes as intended from the perspective of Sida as well as WWF. The evaluation will also seek to determine who actually benefits from the programme in various ways.

The possible connection between the MTI programme and poverty outcomes/impact will be assessed through a review of literature from MTI related projects in forest certification and other likeminded projects.

3. Relevance and evaluability of evaluation questions

3.1 Evaluation questions

According to the ToR, the evaluation questions are the following:

- Has the MTI reached the results presented in its results framework?
- What social/poverty outcomes and possibly impact has the MTI programme achieved?
- Who are the real beneficiaries and how have they been affected and benefited from the MTI programme? Both directly and indirectly.
- What are the positive and negative effects of the MTI programme and certification for the environment, local communities (people living in poverty), and the private sector partners?
- How does the programme ensure environmental, social and economic (poverty) relevance and focus as well as a human rights based approach?
- If and how do production and sourcing against standards and certification for more sustainable production (environmental, social and economic) lead to market transformation?
- To what extent does the programme affect power relations among the stakeholders with a focus on people living in poverty? Considering the above mentioned limitations in assessing impact at field level, the inception phase has given attention to defining the focus of the evaluation together with Sida and WWF. Based on these discussions, the evaluation questions have been further refined.

3.1 Recommendations regarding evaluation questions

Considering the above mentioned limitations in assessing impact at field level, the inception phase has given attention to defining the focus of the evaluation together

with Sida and WWF. Based on these discussions, the evaluation questions have been further refined.

The Evaluation question along the criteria, indicators and means of verification are found in table 1, the evaluation matrix.

It should be noted that some of the questions may only be possible to assess with anecdotal evidence at best. For example, the facts that only two commodities will be assessed in detail and only one site of the large global programme will be visited is bound to limit the possibility for making assessments or drawing conclusions that can give a general picture of the performance of the programme. Moreover, the possibility for demonstrating evidence of impact in terms of poverty reduction, improved human rights and improved environmental sustainability will rely on the availability and quality of literature studies on the topics. The limited number of interviews that will be possible at field level will be used to give perspective to this broader review, but will not be sufficient to directly draw rigorous conclusions.

4. Proposed approach and methodology

4.1 The Evaluation Team

The evaluation team consists of the four members:

Sanne Chipeta - Team leader - responsible for design of the assessment, field work, analysis and reporting

Flemming Sehested - Forest certification expert - providing technical inputs and quality assurance with regard to forest certification, forest management, timber industry and market aspects

Ditte Juul Kristensen - Junior consultant, will assist in data collection, document review, interviews etc.

Anna Liljelund – will contribute to design and analyses in relation to Swedish policies, assessment of core support modalities

4.2 Focus of the evaluation

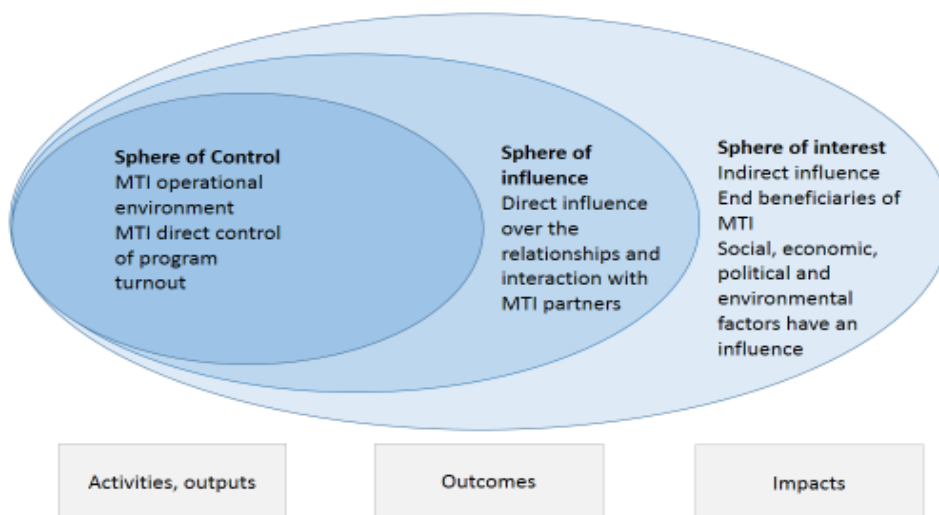
The focus of the evaluation will therefore be as follows:

- In order to unveil the Theory of Change of the MTI and pursue an understanding of how it works the evaluation will use an Outcome Mapping³² format for mapping stakeholders, drivers, change processes and outcomes of the MTI as

³² The outcome mapping approach focus on the behavioural changes in the peripheral parties affected by the programme and assesses the programme's influence (both deliberate and unintended) during the progression.

related to spheres of influence and interest. Figure 3 visualises how this will be done.

Figure 3. The different spheres of MTI



- The evaluation will assess the progress in terms of results according to the log-frame of the programme using monitoring data from the programme and relating this to the Outcome mapping above.
- The evaluation will also assess how the FSC certification processes manage to balance environmental, social and economic interest in such a way that it is likely to produce positive outcomes in these areas. The processes of governance, standard making, certification procedures and management practices will be analysed against criteria such as accountability, transparency, inclusion and participation.
- Moreover, a literature review will make a synthesis of what is known about the connection between certification and poverty outcomes/impact from MTI related projects and other projects of forest certification

Apart from the assessment of achievement of overall goals and objectives, that will look at market transformation results across the five supported commodity lines, the evaluation will focus on analysing and assessing the results for the two commodity lines connected to forest: Timber and pulp & paper, which are currently the most ‘mature’ of the commodity lines in the MTI programme and both part of the GFTN and use the certification by the FSC.

The evaluation will ensure validity of the analyses through triangulation of sources of all information. This means that during the evaluation information will be sought from a combination of the programme’s monitoring data and progress reports, interviews with a selection of people in all groups of stakeholders (see figure 2) for the

timber and pulp & paper commodity lines, field visit observations and stakeholder interviews at national level and finally review of a selection of literature on outcomes and impact of forest certification.

Moreover, the findings and recommendations of the draft evaluation report will be presented and discussed at a validation workshop with participation of senior management staff from Sida B4D (and other relevant departments) and WWF MTI.

4.3 Evaluation approach

The evaluation will be managed in three phases:

Inception phase- September:

This phase will provide an overview of what data is available and which stakeholders/actors/experts to consult with and make a detailed plan for consultations, interviews and the field visit. Moreover, the structure for literature review and the interviews will be developed. A detailed plan for the data collection will be prepared.

Data Collection - October

The data collection will include the following:

- Mapping of outcomes and stakeholders
- Literature study
- Field visit (beginning October)
- Collection of log-frame data from monitoring
- Interviews with stakeholders

Reporting – November

Draft report	week 44
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Validation workshop	week 45
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Final report	week 48
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Table 1: Work Plan

Work plan RE104 MTI WWF

	Total	SC	DJK	FS	ALH	Aug			Sept				Oct				Nov					
						33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	
Inception phase																						
Start up meeting with Sida/WWF	2	1			1																	
Initial document review and scoping interviews and development of the evaluation design	11	4	5	1	1																	
Submission of inception report	0																					
Finalisation of inception report	1,5	1,0			0,5																	
Data collection and field work																						
Technical assessment of certification				4																		
Interviews in Stockholm, Amsterdam	6	5			1																	
Desk review of projects			13	1	2																	
Data collection in X country (country to be defined)	10	10																				
Analysis, drafting and dissemination																						
Preliminary Analysis & preparation	9	5	2	1	1																	
Submission of draft report	0																					
Validation workshop	2	1			1																	
Feedback on draft 1																						
Finalisation of report	1	1																				
Submission of final report																						
Total days	42,0	28,0	20,0	7,0	7,0																	

Initials: SC=Sanne Chipeta, DJK= Ditte Juul Kristensen, FS= Flemming Sehested, ALH=Anna Liljelund Hedqvist

Deliverables:

Inception report	16 September
Draft report	Week 44
Validation workshop Stockholm	Week 45
Sida/WWF feedback on Draft Report	Week 46
Final report	Week 48

5. Other issues and recommendations

5.1 Field visit

At the time of inception reporting, it has not yet been decided which site should be selected for the field visit. The evaluation team will acquire from WWF MTI a list of WWF National Offices with MTI related activities in developing countries, and afterwards select from this. The criteria for selection will be:

- Experiences from several projects on timber and or pulp & paper
- High priority Ecosystems
- Preferably a country of relevance for Swedish development cooperation

As the intentions of the field visit is to get a good impression of how the MTI contributes at the national and local level through interviews with partners and stakeholders at that level, it is assumed that the field visit will be to a country where there are GFTN partners present. Table 3 shows the countries, numbers of partners and Hectares of forest with FSC certification (according to information provided by WWF/GFTN).

Table 3. developing countries with GFTN participants			
Country	No. of partners	Appr. Area of FSC, Ha	Other comments
Bolivia	11	186.000	Focus on community based enterprises
Brazil	5	590.000	Legality issues
Chile	n/a		Not a formal GFTN but much work on pulp & paper
Peru	11	687.000	Community forestry and market links
Colombia and Panama	3 + 2	69.000 + 44.000	Same as above
Cameroun	4	932.000	Strong work on certification, conflicting interests
Central African Republic	n/a		Outside the GFTN but support given to companies
DRC	Not yet		MoU underway with SODEFOR, social conflicts - complaints from other organisations
Gabon	n/a		Support to Chinese companies
Congo Brazzaville	Not yet		Very initial work
Ghana	4	Not known	Almost empty of

			forest
India	10	Not known	Many participants. Both demand and production
Lao	1	Not known	Only one case, niche production (rattan)
Vietnam	9	9.500	SMEs
Indonesia	25	1.2 million	Large and lots of activities both tim- ber and P&P Hot spot area
China	n/a		Mix of forest and trade – policy advo- cacy Large potential for impact on develop- ing countries forests
Malaysia	2	444.000	Small for GFTN but major in challenges
Russia		21,5 Million	Early adopter – huge areas of FSC forests

5.2 Securing independence of the evaluation team

During the inception phase the question was raised how the evaluation team will address the fact that the forest certification expert on the team has at several occasions been involved in the certification audit. The evaluation team is well aware that this poses the risk that the independence of the team can be questioned. This risk will however be addressed by the use of the certification expert purely as a technical expert and in collection of data and materials, whereas analyses and assessments will be handled by the other team members with the team leader as main responsible for the credibility of the evaluation.

5.3 OVERVIEW OF RESULTS OF CORE SUPPORT FOR MTI

The Sida MTI core support has been provided to MTI core activities, to five commodities and to the MTI work with the finance sector. According to the log-frame, the reporting of progress and results are done separately for these components. The following is a brief summary of the reporting on progress up to end of 2012 supplemented with findings from interviews with WWF/MTI staff working in these components³³. The brief overview summarises the main goals as stated in the programme document and as perceived by the staff, the main results and also the main challenges for the components.

MTI Core

MTI is one of a series of 12 global programmes within WWF that are all aligned to the Global Conservation Programme. The main purpose of the MTI programme is to reduce impacts of commodities in the areas of seafood, forest, agriculture and bioenergy.

The main goals of the MTI core component are the same as the overall long-term goals for MTI. Specific targets are to develop measurable standards for target commodities and see these being taken up, develop collaborative agreements with companies that build demand for the certified target commodities and increase capacity across the commodities for advancing the agenda.

The main results according to the progress report for 2012 and staff interviews are:

- Brought standards and certification systems into work with cotton, palm oil and tuna
- Out of a list of 100 targeted companies, approximately 50 have made commitments to source against credible certification (this is an increase from 20 to 50) and several of these have now people employed to take control of purchases and the supply chain
- Many companies have taken their own initiatives to create groupings such as
 - Consumer Goods Forum (450) against deforestation
 - ISSF (tuna canners with 70% market)
- Starting proving the case through case studies e.g. palm oil that the work has potential to produce impact at producer level

The main challenges recorded through interviews are:

³³ It should be noted that for the commodity palm oil, the evaluation team did not have an opportunity to interview the commodity team staff

- Setting up systems that benefit the highest end of the chain but also benefit the people at the bottom of the chain
- Striking the balance between participation of all stakeholders and to make it work for global markets
- Getting the financial sector into a stronger move - apart from just a few individual institutions – the financial institutions tend to follow their clients
- Getting companies from words to DOING

The last challenge is addressed through use of performance reports such as the score-cards on paper. However, in the Northern countries this works well but not so well in other places.

Pulp & paper (P&P)

The goals for this commodity are to reduce destruction of forest from P&P by combining increasing the demand for certified products with increasing re-cycling of paper, increasing transparency and getting more attention to sustainability in the sector.

P&P is working partly through the GFTN approach and partly through engaging companies bilaterally in campaigns to raise awareness on FSC and legal wood and promoting the WWF tools for P&P. The main results have been the fact that 25 companies representing 40% of world paper participate in the paper tool platform and there has been an increase in FSC certified area for virgin fibre from 4% to 6,3% and re-cycled produce from 51,9% to 53,4%.

Results achieved according to interviews:

- Developed international tools such as a platform to exchange knowledge and tools and showcase good cases e.g the New Generation Plantations (NGP) that was set up in 2007. The NGP brings together leading plantation companies and some government agencies that manage and regulate plantations. The platform is a place to learn about better plantation management through real world experiences, and influence others to follow good examples³⁴.
- Developed a platform for buyers and producers to link³⁵
- Paper Company Index measuring the performance of companies and making this public³⁶.

³⁴ <http://newgenerationplantations.org/>

³⁵ <http://checkyourpaper.panda.org/>

³⁶ <http://www.panda.org/epci2013>

MTI has also contributed to the results by building the demand. For example in the case of engaging big producers in Chile which were initially not performing well in the area of sustainable production. WWF worked on supporting the FSC in Chile and setting up the certification scheme in the country. MTI has, moreover, been instrumental in building market demand from Europe together with other more radical NGOs that have provided the media pressure, whereas WWF was collaborating with the companies on improving the performance.

The most important challenges are:

- To secure new demand in Asia – build capacity to work in China
- Increase the value of re-cycled paper to reduce fibre demand
- Indonesia is a big challenge as natural virgin tropical forest is currently being turned into pulp at a very rapid speed and the Government has a huge stake in this
- The competing certification schemes such as PEFC endorses national regulations .

In order to address the challenge, the WWF/MTI has worked on a strong campaign to ask all buyers to stop buying from irresponsible actors. A main target has been Asia Pulp & paper that has now made a commitment and also other companies in China. Moreover, the capacity of WWF Indonesia has been strengthened in order to deal with the particular challenges here and there has been a close dialogue with public financiers such as Asia development Bank and IFB on criteria for plantations, sharing the screening mechanisms and sharing lessons learned.

Timber

The goal of the commodity work on timber is to improve forest management through mainstreaming FSC certification. Both the Timber and P&P commodities work is implemented through the Global Forest and Trade Network (GFTN).

The FSC certification and the GFTN are the parts of the commodity networks that have been established the longest time (WWF started working on forest certification in 1991) and therefore most mature.

The main results according to reporting up to end of 2012 are:

- There has been a large increase in FSC certified forest – from 8.4 in 2009 to now 13.42 % of world productive forests hectares are certified – total 181 Million hectares

- GFTN members' share of global wood production has increased from 16% in 2009 to 22.4% in 2013³⁷
- Developed tools and mechanisms to support forest certification such as the Stepwise Approach and a toolkit for identification and maintenance of High Conservation Values

According to staff interviews, the main challenges are:

- Removing illegal logging from practice and market
- Area of certified forest is not yet main-stream, in some of the high priority places such as Congo Basin and Amazonas there are huge technical, financial and capacity challenges to achieve certification
- A stronger business case is required for the challenging areas
- Certification works best in a sensitised international market. The challenge is how to make it work in more informal markets
- Land competition with other commodities – the challenge is to keep the forest standing when agriculture is so much more profitable

The GFTN staff is moreover concerned with the fact that the FSC as a 'gold standard' might not take be possible to mainstream. Their concern is how it can be possible to get the forests and companies at the bottom of the sustainable management scale along without losing credibility.

Tuna

The tuna commodity team work with advocacy towards 3 out of 5 Regional Fisheries Management Organisations (RFMOs), which are intergovernmental bodies where fishery commissioners from national governments represent the countries. Work with market partners retailers in US and Europe where the main market is. With the Sida grant, they have particularly worked with large and small fishermen to improve sustainability of tuna fishing and also to facilitate that they get a voice to the ministers representing in the RFMOs. Through the International Seafood Sustainability Foundation (ISSF) they work on traceability with companies on sustainable canned tuna.

The main goals of the commodity are increased percentage of certified product, sustainable fishery of tuna and improved livelihood of fishermen

The most important results as reported up to end of 2012 and in the interviews are:

- Development of the Marine Stewardship Council (MSC) certification
- The uptake of MSC certification 11.82% of the market

³⁷ It is unclear how this relate to the fact that the area of forest owned by GFTN members has not increased in the same period

- Helped develop the capacity of the Parties to the Naru Agreement (PNA) – a Pacific initiative that work towards sustainability. They worked with them to take ownership and control of their fisheries and to apply certification
- Most of the 100.000 tons of tuna fished at the Maldives, traditionally fished by pole and line, to be certified and also engaged the RFMO

There are several actors involved in the work with protection of the tuna of which a major actor is FAO. WWF/MTI work together with the other actors as a broker to the companies and fishermen along the value chain

The most important challenges are:

- To improve the sustainable fishing management
- Ensure motivation for the fishermen
- It is a huge challenge to change the main market – the Japanese market

They have now received funding from Norway to work with the big buyers in Japan.

Cotton

The main purpose of the work with cotton through the Better Cotton Initiative is not clearly stated in the project documents, but according to interviews it appears to be improvement of cotton production towards higher productivity with a focus on environment. The main goal for the Sida core support to cotton has been to prove that the Better Cotton System model can work as a mainstream solution for sustainability in the cotton sector

Main results are:

- Developed a farmer licensing system for sustainable cotton – Better Cotton Initiative (BCI)
- Established collaboration with several big buyers of cotton – they now have 250 leading brands as members of the initiative – representing 15% of total cotton market
- Increased the number of farmers of Better Cotton to 630.000
- Reaching a global market share of 2%.

The main challenge is to increase the demand as currently the supply is higher than the demand.

Palm Oil

The main purpose of the work of MTI on palm oil is to reduce the loss of forest or other high conservation value areas to be converted to palm oil production. The main goal is to increase the market for and production of certified palm oil.

The main results according to the progress report 2012 are:

- Roundtable for Sustainable Palm Oil (RSPO) established
- A standard and certification system developed
- RSPO certified palm oil reached 14% of global production
- Commitments established to source sustainable palm oil in both western and eastern market
- Relationships established with some Indian and Chinese companies using palm oil
- Several European governments commitments to sourcing certified palm oil
- Capacity built for palm oil work in Africa – started stakeholder engagement in Cameroon
- Launching a smallholder support fund to help small palm oil growers achieve certification

Most of these results are results of a combined effort of many actors in the RSPO. The exact contribution of the MTI is difficult to assess as the evaluation team had no opportunity to interview the commodity lead or any other member of the palm oil team.

The main challenges are:

- Recruitment of staff and capacity in Indonesia, Malaysia and Singapore
- To increase the demand – currently the supply of certified palm oil is higher than the demand

Financial institutions

The main goal of the work towards the financial institutions is to make the developed standards to be standard requirements for lending and investments in agribusiness.

The specific goals for the Sida core support have been:

- Finance institutions incorporate the commodity standards
- Develop sector policies for Banks to govern their lending
- Get financing to lift smallholders through developing appropriate financing product that can help these to become more sustainable

The main results according to progress report for 2012 supplemented by staff interview are:

- Two partnerships have been established with Rabo-Bank and Credit Suisse and these have developed policies for sustainability lending and investment

- Developed a performance framework together with International Finance Corporation (IFC) which IFC uses to assess investment in terms of sustainability³⁸
- Capacity has started to be built in Asia, but this is still ground-breaking
- Banking for Environment Initiative³⁹ has been launched

The main challenges as stated in the progress report 2012 and by staff interviews are:

- Developing the motivation, awareness and capacity with the finance institutions as there are not many examples of companies losing money because of the risks, so most finance institutions are largely unaware of the reputational risks
- Particularly the Asian finance institutions are weary and very sceptical about the business perspective. They feel that the issue of sustainability will hinder their business and relation with their clients
- The issue of ‘where is your money going’ is not a debate in Asia and it is difficult to do the same kind of lobby as in Europe.
- The gap in culture and perception between civil society organisations and the finance sector is a challenge for the dialogue

³⁸ http://www.ifc.org/wps/wcm/connect/Topics_Ext_Content/IFC_External_Corporate_Site/IFC+Sustainability/Sustainability+Framework

³⁹ <http://www.beiforum2012.com/>

5.4 LIST OF INTERVIEWS

WWF Sweden

Lena Tham

WWF International

Margareta Renström, WWF International, Forest Certification Manager and member of FSC Board

Sida

Per Björkman, Sida, previous coordinator for the Forest Initiative

Ola Möller, Sida ENICT

Sara Spånt, Sida

MTI Core Team

Richard Holland, MTI Director since June 2013

Diane van Marrewijk, Operation Management and Capacity building

Nina Haase, Policy, advocacy and communication

Laura Jungmann, Impacts and monitoring.

Cassio Franco Moreira, Standards and Certification.

MTI Global commodity and sector leads

Emmanuelle Neyromande, Lead for Pulp & paper.

Daniel Suddaby, Lead for Tuna.

Jeanna Stampe, Financial sector responsible South East Asia

Hamad Naqi Khan, Cotton Lead.

George White, Lead for Timber and Global Head of GFTN

Gijs Breukink, GFTN Forestry Manager.

GFTN Global

George White, Global Head of GFTN

Hisayo Fujikawa, Operations Director.

Lisa Dietz, Project Manager.

WWF Indonesia

Irwan Gunawan, Deputy Director

Aditya Bayunanda, WWF, GFTN and P&P Manager in Indonesia.

Elisabeth Diane, WWF Indonesia, Monitoring responsible for the GFTN team.

Buyers

Anders Hildeman, Forest Manager IKEA.

Lena Dahl, Tetrapak, Responsible for the Global Environment Department.

Peter Kristensen, DLH, CSR Compliance Lead in the purchasing group

Ian Dodd, Lend Lease, Environment Operations Manager

Chris Cox, Head of Environment, Timbmet

FSC certification bodies

Christian Sloth, Nepcon.

Fourry Meilano, SGS, Natural Resource Manager.

NGOs

Janet Mensink, Solidaridad

Peter Wood, independent consultant

Mr. Chen, TRAFFIC International, Timber trade Programme Leader.

Edi Supriyanto, Vice Director PERSEPSI

Finance partners

Richard Piechoki, Rabobank.

Bruce Wise, International Finance Corporation (IFC), Global Product Specialist.

Forest Managers

Mr. I. B. W. Putra, Alas Kusuma Group.

Tri Suedjatmiko, Ratah Timber and Mahaham Kalimantan Timber, CEO

Wahyul Ikhsani, Ratah Timber and Mahaham Kalimantan Timber, Production Director.

Haryoko, Chairman of the community FMU of Engal Amilyo.

Manufactories

Kartika Widiastuti, C.V KWAS, Marketing

Mrs. Prasdiarin, C.V KWAS, Accounting

Public authorities

Dr. Prabianto, Ministry of Economic Affairs and Assistant to the Deputy Minister of Forestry

Mrs. Nur Isravivana, EU Delegation Indonesia.

Experts

Mr. Agung Nugraka, Executive Director and Wana Aksara Forest Institute

Simon Milledge, IIED Forest Team

5.5 CASE STUDY

Outcomes and impact of sustainability certification

The case of forest certification

1. Introduction

The purpose of this literature review is to assess the plausibility of positive connections between the MTI programme and the underlying intentions of achieving development results in terms of social, economic and environmental outcomes and impact for poor people in developing countries. The findings from this literature review are based on a review of literature in the area of forestry certification and its impacts and case studies from MTI-related projects in the area of forest certification and other similar projects.

The strategies and activities of MTI primarily focus on the establishment of global level networks in order to influence the development and improvement of standards, promote the uptake of credible certification among global stakeholders and enhance the technical capacity of selected producers and processors for the purpose of the sustainable production of commodities that are critical to the world's ecosystems, natural resources and biodiversity.

As seen in the Theory of Change (figure 1 in the evaluation main report), it is assumed that global- and commodity-level strategies will ultimately result in the intended positive development impacts, for people living in poverty, because they promote certification that involves stakeholders and include the principles and criteria of social, economic and environmental improvements to forest management.

According to the Sida Assessment Memo⁴⁰ for the Core Support Programme, the ultimate intended outcomes for people living in poverty are expected to be measurable for beneficiaries at field level in developing countries in the following areas:

- More sustainable ecosystems,
- Strengthened human rights,
- Improved working conditions and improved livelihoods for poor people affected by the production.

According to OECD/DAC (2010) definition, development impacts is '*Positive and negative, primary and secondary long-term effects produced by a development intervention, directly or indirectly, intended or unintended*'. When assessing the socio-economic impacts of a development intervention, the focus often becomes directed to-

⁴⁰ Sida, 2009

wards long-term changes for the intervention's end beneficiaries. Also, in the Theory of Change⁴¹ of working with standardisations for sustainability, the socioeconomic impacts, defined as 'improved human wellbeing', comes at the end of the 'results chain'. Outcomes of development interventions are defined as the short- or medium-term effects of an intervention's outputs.

As mentioned in the Inception Report of this evaluation, there is a lack of clarity between the stated and monitored goals and objectives of MTI according to the log-frame versus the underlying intentions of achieving development results in terms of social, economic and environmental outcomes and impact at the field level. It is therefore relevant to look at the internal findings from the Forest Stewardship Council as well as the internal review of WWF on the environmental and socioeconomics impacts and outcomes of the Multi-Stakeholder Initiatives (MSI).

This paper presents a literature review that has sought to determine what is currently known about the ultimate outcomes or impacts of the MTI programme for poor people, with a particular emphasis on documented evidence of the outcomes and impacts of forest certification.

2. The certification standards and processes as a framework for impact

There are different systems in place for forest certification. The first applied certification system was the Forest Stewardship Council (FSC) certification. WWF has played an instrumental role in the establishment of FSC, which is also the standardisation for sustainable forestry that is promoted through the MTI.

The vision of FSC is: *"The world's forests meet the social, ecological and economic rights and needs of the present generation without compromising those of future generations"*. The mission is: *"The FSC shall promote environmentally appropriate, socially beneficial and economically viable management of the world's forest"*.

The FSC certification system⁴² is the framework for ensuring that changes in management practices in productive forests result in possible outcomes and impact for poor people, in terms of improved livelihoods, work conditions, strengthened human rights and more sustainable ecosystems. The FSC certification system has different

⁴¹ See Figure 1 in the evaluation main report. Developed from the evaluation's inception meeting with Sida and WWF

⁴² It should be noted that there are several other forest certification systems that have been developed in response to FSC, of which the Programme for Endorsement of Forest Certification (PEFC) is the most important. PEFC is a system that endorses national forest certification systems, and is therefore tailored to local priorities. Determining the pros and cons of the different systems is beyond the scope of this evaluation and is not discussed here.

instruments in order to enhance outcomes and impacts, relating to the following areas:

- The *governance system of FSC*, including the processes and procedures of standard setting and certification and auditing itself
- The *standards consisting of principles, criteria and indicators* used for FSC certification

2.1 Structure and Governance of FSC

FSC is an international membership organisation pursuing equity and democracy through the governance structure designed to enhance accountability, transparency, inclusion and participation.

FSC is governed by its members, who join as either individuals or representatives of organisations. FSC seeks a high level of membership diversity by attracting representatives from diverse backgrounds, including environmental NGOs, the timber trade, community forest groups and forest certification organisations (see figure 1.1).

The system is designed to ensure that influence is shared equitably between different interest groups without having to limit the number of members. The members apply to join one of three chambers – environmental, social and economic – which are further sub-divided into northern and southern sub-chambers. Each chamber holds 33.3% of the weight in votes; and, within each chamber, votes are weighted to ensure that north and south each hold 50% of the votes.

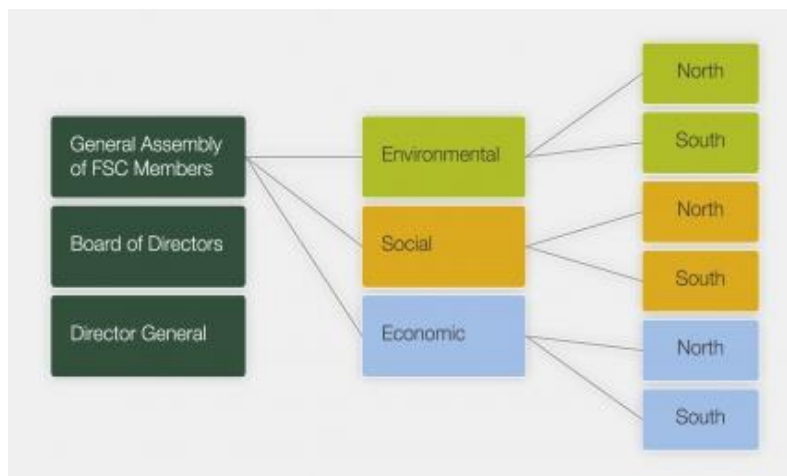


Figure 1.1. FSC governance structure

As is common for membership organisations, FSC has three levels of decision-making bodies. The General Assembly, the Board of Directors and the Executive Director. The General Assembly, which takes place every three years, is made up of the three membership chambers and is the highest decision-making body in FSC. Every member has the right to attend, formulate and submit motions, and vote.

The FSC Board of Directors is accountable to the FSC members. It is made up of nine elected individuals who are FSC members. One member of the Board of Directors is elected from each sub-chamber of the General Assembly. While the FSC International Centre is based in Bonn, Germany, it has a decentralised network of FSC Network Partners that promotes responsible forest management on behalf of FSC. FSC Network Partners include FSC National Offices, FSC National Representatives and FSC National Focal Points.

2.2 The FSC standards

FSC decides on and maintains a set of standards for forest management certification and the FSC organisation is the owner of the standards and certification system. The democratic processes involved in setting standards or making changes are rather comprehensive. Members send in suggestions and the chambers make proposals for consultations that involve all the members. This process typically takes two to three years and more comprehensive changes/revisions of standards must receive a majority of votes. The sections below describe the standards and processes of standard development and certification, with a view to explaining the inclusion and compliance of interests related to the environment, social and human rights perspectives.

Principles and Criteria

The FSC standards consist of a set of Principles and Criteria. These frame compliance with environmentally appropriate, socially beneficial and economically viable forest management and they form the basis of all FSC forest management certification standards – national and generic.

There are 10 principles. Each principle is supported by several criteria for judging whether the principle has been met in practice. The principles and criteria are globally applicable. In the national or generic standards, each criterion is complemented by a set of locally adjusted indicators.

The 10 Principles are as follows:

Principle 1: Compliance with laws and FSC Principles – to comply with all laws, regulations, treaties, conventions and agreements, together with all FSC Principles and Criteria.
Principle 2: Tenure and use rights and responsibilities – to define, document and legally establish long-term tenure and use rights.
Principle 3: Indigenous peoples' rights – to identify and uphold indigenous peoples' rights of ownership and use of land and resources.
Principle 4: Community relations and worker's rights – to maintain or enhance forest workers' and local communities' social and economic well-being.
Principle 5: Benefits from the forest – to maintain or enhance long term economic, social and environmental benefits from the forest.
Principle 6: Environmental impact – to maintain or restore the ecosystem, its biodiversity, resources and landscapes.
Principle 7: Management plan – to have a management plan, implemented, monitored and docu-

mented.
Principle 8: Monitoring and assessment – to demonstrate progress towards management objectives.
Principle 9: Maintenance of high conservation value forests – to maintain or enhance the attributes which define such forests.
Principle 10: Plantations – to plan and manage plantations in accordance with FSC Principles and Criteria.

The forest management shall comply with the standard at the level of criteria.

It should be noted that a revised set of Principles and Criteria was approved in February 2012.

Standard setting – Internationally

In order to ensure that the FSC brand remains equitable, credible and practical, the FSC Normative Framework comprises a large number of standards, policies and procedures that govern activities at a general level. An internal steering committee, with balanced representation from the various chambers, is established to oversee the process along with a working group to provide technical input and advice throughout the development or revision process of a normative document. Interested stakeholders are invited to actively participate in a consultative forum.

The Policy and Standards Unit develops a draft normative document in collaboration with the working group. Public stakeholder consultation is carried out on the first public draft and, where necessary, on following public draft versions, before the working group is ready to recommend a final draft for approval by the Board of Directors. FSC follows the Code of Good Practice for Setting Social and Environmental Standards produced by ISEAL, the global association for social and environmental standards systems.

Standard setting – Nationally / Regionally

As stated above, the principles and criteria is the global framework for achieving FSC forest management certification. However, any international standard for forest management needs to be adapted at the regional or national level in order to reflect the diverse legal, social and geographical conditions of forests in different parts of the world. For this reason, national standard development groups, with a broad representation of relevant stakeholders, develop complementary indicators, verifiers, norms, guidance and in some cases interpretations. The national standard development process follows the requirements set out by FSC international, which requires balanced representation from all stakeholders (representing environmental, social and economic interests).

After a consensus is reached at the national or regional level, the FSC Forest Management Program evaluates the National Forest Stewardship Standard to ensure that FSC's requirements on Structure and Content of National Forest Stewardship Standards are fully reflected and that a credible process was followed. The final step is that

a FSC Policy and Standards Committee approves Regional and National Forest Stewardship Standards.

Regarding WWF focus countries, national FSC forest management standards only exist in Bolivia (for the lowland), Brazil, Cameroon, Colombia and Russia. In the absence of approved national standards, the accredited certification bodies may therefore carry out certification according to their own 'generic' standards, which have been adapted to account for local conditions in each country or region. The generic standard shall be subject to a formal stakeholder consultation.

Accreditation and certification bodies

Certification systems such as FSC do not issue certificates. Instead, the assessment and issuance of a forest management certificate is carried out by independent certification bodies. Only accredited certification bodies are entitled to offer certification services.

During the accreditation process, certification of competency, authority, or credibility is demonstrated. The accreditation process must ensure that certification practices are acceptable, which typically requires that they are able to test and certify third parties (here, forest management), behave ethically and employ a suitable degree of impartiality. Organisations that certify third parties against official standards are themselves formally accredited by accreditation bodies (such as SWEDAC, DANAK etc.). FSC, however, differs from other certification systems in that it has trusted its accreditation services to the Accreditation Services International (ASI), which was originally founded by FSC.

The audit process

Before the issuance of a FSC forest management certificate, a third party evaluation/audit establishes full compliance against the FSC standard. The audit involves a systematic and independent examination of data, statements, records, operations and performance of a forest management unit. The auditor shall seek evidence of compliance against the standard during the audit.

2.3 Assessment of FSC governance and procedures

According to the governance systems, standards, principles, criteria, and procedures for certification, it appears that, when it works, a framework is in place that to a high degree ensures the inclusion of all stakeholders in the process of setting standards, certification and auditing standards compliance, while also providing a high level of accountability. The governance of the FSC standards is where the consideration of

environmental, social⁴³ as well as economic interests in the standards takes place. Affected stakeholders' participation in the processes of certification and auditing, such as stakeholder consultations and peer reviews, are intended to ensure that these considerations are also adequately reflected in actual forest management. It is therefore presumed that, if the certification is applied in contexts where poverty and economic and environmental injustice prevail, it would lead to outcomes and impact in terms of improvements in all these aspects.

The following section will examine whether there is, in the current knowledge base, evidence that the presumed outcomes and incomes have materialised, i.e. that they have led to positive changes at the field level, for human beings and the environment.

3. Forestry certification and impacts on the environment

3.1 The overall goal of forest conservation

Forest certification became a growing concern during the late 1980s and early 1990s due to deforestation and its consequences in terms of a loss of biodiversity in logged forests. FSC was established in 1993 as a response to these concerns. Forest certifications of different kinds are widely seen as the main instrument for conserving the world's forests and the biodiversity therein. The strategy of forest certification to improve the management of productive forest can be seen as an alternative strategy to forest protection. It was thought that combining forest protection with improving the management of commercial forests production through considering and protecting natural values could yield larger results in terms of biodiversity conservation than forest protection alone.

Forest certification was introduced in 1993, and as of 2013, roughly 181 million hectares of forests have been certified under FSC certification, of which an estimated 23.8 million hectares⁴⁴ are located in the tropics. Regarding the overall goal of ending deforestation, most data clearly shows that rapid deforestation is still continuing in the tropics, despite approximately 20 years of work towards certification. Despite these efforts, only about 2% of tropical forest has been certified and, during that same period, more than 290 million hectares were destroyed and converted to non-forest uses (FAO, 2010).

3.2 The FSC mission and research

The FSC mission relating to environment is:

⁴³ It should be noted that the FSC standards and the certification procedures are largely gender blind.

⁴⁴ Estimate by the evaluation team based on statistics from FSC website.

“Environmentally appropriate forest management ensures that the harvest of timber and non-timber products maintains the forest’s biodiversity, productivity and ecological processes”.

As mentioned above, the process of certification requires companies to make a wide variety of changes to management that would theoretically benefit biodiversity.

Research has been conducted on FSC impact, since the beginning of FSC certification in the late 1990s, by different types of organisations: Research institutions, The World Bank, NGOs and investment banks. Only a few of these are independent studies in relation to FSC and most deal with economic aspects and market dimensions. Some organisations regard the FSC certification itself as a measure of success, i.e., that assumptions of its positive impact for the end beneficiaries are taken as given.

3.3 Lack of biodiversity targets

One problem when reviewing the literature on the environmental impact of certification is that, except for an overall goal of ending deforestation, there are no set international or regional conservation goals to measure against meaningful biodiversity targets. There is no common clarity concerning which criteria or indicators to use when assessing biodiversity conservation. A study by van Kuijk et al. (2009) revealed that, in most certified forests, information related to the effects of forests management on biodiversity is not systematically collected, and it is even harder to find such information from non-certified forests.

In 2009, FSC conducted a literature review on the outcomes and impacts of FSC certification (FSC 2009). The review concluded that many evaluations are based on indirect assessment, and either presume the impact of the principles and criteria in the standards or are based on certification reports on compliance. There are very few examples of research on FSC certification impacts anchored in real, independent and credible research, which include baselines, control groups and repetitions. As a result, most of the evidence of outcomes and impact is of an anecdotal nature and describes cases of success.

3.4 Indirect measure of changed management to benefit biodiversity

Some of the instruments for improved forest management for biodiversity are Reduced Impact Logging (RIL) (FSC 2009) and low impact extraction methods (Cashore et al. 2006). According to Cashore (2006) the changes connected to biodiversity that were observed in forest planning and management, were:

- Conservation corridors
- Identification of threatened species
- Protection of seed trees
- Habitat protection
- Logging season adjusted to animals breeding seasons

According to the review by FSC (2009), studies often look for the intended effects of management changes on biodiversity, such as:

- The situation of threatened species

- Use and disposal of chemicals
- Wet forest sites
- Forest conservation

In the study mentioned above, FSC audit reports are reported. It is assumed here that the changes which forest managers are required to make during the assessment process for certification indicate actual changes in forest management/behaviour. The assumed outcomes from this change in behaviour were reported as:

- Improved riparian and aquatic management
- Improved treatment of sensitive sites and High Conservation Value (HCV) Forests
- Improved treatment of threatened and endangered species

Another similar study from the above review reported outcomes such as: improved roads and skid trails; improved regeneration and reforestation activities; reduced use of toxic chemicals and also creating a vision with the forest managers of the desired future forest condition.

Providing answers regarding the impact of FSC certification on the environment, which are based on the types of studies referenced above, is problematic because they are based on the presumption that the required changes are actually being implemented in practice. They also presume that the changes will have the intended impact without actually credibly testing this in practice.

3.5 Limited direct measure of impact

A comprehensive review by Blackman and Rivera (2010), which examined the evidence base for the environmental and socioeconomic impacts of sustainable certification of commodities, only found nine reasonably credible studies of impacts related to forest certification. These studies found little evidence that certification has significant environmental impact.

Blackman and Rivera (2010) found a number of methodological constraints to finding credible evidence, one of them being to find credible counterfactuals to the certified cases. Only one study (de Lima et al. 2008) of FSC certification in Brazil attempted to use a credible counterfactual. This study found that there were minimal environmental impacts. The study concludes that many of the presumed benefits had already been realised, through community forest management, without certification.

4. Socioeconomic, including human rights, impacts and outcomes of sustainable forest management through certification

This section focuses on socioeconomic impacts and outcomes for people living in poverty within the areas stated in Sida's Assessment Memo for the Proposal (Sida, 2010): strengthened human rights; improved working conditions and improved livelihoods for poor people affected by the production.

4.1 Human Rights impacts and forestry management

A human rights-based approach takes its starting point in the values and principles underpinning the UN human rights conventions; non-discrimination, participation, accountability and transparency (Sida, 2012). The approach of working with a human rights-based approach in the area of forest management can be broadly categorised into the following main areas:

- Working with *duty bearers* (influencing or strengthening of capacity), states at national and decentralised levels, which have obligations and power under national and international law to promote, fulfil and protect the rights of citizens, such as tenure rights, labour rights, cultural rights, gender rights and social services.
- Working with the *empowerment of people* in order for them to increase their capacity to claim their rights, such as land rights and participation in decision making, addressing their situation and engaging in dialogue with the state and private sector. Local communities are also required to comply by e.g. following laws and regulations in areas such as natural resource management.
- Working with *private enterprises* that have a responsibility to respect human rights and tenure rights.

Governments, through national and decentralised public authorities are thus responsible for the governance around forest management. In nations where governance such as legal and policy frameworks, land administration and law enforcement is weak, there is a risk that human rights will not be respected and therefore are also human rights related to forest management at risk of violations.

There are a number of different initiatives which are designed to help private businesses align their operations and practices with international human rights standards, such as the UN Global Compact, the OECD Guidelines for Multinational Enterprises and IFC Performance Standards. In the forestry sector, there are also a number of voluntary sustainability initiatives that include principles and criteria that provide guidance to business enterprises on respecting human rights and avoiding adverse impacts on human and tenure rights. Many standard systems, including FSC, base their norms on the UN Declaration on Human Rights and the ILO Conventions.

Approaches for ensuring human rights compliance in forestry management

The Forestry Stewardship Council's Principles and Criteria view human rights in the following principles: principle #1, Compliance with laws and FSC principles; principle #2, Tenure and use rights and responsibilities; principle #3, Indigenous people's rights; principle #4, Community relations and worker's rights. The ISEAL Code of Good practice (2010) presents a list to provide a common basis for standards systems to assess their contributions to impact and for social impacts; social services and labour, gender and cultural rights are subsequently listed.

The 'Free prior and informed consent' (FPIC), is the principle that a community has the right to give or withhold its consent to proposed projects that may affect the lands they customarily own, occupy or otherwise use. Many certifications schemes and

roundtables have integrated the FCIP in their principles and criteria. FPIC is this expected to safeguard the principles of participation and non-discrimination of local communities in forest management.

The Voluntary Guidelines on the Responsible Governance of Tenure of Land, Fisheries and Forests in the Context of National Food Security, provides a framework for guidance to states and private enterprises on how to comply with principles to ensure the responsible governance of natural resource tenure.

4.2 Lack of set targets to improve socioeconomic conditions and human rights

There are no objectives or indicators in the Sida/MTI log-frame that directly measure progress on improvements of socioeconomic conditions for poor people as well as human rights and gender dimensions. Since these are assessed to be the result of a successful certification process and the longer-term developmental effects of the MTI, they are not being monitored as part of the programme.

The Sida core support to MTI is based on the assumption that certification promotes non-discrimination, participation, accountability and transparency. This assumption appears plausible as the FSC principles and criteria (principle 1-4) address different dimensions of human rights. The governance structure of FSC is moreover based on the principles of participation, governance and democracy and sharing of power between the three chambers; multi-stakeholder engagement ensures that influence is shared equally between different interests groups.

4.3 Impacts of forest certification on socioeconomic conditions and human rights

An internal WWF review “Certification and Roundtables: Do they work?” (2010), reviews the outcomes of MSIs with specific attention to their potential social and poverty-related impacts. It concludes that a few case studies show positive impacts in terms of improved working conditions (FSC) and local communities (FSC and MSC). There is, however, a lack of evidence of direct poverty related impacts, such as improved food security and livelihoods. It is concluded *“that although anecdotal information is available, there is generally insufficient scientific data providing robust evidence of the social impacts of MSI”* (Certification and Roundtables, p. 18, 2010).

The focus of standards such as FSC is to contribute to change at the producer level. Much of the monitoring focuses on measuring changes at the output level, such as activities and practices, and there is less focus on measuring performance and the actual change in behaviour. The underlying assumption of certification is that changes in behaviour and attitude at producer level will lead to positive social impacts on the ground for workers, forestry communities and nearby local communities.

Findings on the socioeconomic and human rights impact of forestry certification are often clustered under ‘social impacts’. Some recent studies (Romero et al, 2013, Barry et al, 2010 and Blachman & Rivera, 2010) point to the fact that there is currently limited evidence about the positive social impacts of certifications and highlight that there is a need for more rigorous studies of impacts on the ground, including impacts

related to human rights. Given the methodological challenges and consequent resource implications, it is not surprising that there has been limited research in the area of how producer level changes lead to social impacts for forest and neighbouring communities.

From the literature, the limited findings, as regards impacts on social aspects of certification, can be seen in the following categories:

- Improved stakeholder engagement (workers, communities) (Karmann and Smith, 2009, De Corso et al, 2008, De Lima et al, 2008, Markopolous, 2003, Bass et al, 2001, Zainalabidin and Mohamed, 2011, Auld et al, 2008)
- Improved communication and conflict resolution with stakeholders (Auld et al, 2008, Karmann and Smith, 2009)
- Improved worker training (Auld et al, 2008, Karmann and Smith, 2009)
- Improved worker safety (De Lima et al, 2008, Karmann and Smith, 2009, Newsom and Hewitt, 2005 and Humphries et al, 2006)
- Improved workers benefits (Karmann and Smith, 2009, Newsom and Hewitt, 2005, De Corso et al, 2008, Auld et al, 2008), such as increased job opportunities for local workers and members of the local community (it should be noted that the findings regarding worker benefits are not analysed from a gender perspective; there is thus very little information on how women and men benefit from certification).

The findings above, however, come from a limited number of case studies. The limited literature that is available on this subject suggests a finding in itself, which is supported by a more substantial study conducted by Blackman and Rivera, 2010; “We identify just 37 relevant studies, only 14 of which use certification likely to generate credible results. Of these 14 studies, only 6 find that certification has environmental or socioeconomic benefits.” One of the main findings from the literature review is that available reliable data is too limited to draw any general conclusions on impact in relation to social and human rights as a result of forestry certification.

In order to ensure that the intended social impacts of certification are achieved, one important area to focus on is the respect of natural resource tenure rights. Despite the clear link between having secure access to natural resources that many poor women, men and children depend on for their livelihood and poverty reduction, there have not been many studies on how forestry certification has impacted respect for tenure rights. When forest enterprises comply with FPIC, it is presumed to be more likely that human rights principles are adhered to. However, from the literature, there is little evidence that FPIC leads to improved respect for human rights. Some work indicates that there are obstacles to carrying out FPIC in practice because it requires a good understanding of local decision-making procedures that, for many indigenous societies, can be very complex structures. It can also be difficult to achieve sustainable forestry production in a context of weak governance, where human and tenure rights are not respected by the state (Colchester and Ferrari, 2007 in Human Rights Watch, 2013).

A comparative study of FSC certification in Ecuador and Bolivia concluded that certification is more likely to be successful (in the sense of complying with standards) when the government provides land tenure security (Ebeling, 2009).

5. Conclusion

5.1. Environment

It is clear from the above that the FSC certification has the potential to induce changes in forest management that would be likely to improve on biodiversity in the certified forests – all other things being equal. However, there are currently no common measurable targets to define or measure improved biodiversity and other environmental outcomes and impacts related to FSC certification.

Looking at the required changes in forest management, it appears plausible that there are positive outcomes to be found in the forests that are certified, such as changes in logging intensity, road and trail planning, wetland management, management of chemicals and management of endangered species.

However, one significant problem about connecting the impact of FSC on environment to management practices is that it is actually not known to what extent it leads to substantial changes in practical management or whether the forest management units that become certified were already largely complying with the FSC requirements before certification. There are, for example, indications that one reason that certification has spread rapidly in many of the Northern countries is that their forests do not require significant management changes to comply with the standards. At the same time, in many tropical forests, where the required changes to management are substantial, the incentives for certification are not high enough to motivate owners to certify the forests. Even if it is assumed that the changes (outcomes) take place, the exact impact of these changes is not known.

CIFOR recently produced an overview of knowledge regarding the impacts of forest certification (Romero et al. 2013) in which they interviewed stakeholders regarding their perceptions of impacts; the finding was that “certification is doing a lot to improve tropical forest but there is need for empirical assessment of impacts of certification”.

There is currently inadequate empirical evidence to judge the ultimate impacts of certification on environmental factors for the forest. After 20 years of work on FSC certification, a credible framework for evaluating the impacts of forest certification on the environment/biodiversity has yet to be established

5.2. Socio-economic impacts and human rights

The overall finding of this review is that there are positive impacts and outcomes to be found in some cases, which tend to be very site specific, and that little can be said in terms of generalised positive social impacts. The ones found in this review are:

- Improved stakeholder engagement (workers, communities)
- Improved worker safety

- Improved workers' benefits through increased job opportunities for local workers and members of the local community

It is important to note that, as mentioned above, none of these findings have been analysed from a gender perspective. There is, thus, very limited information about how women and men benefit from certification.

From the literature review it has become clear that there are several gaps within the available literature regarding forestry certification and its impact on socioeconomic conditions and human rights. The gaps that have been identified regarding forestry certification and impacts are summarised and listed below:

- Securing land rights
- Securing indigenous peoples rights
- Impact on gender and power relations
- Information regarding employment conditions in order to shed light on seasonal income
- Impacts on nutritional intake

It should be noted that the new principles and criteria for FSC certification, which has a stronger focus on social and human right aspects are just coming into effect in the coming years and it may be expected that the results of this will then also be materialised at a later stage. There is a strong realisation within WWF that more attention should be given to monitoring the social impact of MSIs, and they are currently in the process of strengthening the internal capacity to define, monitor and evaluate this impacts.

5.6 LIST OF DOCUMENTS REVIEWED

Independent studies

1. Auld, G. Guldbrandsen, L. McDermott, L (2008) – “Certification Schemes and the Impacts on Forest and Forestry”, The Annual Review of Environment and Resources,
Key Words: Environmental governance, forest certification, non-state governance, social and environmental certification
2. Barry, M et al (2012) – “Toward Sustainability – The Roles and Limitations of Certification”, Final Report, Prepared by the Steering Committee of the State-of-knowledge
Key words: How and why actors engage in Standards and Certifications, the roles and drivers of NGOs, Civil Society, Governments, diff. business
3. Bass et al (2001): Certification’s Impacts on Forests, Stakeholders and Supply Chains. International Institute for Environment and Development, London.
4. Blackman, A. and Rivera, J (2010) – “The Evidence Base for Environmental and Socioeconomic Impacts of “Sustainable” Certification”
Key words: Literature review on Environmental and socioeconomic impacts of sustainable certification among others FSC
5. Blankenburg, F. (1995): Methods of Impact Assessment Research Programme: Ressource pack and discussion. The Hague: Oxfam UK/I and Novib
6. Cashore, B. Gale, F. Meidinger, E. Newsom D (2006) – “Forest Certification in Developing and Transitioning Countries. Part of a Sustainable Future?”, Environment Volume 48 no 9
Key words: Certification, Regional and sub-regional support, Environmental effects, Monitoring and compliance
7. Colchester, M., and Ferrari, M. F. (2007) Making FPIC Work: Challenges and Prospects for Indigenous Peoples, Forest Peoples Programme, Moreton-in-Marsh
8. De Corso et al (2008): Literature study and comparative analysis of the benefits of FSC certification in community forestry. Wageningen University and Research Center, Wageningen
9. De Lima et al (2008) – “Impact of FSC forest certification on agro extractive communities of the state of Acre, Brazil”
Key words: Environment, Market Transformation- attitude and behavior changes at producer, retailer level
10. Ebeling, J. Yasué, M (2008) – “The effectiveness of market-based conservation in the tropics: Forest certification in Ecuador and Bolivia”

Key words: Economy, Environmental, Market Transformation. It assesses factors influencing the economic benefits and opportunity costs of certification at the operational level.

11. Humphries, S. Kainer, K (2006) – “Local perceptions of forest certification for community-based enterprises”, Forest Ecology and Management (www.elsevier.com),
Key words: perceptions of certification as perceived by community members and other key stakeholders, economic and social aspects concerned the certification
12. Karmann, M. Smith, A (2009): FSC reflected in scientific and professional literature. Literature study on the outcomes and impacts of FSC certification, FSC International Center
Key Words: Environmental effects, Social effects, Community managed forest, Economic effects, how to measure FSC impact, Corporate social responsibility
13. Madrid, S. Chapela, F (2003) – “Certification in Mexico: the cases of Durango and Oaxaca”
Key words: Economic aspect of certification
14. Markopoulos, M (1998) – “The Impacts of Certification on Community Forest Enterprises: A Case Study of the Lomerío Community Forest Management Project, Bolivia”, Oxford Forestry Institute
Key words: Market transformation, impact, social conditions, adjusting to social and economic realities (1991-1993)
15. May, P et al (2004) – “Local sustainable development effects of forest carbon projects in Brazil and Bolivia – A view from the field”, Environmental Economics Programme
Key words: Sustainable development and livelihoods, environmental- social and economic impacts
16. Molnar, A (2003) – Forest certification and communities: Looking forward to the next decade”, Forest Trends, Washington, D.C.
Key words: Impacts and issues for communities; based forest enterprises, stakeholders
17. Morris, M. Dunne, N (2003) – “Driving environmental certification: its impact on the furniture and timber products value chain in South Africa”, Elsevier LTD, Geoforum
Key words: Market transformation – global buyers demand, Environmental
18. Nebel, G et al (2003) – “Development and economic significance of forest certification: the case of FSC in Bolivia”, Elsevier B.V.

Key words: Market transformation – exclusion of small scale and community based producers, environmental sustainability

19. Newson, D. Bahn, V. Cashore, B (2006) – “Does forest Certification matter? An analysis of operational-level changes required during the SmartWood Certification process in the United States”, Forest Policy and Economics (www.elsevier.com),
Key words: Forest Certification, Forest policy, SmartWood, Forest Stewardship Council

20. Newson, D. and Hewitt, D (2005) – “The Global Impacts of Smart Wood Certification”, Final Report, Trees Program Rainforest Alliance
Key words: Examines the changes that 129 Smart Wood certifies operations in 21 countries were required to make during certification assessment as a means of describing the impacts of forest certification, results: environmental changes, social changes, economic and legal changes, changes to forest management and other systems

21. Romero, C et al (2013) – “An overview of current knowledge about the impacts of forest management certification – A proposed framework for its evaluation”, Occasional Paper 91, CIFOR and PROFOR
Key words: Diversity of Forest Management Certifications, Evaluation in the context of forest certification

22. Romero, C and Catrén, T (2013) – “Working Paper, Approaches to Measuring the Conservation Impact of Forest Management Certification”, PROFOR
Key words: this paper was produced based on extensive and inspiring discussions in two scientific workshops on forest certification and its impacts, social equity, transparency, participation and legal compliance, literature review

23. SSC Forestry (2007/2009) - Fighting Poverty with Forest Certification – A Multidimensional Approach to Poverty Alleviation and Biodiversity Protection

24. Thornber, K. Plouvier, D and Bass, S (1999) - “Certification: Barriers to Benefits – A Discussion of Equity Implications”, European Forest Institute, Discussion Paper 8
Keywords: Discusses equity implications of forest management certification in terms of which stakeholders gain which benefits. Issues of inequity between developed and undeveloped countries

25. Van Kuijk, M. et al.; 2009; Effects of certification on forest biodiversity. Report commissioned by Netherlands Environmental Assessment Agency (PBL). Tropenbos International, Wageningen, the Netherlands

26. Wood, P (2012) – “Pre-conditions and safeguards for certification in high-risk areas: Review of stakeholder input and feasibility analysis”, Prepared for the Forest Stewardship Council, IC
Keywords: Desirability and need for additional safeguards and preconditions for FSC in high risk countries, present possible policy responses for FSC consideration, Social impact, environmental impact, economic impact on local level.
27. Zainalabidin, SM and Mohamed, S (2011) – “ impact of Forest Certification: From the Perspective of Forest Concessionaires’ Staffs”, International conference on management ICM 2011 Proceeding
Key words: Impact of forest certification in relation to social- economic and environmental issues, Forest certification, forest management, forest conservation and certification

Internal Reports and other relevant documents

- Better Production for a Living Planet, WWF Highlights 2012
- Better Cotton 2012 Harvest Report, BCI
- Evaluating Conservation Impacts of FSC Certification – Testing Causality thought the Use of CounterFactual Study Design (2013) Research Concept Note Draft v5 by Colby Loucks and Karen Mo
- FAO; 2010; Forest Products, Annual Market Review 2011-2012
- Forest Products Annual Market Review 2006-2007, UNECE (2007) – United Nations, Economic Commission for Europe /FAO. UNECE Geneva Timber and Forest Study Paper, No 22
- Forest Products Annual Market Review 2011-2012, UNECE (2012) – United Nations, Economic Commission for Europe /FAO. UNECE Geneva Timber and Forest Study Paper, No 30
- FSC at risk – A joint 4 step action plan to strengthen and restore credibility, Greenpeace International,
- FSC Principle and Criteria for Forest Stewardship, Version 4-0,
- FSC Principle and Criteria for Forest Stewardship, Version 5-0
- FSC; 2009; FSC reflected in scientific and professional literature. Literature study on the outcomes and impacts of FSC certification; www.fsc.org
- GFTN Report 2009, WWF og GFTN
- Global Forest & Trade Network, Global Strategic Plan for FY 2012-2020, Prepared by GFTN Support Unit, with input from local GFTN offices & Other Stakeholders (Last updated nov. 2012)
- Global FSC Certificates: Type and distribution (2013), Forest Stewardship Council
- Human Rights Watch (2013), The Dark Side of Green Growth- Human Rights Impacts of Weak Governance in Indonesia’s Forestry Sector
- ISEAL, Code of Good Practice – Assessing the Impacts of Social and Environmental Standard Systems v 1.0 (2010)
- MTI Impacts Review 2011, Sustaining conservation values in selectively logged tropical forests: the attained and the attainable, by Francis E. Putz et al.
- MTI Impacts Final Report, Assessing the Impacts of Multi-Stakeholder Initiatives (2012)

- MTI Impacts Pilot Study 1 (2012), Impact Evaluation of Multi Stakeholder Initiatives: A Global Review
-
- MTI Impacts Pilot Study 2 (2012), Examining the Impact of MSC Certified Whitefish on the Arctic Priority Place
- MTI Impacts Pilot Study 4 (2012), Examining the Impact of RSPO Certified Palm Oil on the Heart of Borneo Priority Place
- MTI Impacts Pilot Study 5 (2012), Examining the Impact of Certified RTRS Soy on the Cerrado Priority Place
- MTNI Strategic Plan 2009, WWF Market Transformation Network Initiative, Final version 12 February 2009
- Palm Oil's new frontier – How industrial expansion threatens Africa's rain-forests, Greenpeace Forest and People first, 2012
- Programme Evaluation of the Global Forest & Trade Network for Business Plan Period FY2008-2011, Summary, by Daphne Hewitt & Andrew Sutherland – The IDL group, WWF Global Forest and Trade Network
- Programme Evaluation of the Global Forest & Trade Network for Business Plan Period FY2008-2011 Management Response (18 May, 2012)
- Poverty and Forest Certification by HJ van Hensbergen, Klas Bengtsson, Maria-Ines Miranda, Isabel Dumas, Forest Initiative, This report has been produced in cooperation with WWF
- Social Effects of Forest Stewardship Council Certification in the Tropics and an Assessment of Evaluation Methodology, Received from Lena Tham and there are no authors or year of publication mentioned anywhere.
- Steering Committee of the State-of-Knowledge, Assessment of Standards and Certification (2012) – “Towards Sustainability: The Roles and Limitations of Certification”, Washington,DC; Resolve Inc.
- The 2050 Criteria – Guide to Responsible Investment in Agricultural, Forest, and Seafood Commodities, WWF report sept. 2012
- WWF Operational Network Standards & Recommended Best Practices, Martine Maquet from WWF international mentioned as contact person, published 25 July 2006
- WWF Forest and international trade (2002)
- WWF Forest Management outside protected areas (2002)
- WWF Living Forest Report, chapter 1 (2012) – Forest for a Living Planet
- WWF Living Forest Report, chapter 2 (2012) – Forest and Energy
- WWF Living Forest Report, chapter 3 (2012) – Forest and Climate
- WWF Living Forest Report, chapter 4 (2012) – Forests and Wood Production
- WWF Position Statement: Congo Basin Forests (2011)

Relevant homepages

- www.wwf.org
- www.fsc.org
- www.rainforest-alliance.org
- www.gftn.panda.org

Links to useful reports and webpages:

Global Forest and Trade Network

http://wwf.panda.org/who_we_are/wwf_offices/bolivia/our_work/forest_program/responsible_trade/global_network_gftn/

New Generation Plantations

http://newgenerationplantations.com/social_case_list.html

2050 Criteria – finance sector

http://wwf.panda.org/what_we_do/how_we_work/businesses/transforming_markets/solutions/methodology/commodity_financing/2050_criteria/

Better Production for a Living Planet – cases

http://wwf.panda.org/what_we_do/how_we_work/businesses/transforming_markets/solutions/methodology/better_production_for_a_living_planet/

Profitability and Sustainability in Palm Oil Production

http://wwf.panda.org/what_we_do/footprint/agriculture/palm_oil/publications/?204548/profitability-and-sustainability-in-palm-oil-production

5.7 EVALUATION MATRIX

Criteria	Evaluation question	Indicator	Means of verification
Relevance	How well does the MTI programme log-frame suit the underlying goals and intentions of the partners?	The log-frame reflects the intended development goals and strategies and allows for monitoring according to these	Analysis of project documents and progress reports Interviews with partners
	How does the programme ensure environmental, social and economic (poverty) relevance and focus as well as a human rights-based approach?	Strategies in place	Analysis of project documents and progress reports Analysis of procedures for development of standards as well as principles and criteria of the standards and the certification procedures Discussion around the MTI Theory of Change with different stakeholders Interviews with stakeholders
	Are the important actors motivated to engage in the MSI and other MTI processes – has MTI managed to provide a sustainable business case for the stakeholders to engage in certification?	Stakeholders are motivated to engage	Progress reports Stakeholder interviews
	To what extent are the different actors involved in the MTI aware of the poverty and human rights-based approach?	Statements indicating a Theory of Change in relation to poverty alleviation and respect for human rights	Stakeholder interviews
	To what extent are the poverty focus, gender and human rights approach visible in/or guiding decision making, standard setting, selection of partners, countries, focal	Poverty focus, gender and human rights aims influence decision making in terms of standard setting,	Progress reports Interviews with MTI personnel and partners

	areas and visible in reporting?	selection of partners, selection of countries and focal areas	Review of FSC principles, criteria and indicators
Effectiveness and efficiency	Has the MTI reached the results presented in its results framework? If and how do production and sourcing against standards and certification for more sustainable production (environmental, social and economic) lead to market transformation? Can this be ascribed to MTI alone? Or should the credit be shared with other initiatives?	Overall results being achieved Market shares of the five commodities reached according to log-frame	Progress reports and monitoring data Interviews with stakeholders
	What is the perception of MTI partners and stakeholders at different levels of MTI performance	MTI partners satisfied with the performance in different areas of activities such as; technical support of certification, coordination; sharing of information, collaboration and networking	Stakeholder interviews
	Is the results framework used as a basis for reporting and who is responsible for reporting (different levels of MTI)?	Reporting to Sida and within WWF MTI used as basis for reporting	Progress reports to Sida and internal reports
	What evidence can be found of possible social/poverty/HR and environmental outcomes and possibly impact as result of the MTI?	Evidence of positive outcomes or impact which can be plausibly attributed to MTI or likeminded programmes	Audit reports Literature study – synthesis of knowledge
	How effective is MTI in ensuring that the ultimate objectives of poverty reduction and positive social outcomes can be achieved, in the short term and in longer term?	Governance and procedures of the MSIs considers accountability, transparency, inclusion and participation of all stakeholder including the intended end-beneficiaries in the networking and standard development The certification standards, procedure and support to better man-	Analysis of the governance, set-up and procedures through review of project and standard documentation and interviews with stakeholders including auditors along the value chain

		agement practices are considering accountability, transparency, inclusion and participation of all stakeholder including the intended end-beneficiaries	
	What are the prospects for MTI benefiting producers in developing countries (poverty focus)?	A substantial market share is being supplied from developing countries including from medium and small scale producers	Monitoring data
	How efficient is the core support set-up – in terms of reaching the overall results and also in terms of leveraging funding from other sources?	Overall results being achieved The core-support set-up secures an efficient flow of funds towards areas of intended results The core support have leveraged substantial amount of funding from other sources	Progress reports Financial reports and stakeholder interviews
Impact	What is the perception of the involved stakeholders of the most significant changes in market transformation and what have been the drivers behind this change?	Networking and certification identified as important drivers in the market changes	Reported by different stakeholders
	What significant changes have stakeholders seen taking place at local level with the introduction/initiation of a certification process?	Significant changes stated by stakeholders in terms of better management practices that can be connected to the certification process	Field visit – stakeholder and expert interviews
	Who are the actual beneficiaries and how have they been affected and benefited from the MTI programme both directly and indirectly, intended and un-intended?	Real beneficiaries can be identified and their benefits can be related to the MTI	Literature study Stakeholder and expert interviews during field visit
	To what extent does the certification processes affect power relations among the stakeholders with a focus on people living in poverty?	Stakeholders living in poverty have increased their influence and rights in the value chain	Literature study Stakeholder and expert interviews during field visit
	What evidence can be found regarding positive and negative effects?	Positive and negative effects identified	Literature study

	tive effects of the MTI programme and certification for the environment, local communities (people living in poverty), and the private sector partners?	fied	
Sustainability	How sustainable are the market transformations achieved?	Business cases that are economically viable all along the value chain Commodity networks and certification systems are economically and institutionally sustainable	Analysis of the Forest value chains (timber and pulp & paper) Analysis of set-up, functioning and financing of GFTN and FSC
	How sustainable are the outcomes for the end beneficiaries – if any?	There are positive outcomes for the end beneficiaries that are likely to be sustainable (economically, socially and legally viable)	Literature study Stakeholder and expert interviews during field visit

5.8 WWF MANAGEMENT RESPONSE TO THE EVALUATION



WWF® for a living planet®

Date: 2014-03-06

From: Världsnaturfonden WWF/ WWF MTI

To: Sida

CC: Indevelop

WWF response to the report *Evaluation of Market Transformation Initiative (MTI)* submitted by Indevelop AB, consultants to Sida, 2014-02-20

WWF thanks Indevelop for its evaluation of Phase 1 of the WWF MTI/Sida Partnership. WWF welcomes the recommendations made by Indevelop for future action in a Phase 2 partnership. We acknowledge that with limited time, resources, and external support to conduct the evaluation, it was challenging to conduct as thorough an evaluation as was anticipated in the TOR and inception report, especially since the partnership is a global initiative seeking to transform whole natural resource sectors. To extrapolate results for timber and pulp to commodities like cotton and tuna is another apparent challenge.

The field of transforming markets towards sustainability is still relatively new, and rapidly evolving, as is the movement for standards and certification. Several organizations, from WWF to ISEAL to other development aid agencies, have launched major initiatives to document impacts of sustainability standards. From this an emerging but substantial body of literature has developed around the field of voluntary sustainability standards, including nearly 100 impact studies that could be further drawn upon to complement this review's conclusions. As one of the oldest standards, the Forest Stewardship Council (FSC) is one of the best researched standards. Although most studies show positive results, most experts agree that more work is needed to improve research methodologies, so that broad conclusions can be drawn about social and environmental impacts across projects and contexts.

With respect to some of the conclusions of the evaluation report, we consider it important to provide additional information and insights. At the broadest level, the report recognizes that market transformation has become a movement, and that actors acknowledge WWF as playing a catalytic role in advancing this movement among private sector actors, governments and other civil society organizations. It recognizes that WWF has made important contributions over the period of the Sida partnership, from development of market based systems for sustainability of cotton, soy, aquaculture and other commodities, to mainstreaming environmentally and socially responsible sourcing in 'Northern' countries—results which are already transformative. However, the report challenges whether any causality can be attributed to WWF, whether market transformation efforts have made a difference on the ground, and whether they will work in emerging economies and developing countries.

Below is brief feedback on the most important issues drawn from the review, largely drawn from WWF's experience with the FSC scheme. This is followed by a management response to the Indevelop recommendations with which we generally agree and are already making progress on.

Response to specific issues raised in the report

- Standards and social impacts.** Addressing social impacts is considered essential by WWF. In creating and engaging with standards setting and certification bodies, WWF is a major proponent for including environmental and social dimensions of sustainability in standards' Principles and Criteria. WWF does not just leave this to the standards and certification bodies to address; we work actively with these bodies to incorporate the social dimension. For FSC, the major revisions to the Principles and Criteria in the last review were to strengthen social aspects. Moreover a majority of studies of FSC that have included social issues have determined positive social (as well as environmental) impacts. We agree that some other sustainability standards could do more to address social impacts and this will be a continued emphasis in the next programme phase. Social impacts and outputs will also be a more comprehensive part of the Phase 2 result measures (expressed in the RBM matrix). It might also be worthwhile, in a more general sense, to keep in mind that the global commodities targeted by MTI are important commodities for emerging economies and developing countries. The rural poor also suffer most from negative environmental impacts and benefit most from conservation of natural resources⁴⁵
- Attribution of results.** We believe that the result of the market shift that the report recognizes can in part, be attributed to the work of WWF. The MTI has targeted the actors that represent the majority share for the commodities and sectors on which we focus. That we have made strong progress on the 2020 target of tipping markets for all MTI commodities, following the approach consistent with the MTI Theory of Change outlined in our proposal, seems to suggest the approach is working. With respect to GFTN and FSC, and as presented during the evaluation workshop on 3 February 2014, GFTN participants (e.g. those producers we engage directly in a stepwise approach to certification) account for about 30% of global FSC certification. However, the MTI approach is about creating the enabling conditions and catalytic change that can drive a shift in an important share of global production and it is not our strategy to be the only change agent. In the RBM for Phase 2 proposal we have worked to more comprehensively delineate results directly attributable to our work, but we will also maintain this emphasis on being "influencers" of other change agents where WWF are more of a contributor.
- Efficacy of markets approach in emerging economies.** A major aspect of adaptive management in Phase 1 was realizing the importance of the emerging economies of Brazil, India, Indonesia and China to the markets agenda, and adjusting our approach by shifting the focus of our markets work to these countries. We agree that sustainable markets work in these regions is nascent, needs to be scaled up and is likely to require other approaches than have been successful in western markets. Work in emerging markets also requires a policy dimension. All these are important components to be addressed in Phase 2. However, based on our own work and progress we do not agree that awareness of sustainability issues is only a 'Northern' phenomenon. A more comprehensive analysis of the actual current state of sustainability awareness in the emerging economies would be very valuable.
- Efficacy of certification in the tropics/developing countries.** With respect to forestry: since 2008, GFTN members have added over 11.3 million hectares of forests in WWF priori-

⁴⁵ (http://www.teebweb.org/media/2008/05/TEEB-Interim-Report_English.pdf/<http://www.youtube.com/watch?v=NrUWelzWqFc>).

ty places; over two thirds of the countries included in these places are developing countries. More than half of these certifications (>6MM HA) have been in the tropics. Certification in the tropics and developing countries--where it is most difficult to achieve--is the focus of WWF's work on timber and has been the focus of the GFTN for the past 5-10 years. The percentage of certified production corresponding to developing country production will be reported in the next phase to more clearly show our impact in these areas. The conclusion that our certification efforts have been focused in the North is therefore incorrect. And is not the case for our work on agricultural commodities: 100% of all RSPO palm, RTRS soy, BCI cotton, and Bonsucro sugar to date has been produced in developing/emerging economies.

- **Organizational issues.** WWF is a global network of independent National Organizations, as well as Programme Offices under the management of our International Secretariat. Whether an independent organization or a programme office, all organizations in the Network must devote 80% of their resources to the priorities outlined in the WWF Global Programme Framework. So, there is already a greater deal of programmatic alignment than suggested in the report. The purpose of the Global Initiatives (MTI is one of 13) is to further drive this alignment. This network structure is also a strength: it allows us to develop nationally and regionally context specific approaches to global issues, and share lessons learned across offices.

Responses to Specific Indevelop Recommendations

We consider the recommendations made to WWF and Sida as being generally useful and valid. Indeed it was reassuring to see the extent to which our recent progress aligns with Indevelop's suggestions. Although we disagree with some conclusions overall we are optimistic about our ability to incorporate these recommendations into the next phase of the MTI/Sida partnership.

Alignment and Harmonization

In reference to Indevelop's recommendation that MTI and Sida align to a greater degree, we agree that it is important to have a common understanding with Sida about the MTI and our expectations for achieving realistic, measurable outputs and outcomes during the project timeframe. This common ground has been developing from our regular meetings with Sida staff in the past, though a more intensive dialogue in future is welcome and would enable WWF to learn more from other Sida experiences. We are also in the process of developing the MTI Strategic (Five Year) Plan and have used that opportunity to further align our conceptual model and results chains to facilitate our reporting to Sida.

We agree that further harmonizing our internal systems would increase efficiency. WWF has made considerable steps forward in the past 3 years on our M&E, operational and finance systems. This is not yet complete and further improvements are planned. However, decisions and implementation for operational structures within WWF apply to the entire Network organization, and are not directly within the control of the MTI programme.

In addition, a key task of the MTI core team is to harmonize global strategies relating to priority commodities and how WWF acts to get companies to change their practices. During the current revision of the MTI strategy for FY15, we will further strengthen alignment across the WWF Network, particularly in the BRIICs (Brazil, Russia, India, Indonesia and China) and WWF Priority Places, and will identify synergies, common approaches, and new ways of working. We are learning from our commodity strategies and national strategies how a markets strategy can be effectively adapted to challenging situations in developing and emerging economy countries. In terms of alignment and harmonization, the roles of the Core Team and the Commodity Leads

are crucial for coordinating activities on the ground, engaging partners at a global scale, and sharing lessons across contexts.

Strengthen Monitoring Framework for Learning and Quality Results

Within the current log frame there are both elements that are within the MTI scope of control (output level mostly) as well as results to which the MTI contributes but cannot show a 1:1 causal relationship (outcome and impact levels). We agree with the proposal to collect additional data on strengthening WWF offices, which is a direct output of our activities. To monitor data on behaviour change in companies is an interesting proposal that we support, however, we also recognise that this could be costly and some form of (simple) proxy measurement would need to be identified. We have also agreed with Sida on the need for better delineating emerging economy share of global targets. However, this more sophisticated level of data collection demands a more comprehensive and more resource intense M&E system. As we develop further the indicators for Phase 2 proposal, we will seek to align them with other initiatives and will seek Sida's approval to ensure they are realistically measurable, yet informative. We consider that we have strong environmental and social indicators in the phase 2 proposal.

Strengthen the Focus on Achievement of Long-term Goals

As a sustainability-focused program, we are naturally long-term goal oriented and agree about the high importance of acquiring information on long term environmental and social impact of standards and certification. This is why we developed a "Commodity Standards Impacts Programme" in the past 18 months which is now starting to be implemented and additional fund-raising is also being done. The plan is to establish credible impact evaluation methodology, undertake three to five high quality impact evaluations on our own, and then encourage external parties, especially the standards themselves, to incorporate rigorous impact evaluations into their regular operations. Where standards are found to fall short on positive impacts, we will advocate for necessary improvements to the standards to address these shortcomings. We know that this can only be done effectively and objectively in partnership with research institutions, thus our agenda is being carried out in partnership with academic institutions, and with ISEAL, and we will lobby other organizations to take up this research agenda as well. We will also seek opportunities to coordinate monitoring efforts to achieve comparable or aggregable results. This last exercise may involve the development of common indicators across commodities, contexts, and implementing partners, resulting in a more efficient use of monitoring resources and contributing to a stronger body of knowledge about the impacts of certification. A part of a future Sida core support would be allocated to support the MTI impacts programme activity.

WWF agrees that it is vital to maintain a focus on development issues, including poverty and to ensure that the MTI contributes positively in this respect. We agree with the evaluators' assertion that this does not mean that we have to direct our activities towards end beneficiaries but that we can create positive change through partners, with companies and via certification systems; documenting impacts is one part of this. We would be interested in building links to other Sida programmes that support local communities and governance, as the evaluators suggest.

Accountability and Transparency for Maintaining Credibility

MTI agrees that there are risks to WWF in taking action with companies in order to deliver social and environmental benefits (one risk is that results take a while to appear, while cooperating with companies is immediately visible). WWF considers that these risks are acceptable but notes that we also undertake a range of due diligence measures to ensure that such risks are managed. We agree that a high level of transparency is a good way to defend ourselves against negative claims, and in recognition of this, WWF (across the Network, not just MTI) will publish

this coming year a report on our largest corporate partnerships, with supplementary information on smaller partnerships being published on country websites.

In all engagement with companies, WWF pushes companies to publish their targets and progress achieved – we agree with the evaluators that this is a powerful lever for change, with the ability to influence more people indirectly. In addition, MTI reports on corporate progress with specific commodities or sectors, e.g. through the palm oil scorecard and the Environmental Paper Company Index, to highlight the performance of companies and encouraged all to keep improving. It is our plan to continue and increase these types of activities in the future.

WWF has a standard system for reporting and sharing data that is used throughout the whole organization. MTI uses this system for its internal programme reporting. In addition, MTI collects and shares additional information relevant to the MTI/Sida partnership. We agree that it is important to have a match between the logframe/results and indicators and data that are routinely collected, and will seek ways to harmonize these data collection, information management, and reporting processes.

Increasing Results in Risky Areas

We agree that it is essential to increase the level of action in the BRIIC countries and WWF's Priority Places, and have already devoted significant attention to this new focus. Past support from Sida has enabled MTI to lay the groundwork for rapid progress in India, Indonesia and China, by developing national MTI strategies, starting to build necessary staff capacity, and implementing targeted, high-impact initiatives. In seeking to improve alignment with MTI and WWF overall, we note that there is a strong relation between action in BRIICs and Priority Places, e.g., Indonesia represents three such places (Sumatra, Borneo and Coral Triangle), and demand from India and China for palm oil, timber and pulp lead directly to sourcing in these Priority Places (as well as sourcing from OECD countries). We will continue to work for maximum synergy in this respect.

We also agree that it is important both to take action on policy change relevant to markets in these countries and to partner with other initiatives or organizations that are doing this. We are planning to give governance/policy action a higher priority in the MTI strategy in future.

Research for Monitoring of Long-term Outcomes and Impact

As noted above, we agree that a research component on the impacts of certification is a must for WWF and other organizations that promote standards and certification as an intervention for sustainable development. MTI plans to invest staff time and funds in this work, though we recognise that this will be less than what we consider to be necessary overall. Our contribution will be designed to create momentum and to influence others undertaking impact evaluations as well as supporting a culture of collaborative learning among our partners.

Conclusion

We thank Indvelop for the work that has been done to assess MTI progress and make recommendations for improvements. The report will provide a valuable resource as we undertake development of MTI's next Strategic (Five Year) Plan, and work to define credible ways to assess the impacts of voluntary sustainability standards.



Evaluation of the Market Transformation Initiative (MTI)

This is an evaluation of the Sida core support to the WWF global Market Transformation Initiative (MTI) 2011-2013 with particular focus on evaluating the results on the market for sustainable timber and pulp & paper. The MTI is a global initiative within WWF for transforming markets towards greater sustainability in terms of natural ecosystems and diversity. The overall goal of the WWF and the MTI to influence global markets towards more sustainable practices is highly relevant for the overall goal of Swedish development cooperation and links to both environmental protection and human wellbeing. As an overall programme, the MTI has been partly effective at achieving its targets according to the logframe. For most of the commodities where uptake of certification is measured there is progress in line with the annual targets, but some are still rather far from the ambitious long-term targets. The overall picture is that the market for the concerned commodities has changed towards greater sustainability, to a certain extent, during the period of Sida core support. This cannot be fully attributed to the MTI but there has been important contributions to the achievements. For forest production (timber and pulp & paper), the development in the FSC (Forest Stewardship Council) certified area has globally increased rapidly during the last three to four years and, currently, more than 180 million hectares of forest are FSC certified. The programme has been less effective in achieving the targets of forestry in the WWF priority places and significant results in tropical forests are still lagging.

The strategy of creating market demand for sustainability by working with the big market actors has had a relatively positive impact at the global level with regard to changing the terms of trade for the targeted commodities but the MTI has yet to demonstrate significant, transformational impact in large and rapidly-growing markets in non-Western and BRIC countries and the MTI strategy has not been able to show significant impact in the local markets of the tropics.