

**PROJECT IMPLEMENTATION REPORT (PIR)
FY 2022**

GEF - IDB

IMPORTANT: The reporting period is GEF Fiscal Year 2022 (July 1st, 2021 to June 30th, 2022)

of PIR: 6th

PROJECT GENERAL INFORMATION

Project Name:	Recovery and Protection of Climate and Biodiversity Services in Brazil's Southeast		
Project's GEF ID:	4834	Project's IDB ID:	BR-G1003; GRT/FM-14550-BR
Country/ies	Brazil		
GEF Focal Area	Biodiversity, Climate Change, Sustainable Forest Management		
Executing Agency	FUNDAÇÃO DE EMPREENDIMENTOS CIENTÍFICOS E TECNOLÓGICOS (FINATEC)		
Project Finance and Disbursements:	GEF Trust Fund	\$ 31,505,960	
	CO-finance at CEO Endors. / Approv.	\$ 187,819,043	
	TOTAL Project Cost (GEF Grant + co-finance)	\$ 219,325,003	
	Total disbursements of GEF Grant resources as of end of June 30 th , 2022 (cumulative)	\$ 23,000,625.23	
Project Dates:	Date of First Disbursement	02/01/2017	
	Agency Approval Date	07/31/2014	
	Effectiveness (Start) Date	01/28/2016	
	Original Last Disbursement Expiration Date ¹ (OED)	07/28/2021	
	Current OED	07/28/2023	
	Estimated Operational Close Date ² (EOC)	10/26/2023	
	Actual Date of EOC, if applicable	Click here to enter text.	

¹ For the GEF, this is equivalent to the project's "Expected Completion Date".

² For the GEF, this is equivalent to the project's "Expected Financial Closure Date".

Project Evaluation:	Mid-term Date (Expected or Actual)	10/30/2019
	Terminal evaluation Date (Expected)	01/28/2023

DEVELOPMENT OBJECTIVE RATING (DO) & ASSESSMENT

The proposed project aims at enhancing the protection and sustainable management of the AF, especially enhancing carbon stocks to mitigate climate change, of the south-east Atlantic Forest corridor of Brazil, in territories of the states of São Paulo, Rio de Janeiro and Minas Gerais

Make an overall assessment and provide a rating³ of “likelihood of achieving project objective” during the period (2021-2022). Describe any significant environmental or other changes attributable to project implementation.

OVERALL (DO) ASSESSMENT	PREVIOUS RATING	NEW RATING
<p>The project’s overall DO assessment for the period 2021-2022 has improved to Satisfactory (S) as the project implementation has been keeping a steady pace in all components since the second semester of 2021, despite some restrictions due to the pandemic.</p> <p>Although some field activities dependent on participation of rural producers (e.g., technical assistance, training, etc.) had to be rescheduled during the second half of 2021 and monitoring and evaluation activities of Payment for Environmental Services (PES) contracts were particularly affected and had to be postponed, all efforts were made to mitigate pandemic restrictions and keep ongoing activities on track. By 2022, key project’s targets (number of PES contracts and area benefited) have already been or are very close to be met by 2023.</p> <p>Despite that, it is important to note that the temporary impossibility of carrying out technical visits, courses, field days, inspections and other essential activities elevated the concerns about the effectiveness and permanence of the benefits being generated. Thus, activities’ progress must be closely monitored until a more comprehensive evaluation on the effectiveness and impact can be carried out during the final stages of the implementation.</p>	MS	S

³ See Annex 1: Definition of Ratings.

IMPLEMENTATION PROGRESS RATING (IP) & ASSESSMENT

Make an assessment and provide ratings⁴ of overall Implementation Progress, including information on progress, challenges and outcomes on project implementation activities from July 1st 2021 until June 30th, 2022. As applicable, please include information on issues and solutions related to COVID-19.

OVERALL (IP) ASSESSMENT	PREVIOUS RATING	NEW RATING
<p>The project’s overall IP assessment for the period 2021-2022 2022 has now improved to Satisfactory (S). Despite some delays experienced by some field activities implementation, in particular monitoring and evaluation of Payment for Environmental Services (PES) contracts (which caused that these contracts needed to be extended), no further delays are expected by the reviewed execution plan and project timeline approved by all parties.</p> <p>Progress per component:</p> <p><u>Component 1 - Reinforcing institutional capacity for managing and monitoring carbon stocks and biodiversity.</u></p> <p>This component is implemented by the Ministry of Science and Technology and Innovations (MCTI). The carbon stock management model (output 1.1) is already developed and currently in field validation, with 85.3% of the financial execution carried out. Regarding the evaluation of PES initiatives, it is currently ongoing. A consultancy was hired in 2022 for the collection, systematization, data analysis, customization of methodologies and production of final technical report.</p> <p>The web portal of the project (output 1.2) is under development and currently being integrated to the MCTI portal (https://conexaomataatlantica.mctic.gov.br), with 10.37% of the financial execution carried out. The portal compiles data and metadata catalogs, data viewer and all information available can be downloaded directly through the portal (through user request to access data from the Conexão Mata Atlântica by email support: dataconexaomataatlantica@finatec.org.br). In these applications it is possible to visualize, download data and understand how some data was created, understanding its applications and limitations. In 2022, the results of the 4 ecosystem monitoring campaigns carried out in the states of MG, SP and RJ were incorporated into the database and made available on the project portal (divided in 4 categories: water quality, water regulation and microclimate; fauna; flora; and loss of sediments).</p> <p>The monitoring and evaluation system (output 1.3) is currently ongoing. The Aerial Survey and Photogrammetry service was hired in 2022 as an accessory instrument and technology for the biodiversity monitoring system. Also, the application of the</p>	MS	S

⁴ See Annex 1: Definition of Ratings.

<p>Laser Scanner technology is in progress (SP, RJ and MG States), in order to evaluate the total biomass and total carbon in areas with and without project intervention: by June 2022, the evaluation of 1,000 km² is being carried out and it the final phase intends to evaluate additional 836 km² covering areas under project intervention.</p> <p>Ecosystem monitoring activities are also ongoing, with four field campaigns already finished, and the implementation of sampling units for detailed and simplified studies for monitoring by thematic areas. Two new campaigns are planned for 2022 and 2023.</p> <p>In addition, during the first half of 2022, the biodiversity monitoring of the Southeast corridor of the Atlantic Forest is being carried out by Environmental DNA (eDNA) sequencing, including DNA collection, extraction and sequencing through DNA metabarcoding procedures. The goal is to investigate the occurrence and richness of species, the composition of communities and quantify the number of bioindicators species to support conservation strategies. The purpose is to compose a database that will help in the characterization of the biodiversity of the Southeast corridor of the Atlantic Forest, and that should guarantee analyzes that are integrated into the scope of national policies and plans, generating information that characterizes the biota of the Southeast corridor of the Atlantic Forest in the landscape scale and that integrate different environmental impact assessment guidelines, for the broad set of PES instruments introduced by the Project on properties, which could be shared and replicated.</p> <p><u>Component 2 – Increase of carbon stocks in the Paraíba do Sul River Basin.</u></p> <p>This component is executed by 3 states: Rio de Janeiro (RJ), Sao Paulo (SP) and Minas Gerais (MG). All outputs continue to show steady progress although some field and monitoring activities were delayed dure to restrictions of the pandemic. In spite of that, with the advancement of vaccination rates against COVID-19, the difficulties and restrictions of isolation measures have decreased, and most field activities could be resumed and currently no longer find difficulties for the implementation.</p> <p>Despite these difficulties, 3 PES schemes (Protection, Multiple Use and Macaúba) continue to be implemented, in a total of 938 currently active PES contracts (687 in SP and 251 in RJ) (output 2.1) covering an area of 16,468.06 hectares (13 827.35 ha in SP and 2,640.71 ha in RJ). In 2022, 23 new contracts were signed to substitute discontinued ones.</p> <p>Also, during the first half of 2022 the Instituto Estadual de Florestas (IEF) carried out the fencing of additional 8.74ha and the planting of 190.37ha. Up to July 2022, 1,422.28ha are in the process of environmental restoration (output 2.2), directly benefiting around 158 rural producer in the state of Minas Gerais (MG).</p> <p>In the period from January to June 2022, 10 training sessions were held, distributed in 6 central themes defined by the demand of local producers (e.g., Agroecological</p>		
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<p>Livestock - Pasture Module (12 hours), Agroecological Livestock - Phytotherapy and Homeopathy Module (12 hours), Rural Environmental Sanitation (8 hours), Agroforestry (8 hours) and Beekeeping (8 hours). In total, 48 hours were offered, and 205 new people were trained output 2.3, in a total of 1050 people trained so far).</p> <p><u>Component 3 – Increasing the Financial Effectiveness and Sustainability of Conservation Units (UCs) along the Serra do Mar Corridor and Promoting Sustainable Economic Activities.</u></p> <p>All outputs in this component are showing progress. Despite the challenges presented by the pandemic, the intended activities were developed, such as certifications for producers, contracts to support sustainable value chains and commitment to technical assistance to farmers.</p> <p>Fieldwork with farmers alternated remote activities with face-to-face activities. The latter were adapted to the circumstances by restricting the number of participants in each event and by the adoption of protocols established by public health authorities. Since the last report, 19 new courses were offered by the National Service for Commercial Apprenticeship (SENAC), totaling over 472 hours of training for employees, counselors, and strategic partners of the project. Since October 2021, 32 courses were hired, eight for each conservation unit (Tourism and environmental education in conservation units, Research and management of fauna and flora - native and exotic species, Geoprocessing in environmental management, Socio-environmental projects and diagnosis of fauna and flora). The result of this training effort was 635 certified students, with 75% attendance/participation in the course (output 3.2).</p>		
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RISK RATING & ASSESSMENT

For fiscal year 2022, make any adjustments necessary to the assessment ratings⁵ of overall Project Risk⁶ that you provided in the last PIR (2010-2021). Please include details and remedial measures for High and Substantial Risks, specifying who will be responsible for these measures.

OVERALL RATING FOR PROJECT RISK	PREVIOUS RATING	NEW RATING
The project’s overall risk rating for the period 2021-2022 is still maintained as Modest (M), in particular by the temporary delays caused by the pandemic restrictions, which elevated the concerns about the effectiveness and permanence of the benefits being generated. Thus, although efforts were made to mitigate pandemic restrictions, and most committed targets (contracts and areas) have already been met, the rating is	M	M

⁵ See Annex 1: Definition of Ratings.

⁶ These should include risks identified at CEO Endorsement AND any new risks identified during implementation.

<p>maintained until a more comprehensive evaluation on the effectiveness and impact can be carried out.</p>		
<p>In addition to that, a new risk can be envisioned, as 2022 is an election year for state governors and the Presidency of the Republic. Hence, some delays on the planning and execution of activities could be expected around the elections and the changes in management positions that usually follow that process.</p>		

STAKEHOLDER ENGAGEMENT

Please add information on any progress, challenges and outcomes with regards to stakeholder engagement, based on the project’s activities during its implementation through the 2021-2022 GEF Fiscal Year. As applicable, please include information on issues and solutions related to COVID-19.

<p>The project involves several institutions that implement the components. This involves challenges in coordinating planning, activities and reporting, as well as in aligning in common methodologies related to the project. Despite the Covid-19 pandemic’s challenges, the executing agency (FINATEC) along with the IDB’s support, coordinated efforts to identify and mitigate risks, consolidating the use of virtual and remote tools. Furthermore, as this is a project that works with small farmers and rural families, the pandemic limitations presented a big challenge in terms of matching expectations about project activities in the field and maintain engagement.</p> <p>Component 1 elaborated a strategic communication plan, whose general objective is to disseminate the actions and results of the activities carried out by the project. The planned events are hybrid and feature the publication of articles in newspapers, e-books and a booklet for rural producers. In addition, four ecosystem monitoring campaigns were carried out in the states involved in the project, with monitoring by thematic areas (flora, fauna, soil and water).</p> <p>Component 2 activities aimed to continue the implementation of Payment for Environmental Services (PES) schemes through remote and on-site technical assistance. In addition, training sessions were held for a total of 48 hours and 205 people were trained. A “Research Committee of the Atlantic Forest Connection Project” was created in the State of São Paulo to organize and discuss academic research projects related to the project's theme, in all there are 16 projects being monitored. Various communication activities, participation in events and dissemination of information related to the project to partners and beneficiaries.</p> <p>For component 3, all engagement and support activities oriented towards the promotion of certification among producers were maintained and, as described in product 3.2, by June 2022, 61% of producers managed to receive certification (72% of the total area), with agroecological certification being the majority. Regarding the support for sustainable value chains, the number of contracts paid reached 109% of the target while the areas participating in these chains reached 141% of its target, fruit and cattle farming being the predominant productive areas activities involved.</p>

GENDER

Please add information on any progress, challenges and outcomes with regards to any and all gender-responsive measures that were undertaken in the project's activities during the 2021-2022 GEF Fiscal Year.

Also: Were indicators on gender equality and women's empowerment incorporated in the project's results framework? (Yes/No). If applicable, include the indicator with its baseline, target and current value (2021-2022).

The original design of the project did not include specific gender related indicators in the project's results framework.

Nevertheless, during the next Administrative Mission the issue will be raised with the executing agency in order to agree on the inclusion of some gender-related data for the end of the execution period.

KNOWLEDGE

Please add information on knowledge activities and products developed in relation to the project (with GEF or non-GEF resources), with special emphasis on activities carried out during the 2021-2022 GEF Fiscal Year. As applicable, please include information on issues and solutions related to COVID-19.

Several activities on capacity building, information dissemination and training sessions were carried out during 2021 and 2022. These are currently available for the Project as follows:

- Project Web Portal, there is a data and metadata catalog, viewer and download page:
<https://conexomataatlantica.mctic.gov.br>
<https://conexomataatlantica.mctic.gov.br/cma/monitoramento-e-avaliacao/download-de-dados>

(*Due to the electoral period the site is offline)
- Newsletter, collects and systematizes information with the field and coordination teams, from the State of São Paulo, producing content for the monthly newsletters with the main news of the project's activities: <https://www.infraestruturameioambiente.sp.gov.br/conexao/category/noticias/>
- PODCAST "RADIO CONEXÃO MATA ATLÂNTICA", is a dissemination tool for information about the project, through the production of informative content and distribution via instant messaging applications (WhatsApp) to those involved in the project (farmers, technicians, partners):
<https://www.infraestruturameioambiente.sp.gov.br/conexao/podcast/>

- In the 1st semester of 2022, the digital and printed version of the third e-book “Said the guardian of the forest” was delivered. It is a comic book to support environmental education activities with children: <https://ssrlink.ssrh.sp.gov.br/cl/PNX6t/B3r/d4dd/f6XlcCzko0/BPoj/KydZHIHyMDo/1/>
- Participation of the Connection Project at the Bio Brazil Fair: https://youtu.be/Ginm_00lxI4
- Breeding bees on logs: <https://youtu.be/RpCxceYpYgs>
- Biodynamic agroecological pasture: https://www.youtube.com/watch?v=Y3Dtkwww_ns
- Agroforestry management: <https://youtu.be/tlOUBM9Bo8Y>
- Production of biodynamic seeds: <https://youtu.be/tlOUBM9Bo8Y>
- Winter pasture: winter pasture: <https://youtu.be/FJIAB-9jOZo>
- Agroecological Management of Banana - Part 1: biology, management and uses: <https://www.youtube.com/watch?v=lyli8cPldQ>
- Agroecological Management of Banana - Part II: Identification and control of diseases: <https://www.youtube.com/watch?v=4lVFmXBm3kw&t=82s>
- Agroecological Transition Protocol: <https://www.youtube.com/watch?v=4VBMfZU3tbc>

CHANGES TO PROJECT DESIGN AND IMPLEMENTATION

IDB’s policies apply throughout the execution of GEF projects. Most changes considered “minor amendments” by GEF would, according to IDB’s regulations, norms, and policies, require EITHER no contractual adjustment at all [e.g., small changes in outputs or parallel co-financing] OR a contractual adjustment that does not require Board approval [e.g., extension of date of last disbursement]. These changes should be reported in the PIR for the Fiscal Year during which the changes took effect.

Please indicate in the table below (with an ‘x’ under Yes or No) which aspects of the project were affected by the changes and provide a short description, as well as a reference to any supporting material uploaded into the Bank’s systems:

In the Reporting Year, were any changes made that affected:	YES	NO	If YES, please briefly describe changes made:	Link to supporting material
Results Matrix/ Outputs: P(a) EOP values, wording of outputs, or addition of outputs?	x		During the discussions of the Mid-term review carried out in October 2019, the executing agency	

		(FINATEC), MCTI and States proposed the revision of some output descriptions and EOP targets (none of them considered major changes). It is important to note that, although this changes area described and largely discussed in the final report of the MTR, section 9: “Proposals for Revising the Results Matrix” (text tables 15, 16, 17 and 18), <u>those proposals will be discussed with the IDB during a mission to be held during the second semester of 2022 and the final version included in a revised results matrix.</u>
Component Cost: funding allocated per component (vs. originally approved)?	x	US\$ 400,000 were reallocated from Component 1 to Component 2, aimed at improving the results of the investments, and fulfilling the restoration activities in the 1,500 targeted hectares in the state of Minas Gerais.
GEF Co-financing: changes in sources and/or amounts expected?		x
Dates reported to GEF (e.g., effectiveness, first/ extension of last disbursement, midterm evaluation)?	x	A 12-month extension to the execution and last disbursement period was approved by the Bank. It is pending the signature of the amendment of technical cooperation agreement by the executing and beneficiary institutions.
Executing mechanism (e.g., change of Executing Agency or function of advisory committee)?		x

Other implementation arrangements (e.g., coordination with other GEF projects)?

Financial [risk] management (e.g., waiver for annual audit or change in % to be justified)?

Management of E&S risks and impacts (e.g., changes to ESMP)?

Management of other risks (e.g., changes due to health/ Covid-19 or security concerns)?

	x
	x
	x
	x

Please note: Should the request or need for any changes arise that, by IDB’s regulations, norms, and policies, require authorization at the Manager level or above [see OA-420, OA-421, OA-430 and OA-431], project teams should invariably get in touch with the IDB-GEF Coordination team, preferably prior to discussing such changes with counterparts to ensure proper coordination with and reporting to the GEF.

Examples include, but are not limited to: (i) All substantial and fundamental changes covered by the OA-430; (ii) Changes to the general or specific project objective(s) or to the project’s area of intervention; (iii) Results Matrix/ Outcomes & Impacts: P(a) value, wording of existing or addition of Outcomes, Outcome Indicators, Impacts and/or Impact Indicators; (iv) Components: changes in types of activities that may be financed with project funding (eligibility of expenses); (v) Total Amount of Project Financing (above originally approved amount).

PROJECT EXTENSION

Due to restrictions caused by the COVID-19 pandemic, several field activities dependent on mobilization of rural producers (e.g., technical assistance, training, etc.) had to be postponed. Monitoring and evaluation activities of Payment for Environmental Services (PES) contracts were particularly affected and had to be postponed. Although efforts were made to mitigate pandemic restrictions and considering that key project’s targets (number of PES contracts and area benefited by the project) have been achieved, the temporary impossibility of carrying out technical visits, courses, field days, inspections and other essential activities raised concerns about the effectiveness and permanence of the benefits generated. Simultaneously, forest restoration activities carried out directly by the Project in Minas Gerais were impacted by the restrictions of the pandemic, specially by the general increase in critical input prices, which caused a reduction in purchasing capacity.

Considering the mentioned above, in order to complete the expected Project results and effectively monitor its impacts needed to successfully close the Project, the Executing Agency (FINATEC) (letter 326/2022, from June 30th, 2022) and the Ministry of Science, Technology and Innovation Ministry (MCTI) (communication N° 1118/2022/MMA, March 3, 2022) requested to the IDB an additional 12-month extension to the execution and disbursement period (up to January 28, 2024).

The request also included the reallocation of US\$400.000 from Component 1 to Component 2. The deadlines extension and resources reallocation would allow implementation of the adjusted project schedule, optimized execution of financial resources, with better planning of expenses (also considering the observed exchange rate variation) and improved quality of interventions, resulting in greater effectiveness and sustainability of the results. Additionally, by adding two extra monitoring campaigns (5 in total), data collection on the effects of PES on each of the thematic areas sampled (fauna, flora, soil, and water) will be improved, allowing a more robust result in the monitoring and evaluation of advances resulting from the practices established in the project.

This request has been approved by the IDB. The new last disbursement deadline is July 28th, 2024, and the Estimated Operational Close (OEC) October 26th, 2024. Currently, the 14 signatures necessary for the instrument for amending agreement No. 2 are being collected and it is expected to be concluded in the next months.

OTHER MODIFICATIONS

During the discussions of the Mid-term Review (MTR) carried out in October 2019, the executing agency (FINATEC), MCTI and States proposed the revision of some output descriptions and EOP targets. These changes area described and discussed in the final report of the MTR, section 9: “Proposals for Revising the Results Matrix” (text tables 15, 16, 17 and 18). The changes proposed do not alter the objectives of the project and are not expected to significantly affect the scope of the activities. However, the Executing Agency did not present at that time these changes for consideration and approval of the IDB. The issue will be discussed during the next IDB Mission, to take place in the second semester of 2022.

LESSONS LEARNED / BEST PRACTICES

If the project generated any lessons learned or best practices during the 2021-2022 GEF Fiscal Year, please provide a short description. As applicable, please include information on issues and solutions related to COVID-19.

TOPIC/THEME	LESSONS
COVID-19	Despite the decrease in cases of Covid-19 pandemic and progress in vaccination, during the 2021-2022 period there were still limitations in the execution of some activities such as technical visits and training. In this sense, it was necessary to resume activities in a hybrid way, improve digital communication with producers participating in the Project and continue with a remote monitoring methodology.
PES data and contract management system	In the context of the Covid pandemic the system for monitoring PES had to be adapted on the go, prioritizing the use of available remote tools. The project did not have the time required to develop, test and implement an adequate contract management system to facilitate the consolidation of data, consultations and analysis of various procedures.

ANNEX 1. DEFINITION OF RATINGS

Development Objective Ratings

1. **Highly Satisfactory (HS):** Project is expected to achieve or exceed **all** its major global environmental objectives, and yield substantial global environmental benefits, without major shortcomings. The project can be presented as “good practice”.
2. **Satisfactory (S):** Project is expected to achieve **most** of its major global environmental objectives, and yield satisfactory global environmental benefits, with only minor shortcomings.
3. **Marginally Satisfactory (MS):** Project is expected to achieve **most** of its major relevant objectives but with either significant shortcomings or modest overall relevance. Project is expected not to achieve **some** of its major global environmental objectives or yield some of the expected global environment benefits.
4. **Marginally Unsatisfactory (MU):** Project is expected to achieve **some** of its major global environmental objectives with major shortcomings or is expected to achieve only **some** of its major global environmental objectives.
5. **Unsatisfactory (U):** Project is expected **not** to achieve **most** of its major global environment objectives or to yield any satisfactory global environmental benefits.
6. **Highly Unsatisfactory (HU):** The project has failed to achieve, and is not expected to achieve, **any** of its major global environment objectives with no worthwhile benefits.

Implementation Progress Ratings

1. **Highly Satisfactory (HS):** Implementation of **all** components is in substantial compliance with the original/formally revised implementation plan for the project. The project can be presented as “good practice”.
2. **Satisfactory (S):** Implementation of **most** components is in substantial compliance with the original/formally revised plan except for only a few that are subject to remedial action.
3. **Marginally Satisfactory (MS):** Implementation of **some** components is in substantial compliance with the original/formally revised plan with **some** components requiring remedial action.
4. **Marginally Unsatisfactory (MU):** Implementation of **some** components is not in substantial compliance with the original/formally revised plan with **most** components requiring remedial action.
5. **Unsatisfactory (U):** Implementation of **most** components is not in substantial compliance with the original/formally revised plan.
6. **Highly Unsatisfactory (HU):** Implementation of **none** of the components is in substantial compliance with the original/formally revised plan.

Risk ratings

Risk ratings will assess the overall risk of factors internal or external to the project which may affect implementation or prospects for achieving project objectives. Risks of projects should be rated on the following scale:

1. **High Risk (H):** There is a probability of greater than 75% that assumptions may fail to hold or materialize, and/or the project may face high risks.
2. **Substantial Risk (S):** There is a probability of between 51% and 75% that assumptions may fail to hold and/or the project may face substantial risks.
3. **Modest Risk (M):** There is a probability of between 26% and 50% that assumptions may fail to hold or materialize, and/ or the project may face only modest risks.
4. **Low Risk (L):** There is a probability of up to 25% that assumptions may fail to hold or materialize, and/ or the project may face only modest risks.