

CAF-GEF PIR for Fiscal Year 2021

Project Implementation Progress & Risk Management

1. GENERAL PROJECT INFORMATION

| | |
|---------------------------------|--|
| Project Title: | Ecosystem-Based Biodiversity Friendly Cattle Production Framework for The Darien Region of Panama. |
| Implementing Agency: | Development Bank of Latin America (CAF) |
| Executing Agency: | National Association for the Conservation of Nature (ANCON) |
| Project partners: | Ministry of Environment (MiAMBIENTE), Ministry of Agricultural Development (MIDA) and Agricultural Development Bank (BDA). |
| Geographical scope: | The Darien Region of Panamá |
| Participating countries: | Panamá |

| | | | |
|---|----------------------------------|--|--------------------------------|
| GEF project ID: | 9589 | CAF Project ID: | CAF 03 GEF 9589 |
| Focal area(s): | Biodiversity; Land Degradation | GEF OP #: | |
| GEF strategic priority/objective: | BD 4 Program 9; LD1 Program 1 | GEF approval date*: | November 20, 2019 |
| CAF approval date: | June 30, 2020 | Date of first disbursement*: | 14 th August, 2020 |
| Actual start date: | August 3 rd , 2020 | Planned duration: | 48 months |
| Intended completion date*: | December 31 st , 2024 | Actual or Expected completion date: | |
| Project type: | Full-sized Project | GEF Allocation*: | GEFTF |
| PPG GEF cost*: | US\$3,519,725 | PPG co-financing*: | US\$ 150,000.00 |
| Expected MSP/FSP Co-financing*: | US\$14,346,572 | Total Cost*: | US\$ 17,866,297 |
| Mid-term review/eval. (planned date): | December 15 th , 2022 | Terminal Evaluation (actual date): | Octubre, 31 st 2024 |
| Mid-term review/eval. (actual date): | NA | No. of revisions*: | NA |
| Date of last Steering Committee meeting: | May 6 th , 2021 | Date of last Revision*: | NA |
| Disbursement as of August 14th, 2020 | US\$ 94, 965.00 ² | Date of financial closure*: | July 31 st , 2024 |
| Date of Completion: | December 31 st , 2024 | Actual expenditures | US\$ 144,997.29 |
| Total co-financing realized as of June 30th, 2021 | US\$ 6,806.00 | Actual expenditures to date: | US\$ 144,997.29 |
| Leveraged financing: | | | |

¹ Date funds were received by ANCON

² Total amount received by ANCON

Project summary³

The project aims at establishing an ecosystem-based biodiversity-friendly cattle production framework for the Darien Region of Panamá. Specifically, the project seeks to ensure that conservation oriented Silvo-Pastoral Systems (SPS) are adopted in cattle farms and the productive landscape of the Darien as part of biodiversity conservation and land restoration landscape model, while supporting cattle producers to obtain the technical know-how and managerial skills for implementing conservation-oriented SPS within cattle farms and productive landscapes.

The project will also support capacity building to ensure that technical government counterparts and extension agents are able to deliver timely quality support in the application, oversight, and replication of SPS. Cattle ranches in the Darien will be able to access project support in order to demonstrate the socio-economic and environmental benefits of SPS, including eco-labelling for SPS farm products; this demonstration will be critical in securing the support of institutions and relevant stakeholder's groups (i.e. producers, consumers, extension agents, policy-makers, sector representatives and land use planners) for the application, and replication of SPS in the Darien and nationwide. A primary outcome of the project will be the development of a consolidated and integrated Land Use Management Plan to guide productive activity (cattle ranching), land use zoning and conservation efforts in the Darien. This plan will be complemented by targeted support to financial institutions, to develop and implement systemic changes in the appraisal of credits by incorporating conservation and sustainable use into their lending portfolios and mitigating the environmental, social and economic risks of their operations.

The Darien project obtained GEFTF-BD and GEFTF-LD financing for US\$3,519,725, all of which will be devoted to technical assistance. Counterpart funding from the Government of Panama and the Bank for Agricultural Development is estimated at US\$14,346,572, for a total project cost of US\$17,866,297 and includes the following 3 components:

Component 1: Cattle production shifts to Silvo-pastoral systems (SPS) delivering environmental and socio-economic gains (LD: US\$1,518,715; plus BD: US\$425,095; total: US\$1,945,810). This component aims to directly support activities that will result in more farms implementing SPS, the restoration of connective corridors and degraded areas within the productive landscape and between PAs, effective management in production systems with improved vegetative cover, technical training to the productive sector (cattle ranching) in SPS, capacity building to enhance extension services and technical support to cattle farmers in the application of SPS, the promotion of SPS eco-labelling for farms under SPS management, and the strengthening of buy-in for SPS.

Key outputs to support the objectives of this component will include: Conservation-oriented Farm Management Plans, to be informed based on granulometric, physical and chemical analyses to be conducted of soils within the Darien that will further inform soil management requirements and species suitability for SPS. Additionally, the Conservation-oriented Farm Management Plans will be guided by research on the economics of conversion to SPS, based on economic scenarios to be developed for select sites in the Darien in the first year of project implementation. Other outputs include the restoration of connectivity between riparian forests through the restoration of 6,920 linear meters (6.9 km) of forests along 5 prioritized rivers within the Filo del Tallo-Canglon Hydrological Reserve and its buffer zone, thus restoring and strengthening the riparian 'forest corridor' within the reserve; training programmes for cattle ranchers, "Rancher to rancher" SPS exchange programmes, capacity building programmes for extension service providers in SPS are strengthened, an SPS eco-labelling designation, a training and entrepreneurial skill enhancement programme, and a Communication and Awareness Raising Strategy.

Component 2: Biodiversity conservation and sustainable land use is mainstreamed into integrated land use planning, financial mechanisms, and policy and regulatory frameworks (BD: 1,145,810; LD: 54,190; total US\$1,200,000). This component seeks to develop and initiate the implementation of a consolidated and integrated Land Use Management Plan that guides productive activity (cattle ranching), land use zoning and conservation efforts in the Darien. Other project interventions under this component will seek to consolidate the support of the BDA as the first financial institution to be engaged in systemic changes in the appraisal of credits by incorporating conservation and sustainable use into its lending portfolios and mitigating the environmental, social, and economic risks of its operations. Based on the progress to be made with the BDA, the project will explore, to the extent possible, the recruitment of other banks on the national level which may be amenable and ready to embrace the incorporation of conservation and sustainable use into their lending portfolios.

³ The Project Summary was elaborated with information from the Darien PRODOC final version

| | |
|--|--|
| | <p>Outputs to support the objectives of this component include (i) a conservation oriented Land Use Management Plan and corresponding regulatory frameworks; (ii) an online geographic information system for government officials, planners and resource users; (iii) inter-institutional agreements and multi-sectoral partnerships to be formalized at local and national levels for institutional coordination; (iv) environmental and social risks assessments and appraisal processes to be implemented and guide credit approvals; (v) training programmes, knowledge management tools, and instructive manuals for risk assessment and appraisals to be developed as part of corporate policy to actively mainstream conservation objectives into lending operations; and (vi) a national programme for exchanging experiences amongst banking institutions and disseminating best practices to be implemented to further mainstream sustainable use and conservation measures into loan and credit programmes.</p> <p>Component 3: <i>Monitoring, evaluation and knowledge sharing</i> (BD: US\$103,155 plus LD: US\$103,154, total US\$206,309). Project interventions under this component are focused at developing and implementing systems and processes to ensure project implementation follows a Results Based Management framework (RBM), applies SMART indicators for measuring progress and impact (PDO level and results level), and employs adaptive management principles to systematically re-incorporate monitoring and evaluation feedback (results, experiences, and lessons learnt) into project performance.</p> <p>Planned outputs to support the objectives of this component include: (i) the development and implementation of a Project Monitoring and Evaluation Strategy, including annual work-plans, technical and financial progress reports with progress and impact indicators, annual budget allocations, and independent evaluation requirements; (ii) the definition of baselines for biological indicators (BD and LD) at the farm and productive landscape level for the project intervention area; (iii) a monitoring plan to determine the benefits and impacts of eco-labelling on sustainable resource use and biodiversity conservation; and (iv) a project website to provide updated information on project progress, measurable results, lessons learned, including links to relevant government websites.</p> <p>In addition, under this component, a Knowledge Management Strategy will be developed to ensure systemic documentation and uptake of results, experiences and lessons learnt are realized throughout project implementation, and not just as a consequence of periodic monitoring of time-bound project milestones. The project's Knowledge Management Strategy will specifically include actions directed at sharing project lessons with the international financial sector through the banking network of CAF as a regional development bank.</p> |
|--|--|

| | |
|--------------------------------------|--|
| <p>Project status FY 2021</p> | <p>The Darien project was endorsed by the GEF CEO in November 2019. In February 2020, ANCON was designated as the Executing Organization of the Project and the Cooperation Agreement between CAF and ANCON was signed on August 3rd, 2020.</p> <p>The first project steering committee meeting was held November 11th, 2020. The objective of this meeting was to (i) approve the Inception Phase workplan and annexes for the first 4 months of the Project; (ii) approve the ToRs for contracting the Project Coordinator; (iii) approval of ToR for the first consultancies established in the Inception Phase workplan and the selection procedure for the consultants. (Annex 1. First PSC Meeting minutes).</p> <p>After the signature of the cooperation agreement, ANCON initiated the Inception Phase of the project to ensure all actors understand their roles and responsibilities vis-à-vis project, planning monitoring and evaluation. Results of this phase included: (i) the Establishment of the Project Steering Committee between October and November 2020, (ii) the Contracting of the Project Coordinator in late February 2021, Technical Experts and the rest of the members of the Project Coordinating Unit, (iii) the development of the Gender Action Plan; (iv) the development of the Knowledge Management Strategy; (v) the development of the Monitoring and Evaluation Plan. (Annex 2. Inception Phase WorkPlan)</p> <p>The Project team elaborated the Project Operational Manual, 4-year General Workplan, Annual Workplan 2021, General Budget, 2021 Budget, General Acquisition Plan and year 1. On April 29th the Inception Workshop was conducted in Darien Regional Centre of the University of Panama, Villa Darien, Panama. Forty-five key actors participated in the workshop (MiAMBIENTE, MIDA, BDA, COPEG, local authorities, beneficiaries, and members of the Administrative Board for Rural Aqueducts -JAAR).</p> |
|--------------------------------------|--|

| | |
|--|---|
| | <p>The second project steering committee was held on May 6th, 2021. The objective of this meeting was to (i) the approval of the first year and 4-year workplan; (ii) the approval of Acquisition Plans (general and first year); (iii) Budget (general and first year); (iv) Operational Manual for Project Implementation; (v) M&E Plan; and (vi) update of key risks and mitigation measures. In addition to that, the implementation of the Inception Phase was presented as well as the rest of the activities carried out till the meeting date (Annex 3. Second PSC Meeting minutes).</p> <p>After the completion of the implementation of the Inception Phase, the team developed other activities included in the 2021 workplan of the Project. These included: (i) development of ToR, selection process and hiring of a GIS Specialist; (ii) design of biological baseline indicators; (iii) selection criteria for farms to be part of the Project; (iv) design of the Project Website; (v) development and presentation of documents to receive the 2nd Project disbursement; (vi) participatory workshops, focal groups, meetings with community leaders and local authorities to explain the project and receive feedback; (vii) development of ToR, selection process and hiring of Albatros Media Foundation to develop and implement a communication and awareness strategic plan for the Project; (viii) development of ToR, and hiring of a consultant to develop an actor mapping for the Project; and (ix) selection process for the elaboration of the farm management plans for 4500 ha and the development of a capacity building program for cattle ranchers.</p> <p>In order to integrate gender mainstreaming, the Project conducted 2 initial workshops in Darien, guided by the principles that gender elements are important drivers and incentives for achieving global environmental benefits, and to ensure gender equity and social inclusion. One workshop was held on June 18th with extension staff of COPEG, MiAMBIENTE, University of Panama (MIDA announced last minute that they could not participate). The other workshop was tailored specifically for woman on June 19th, 40 participants in total attended both workshops.</p> |
|--|---|

| | |
|---|--|
| Planned contribution to strategic priorities/targets | <p>The project is consistent with the GEF's BD and LD focal area objectives and their corresponding operational programmes:</p> <ul style="list-style-type: none"> • BD-4: Mainstream Biodiversity Conservation and Sustainable Use into Production Landscapes/Seascapes and Sectors; OP #9: Managing the Human-Biodiversity Interface; and • LD-1: Maintain or improve flow of agro-ecosystem services to sustain food production and Livelihoods; OP#1: Agro-ecological Intensification <p>The project is aligned with the GEF-7 Core Indicator 4: 'Area of landscapes under improved practices (hectares; excluding protected areas)', and its corresponding Sub-Indicators (1) Area of landscapes under improved management to benefit biodiversity (qualitative assessment, non-certified) and (2) Area of landscapes under sustainable land management in production systems. (Annex 4. Preliminary land use and forest cover map)</p> <p>The project's targets are 4,500 ha and 5,000 ha for Sub-Indicators 1 and 2, respectively. GEF-7 Core Indicator 6: Greenhouse Gas Emission Mitigated and its corresponding Sub-Indicator 6.2 is also aligned with the targeted objectives of the project. The project's Results Framework has been modified to include the above-mentioned GEF-7 Core Indicators 4 and 6, as well as GEF-7 Core Indicator 11: 'Number of direct beneficiaries disaggregated by gender as co-benefit of GEF investment'. (Annex 5. List of participants of project events)</p> |
|---|--|

2. PROJECT OBJECTIVE

The project's overarching objective is to establish an ecosystem-based biodiversity friendly cattle production framework for the Darien Region of Panama. Planned outcomes include (i) Sector policies and regulatory frameworks incorporate new considerations for the biodiversity of the Darien region, (ii) Land area under effective management in production systems with improved vegetative cover (ha) in the Darien; and (iii) Financial institution applying conservation and sustainable use parameters into their lending portfolios.

3. PROJECT PERFORMANCE AND RISK RATING

3.1 ESTIMATED RISKS

| Risk | Level | Mitigation approach |
|------|-------|---------------------|
|------|-------|---------------------|

| | | |
|---|---------------|---|
| <p>Farmers are not willing to join the project</p> | <p>High</p> | <p>On-going communications with individual farmers in the project area as well as ANAGAN have confirmed their interest in participating in the project. The economic benefits of SPS, mainly to increase productivity in comparison with traditional types of management have been proven in Panama as well as other countries of the region, and are strongly supported by cattle ranchers. These individuals and the organizations and cooperatives they form part of have expressed their full interest and support for project objectives provided that on-site technical support is available.</p> <p>The Project is designing and developing a mass awareness campaign (showcasing successful case studies in Panama) and will present the results of a cost / benefit study based on silvo-pastoral systems in Darien and the benefits (Annex 6. Communication Strategy of the Project).</p> <p>During the second semester of 2021 the Project will conduct a market study to understand and identify the possibilities and options to incorporate products in a better market as an incentive for more farmers to participate in the Project.</p> <p>A recurrent issue raised by the participants in workshops and meetings is the fact of not receiving direct benefits from conserving the forests within farms. They ask for an environmental services payments scheme that complements the implementation of SPS. It would be highly recommendable that MIAMBIENTE can implement such a system as soon as possible to counteract the negative incentives to cut standing forests.</p> |
| <p>BDA does not contribute with 12M co-financing for project execution.</p> | <p>High</p> | <p>The Project will coordinate with the Ministry of Environment to ensure a public bank becomes part of the project and provides the funds needed to achieve its results and impact.</p> |
| <p>The project will unwittingly encourage the expansion of cattle ranching and deforestation</p> | <p>Low</p> | <p>Firstly, the project will only work in areas that are already under cattle farming. Secondly, SPS are geared to improve productivity, intensity, and on-farm efficiencies avoiding the need to expand to new untouched areas that would generate further deforestation. Furthermore, land use planning and zoning along with regulations and enforcement measures will further ensure that the risk of expansion is null.</p> |
| <p>MIDA's personnel on site is not available to cooperate with the project with the expected rate of involvement.</p> | <p>Medium</p> | <p>The Ministry for Agricultural Development is invested in the project at its highest levels. This commitment is equally reflected amongst the staff in the regional offices, particularly those entrusted with extension work and technical support in the field. The Ministry is fully cognizant of the need for permanent on-site support as this is a requirement cattle ranchers have emphasized and requested.</p> <p>The PCU will carry out the necessary coordination with MIDA personnel from the Agro-Environmental Unit (coordinators in each of the regional units) to ensure their involvement as per advised by MIDA member in the Second Project Steering Committee.</p> |
| <p>Market is resistant to accept products from the biodiversity friendly farms.</p> | <p>Medium</p> | <p>Market indicators and demand for organic produce has steadily risen for the past decade in Panama and most notably during the last five years. The newly established Authority for National Certification (Jan 2017) further confirms this growth pattern and the need to satisfy both consumers and producers in formalizing criteria and overall credibility in certification standards. The market private sector operators, supermarket chains, consumers, and now small scale producers are eager to meet rising demand and participate in environmentally sound production. There is a growing demand for these products in Panama and an expansion of private sector ventures and investment supporting these endeavors.</p> <p>However, there is no certification scheme already implemented by MIDA for meat and milk organic products. For this reason, the project will conduct a GAP analysis and provide the recommendations to start the eco-labelling schemes for these type of products from Darien.</p> |
| <p>Lack of coordination among the institutions and organizations contributing to the project.</p> | <p>Medium</p> | <p>The lead organizations committed to the project at the national level, namely the Ministry of Agricultural Development, the Ministry of Environment, the National Restoration Strategy, and ANCON consider this project a priority in their respective programming portfolios. Their complementary roles, functions</p> |

| | | |
|--|------------|---|
| | | <p>and responsibilities have been mutually discussed, as have the forthcoming institutional arrangements and coordination structures designed to guide project development and provide implementation oversight. There is a political and institutional commitment supported at Ministerial levels.</p> <p>However, the Project experimented lack of involvement of BDA at the decision level of the project (absence in second steering committee meeting), and lack of support in to coordinate joint actions by Project and BDA (meeting with the General Manager of the Bank). On June 30th, 2021, ANCON received a note that the bank is not contributing the 12M in co-financing (Annex 7. BDA letter).</p> <p>The new public institution that will replace BDA will be formalized and the PCU will coordinate to present the new co-finance institution to the rest of the members of the steering committee. PCU is coordination with other banks to find a new partner.</p> |
| Traceability of eco-brand products from producer to consumer cannot be guaranteed. | Medium | The project will carry out a gap analysis and a roadmap for the certification of products (milk and meat) produced on farms that implement SSP. The Project will review the experience of an AECID-MIDA initiative in relation to technology dissemination farms. |
| Difficulties facing the approval of a regulatory instrument such as a law for the land use plan in the region. | Medium-low | A regulatory framework in the form of a Municipal Agreement, instead of a law is an essential first step to facilitate the subsequent adoption of a comprehensive land use plan for the Darien. The lead institutions with responsibilities and interests in the region, namely the Ministry of Environment and the Ministry of Agriculture are committed to establishing and actively supporting the necessary land use planning and regulatory framework needed to facilitate sustainable production practices, both at the farm and productive landscape level. |
| Ranchers see the Project as a means to title possession rights (Executive Decree 1000, year 2013). Article 8. | High | The issue is addressed in parallel to the project, but the project remains in its lines of work. Find a measure to mitigate expectations as the project is not in control of guaranteeing this process. MiAMBIENTE to clarify / inform the producers. |
| The limits established in the RHFTC Management Plan approved in March 2021, exclude patches of remnant forests in good condition, which are property of the state. There is a risk of the degradation of these ecosystems, the speculation of land and its titling for the expansion of the agricultural and livestock frontier. | High | New areas to be annexed would fall into the PA's conservation zoning category. The Ministry will review this at the end of the year to make the modification of the limits of the AP (Annex 8. RHFTC Management Plan approved). |
| Increased lack of credibility in the Project and MiAMBIENTE from community members as a result of last-minute changes in the RHFTC management plan officially approved in April 26 th , 2021. (MiAMBIENTE administrative resolution DAPB-0032-2021) | High | The PCU communicated the concern to the focal point in MiAMBIENTE to address this issue directly with the communities affected by the changes. The Project Coordinator, Sustainable Agriculture Specialist and a local Project Assistant have met with several communities (Metetí, Sansón, Sansoncito, Quebrada Félix, Canglón, Aruza Abajo, Aruza Arriba, Arreti, and Nicanor) organizations (Centro Pastoral Santa Fe) to clarify the scope of the project regarding these changes in the Management Plan. |

3.2 PROGRESS TOWARDS ACHIEVING THE PROJECT OBJECTIVES

| Project Objectives and Outcomes | Description of Indicators | Baseline level | Mid-term target | End-of-project target | Progress rating |
|---|---|----------------|-----------------|-----------------------|-----------------|
| Objective <i>Establishment of an ecosystem-based biodiversity friendly cattle production framework for the Darien Region of Panamá.</i> | Sector policies and regulatory frameworks incorporate new considerations for the biodiversity of the Darien region. | 0 | 1 | 2 | NA |
| | Land area under effective management in production systems with improved vegetative cover (ha) in the Darien | 0 | 1000 ha | 4500 ha | NA |
| | Financial institutions applying conservation and sustainable use parameters into their lending portfolios. | 0 | 1 | 1 | NA |

| FY 2021 rating | Comments/narrative justifying the current FY rating and explaining reasons for change (positive or negative) since previous reporting periods |
|----------------|---|
| | |

3.3 (A) PROJECT IMPLEMENTATION PROGRESS

| Project Outputs ⁴ | Expected Completion Date ⁵ | Year 1 Targets (June 30 th , 2021), per Operational Plan | Implementation Status as of June 30 th 2021 | Implementation Status as of June 30 th 2021 (narrative description) | Comments on Variance, If Any. ⁶ | Progress rating ⁷ |
|--|---------------------------------------|---|--|---|--|------------------------------|
| Component 1: Cattle production shifts to Silvo-pastoral systems (SPS) delivering environmental and socio-economic gains | | | | | | |
| Outcome 1: Conservation oriented Silvo-pastoral Systems are adopted in cattle farms and the productive landscape of the Darien as part of a biodiversity conservation and land restoration landscape model. | | | | | | |
| 1.1.1: Conservation-oriented Farm Management Plans guide the application of Silvo-pastoral Systems and the sustainable use of resources within farm plots. | July 2024 | NA | 20% | Cooperation agreement between CAF and Executing Agency signed in August 3 rd 2020. With the Cooperation Agreement in place, ANCON has almost completed the Inception Phase of the project to ensure all actors understand their roles and responsibilities vis-à-vis project, planning monitoring and | A difficult situation has arisen as part of the coordination needed for the bank to disburse in 2022 the credits needed for the implementation of the SPS plans on each farm. The bank was not actively participating in the project during the last quarter of FY2021. They did not participate in the | NA |

⁴ Add rows if your project has more than 4 objective-level indicators. Same applies

⁵for the number of outcome-level indicators.

Outputs and

⁶activities as described in the project log frame or in any updated project revision.

As per the latest

⁷t workplan and latest project revision.

| | | | | | |
|--|--|--|---|--|--|
| | | | <p>evaluation. Results for this phase include: (i) the Establishment of the Project Steering Committee, (ii) the approval of the Project Implementation and Acquisition Plans (general and year 1), (iii) the approval of the Project Operational Manual, (iv) the Contracting of the Project Coordinator, Technical Experts and the rest of the members of the PCU, (v) the development of the Gender Action Plan; (vi) the development of the Knowledge Management Strategy; and (vii) M&E Plan.</p> <p>In addition to that, preliminary selection criteria for livestock farms to participate in the project has been developed. To do that, the Project has compiled information from different sources. MiAMBIENTE has provided critical layers of information, satellite imagery, and COPEG has facilitated a database with farms within and in the buffer zone of RHFTC. The Project GIS Specialist is currently undergoing the analysis to further advance the selection process.</p> <p>Meetings have been held with ANAGAN Darien Chapter President to motivate other producers to be part of the project.</p> <p>Species and numbers of plant individuals necessary for the implementation of farm management plans and restoration of riparian forests identified and shared with the Department of Forestry of MiAMBIENTE. The UCP, members ANCON held 3 meetings for the coordination among the Project and MiAMBIENTE Central and the regional offices, on top of producing 225K seedlings for 2022, they are co-financing 20K for the inputs needed.</p> <p>Furthermore, ToR for actor mapping and GIS Specialists were prepared. Both consultants are working. The GIS Specialist will remain with the team to help with cartographic inputs needed for this output and others as need be.</p> <p>ToR for a consultancy for farm management plans construction were developed and the process for hiring the best technical/financial proposal has been published. Offerents have till July 4th to present their proposals, after</p> | <p>second and last steering committee meeting and the Director of ANCON has not been able to meet with the General Manager to receive inputs regarding the compromise of disbursement of 12 million dollars in spite of a formal letter sent to the bank on May 14th, and subsequent emails and calls for follow up with Dayra Arauz (BDA official assigned to the Project) and the secretary of the General Manager. In the closing day of this reporting period ANCON received a formal letter from BDA announcing that they will not invest the 12M. In spite of two letter of co-financing compromise of BDA to GEF, they wrote they do not have records of commitments of 12 M in the Board Meetings where decisions are taken (Annex 7).</p> <p>There is an association called ASAFORREST (Asociación Artesanal , Forestal y Turística de la Reserva) that groups some of the leaders of the Administrative Board for Rural Aqueducts (JAARS for its acronym in Spanish). This group has been actively opposing the project because they do not want ANCON to implement it.</p> <p>The Project Coordinator and the Sustainable Agricultural Specialist held a meeting convened by the Municipality of Pinogana with 14 members of the JAARs, the Mayor of Pinogana to clarify doubts and briefly explain the project and the incoming workshops where they were invited. Participation has been low or they have neglected to sign the participants lists (Annex 9. Meeting minutes JAARs-Pinogana-ANCON)</p> <p>On-going communications with individual farmers in the project area as well as ANAGAN have confirmed their interest in participating in the project. The economic benefits of SPS, mainly to increase productivity in comparison with traditional types of management have been proven in Panama as well as other</p> | |
|--|--|--|---|--|--|

| | | | | | | |
|---|-----------|----|-----|--|---|----|
| | | | | <p>which, the selection process is planned to hire the company/foundation on July 9th.</p> <p>The terms of reference for the consultancy for the construction of farm management include training producers and technicians in the preparation of farm plans.</p> <p>The Project Coordinator and the Sustainable Agricultural Specialist have visited several communities (Metetí, Sansón, Sansoncito, Quebrada Félix, Canglón, Aruza Abajo, Aruza Arriba, Arreti, and Nicanor) to convene farmers and raise their interest to be part of the project.</p> <p>The project has held 6 workshops, including the Inception Workshop, were criteria for farmers to participate, protected area zoning pertaining to the Project and a summary of the project has been presented.</p> <p>In order to ensure gender participation and hiring of people from Darien, an outreach call for CV from professionals in the agricultural sciences has been disseminated locally (radio and posters) as an opportunity to directly benefit people from local communities.</p> | <p>countries of the region, and are strongly supported by cattle ranchers. These individuals and the organizations and cooperatives they form part of have expressed their full interest and support for project objectives provided that on-site technical support is available.</p> <p>The Project is designing and developing a mass awareness campaign (showcasing successful case studies in Panama) and will present the results of a cost / benefit study based on silvo-pastoral systems in Darien and their benefits.</p> <p>A recurrent issue raised by the participants in workshops and meetings is the fact of not receiving direct benefits from conserving the forests within farms. They ask for an environmental services payments scheme that complement the implementation of SPS. It would be highly recommendable that MiAMBIENTE can implement such a system as soon as possible to counteract the negative incentives to cut standing forests.</p> | |
| <p>1.1.2: A connectivity and restoration strategy for the establishment of conjoining corridors and restoration activities between cattle farms, the productive landscape and protected areas.</p> | July 2024 | NA | 10% | <p>ToR and public tender for the hiring a specialist in Geographic Information System done.</p> <p>Production of seedlings was coordinated with the Forestry Department and the Darien regional office to be ready for the 2022 planting season.</p> | <p>This Output will be developed during 2022, however some initial activities are being carried out.</p> | NA |

| Outcome 1.2: Technical government counterparts and extension agents are able to deliver timely quality support in the application, oversight, and replication of SPS. | | | | | | |
|---|-----------|----|-----|---|---|----|
| 1.2.1: Capacity building programmes for extension service providers in SPS are tested and delivered by government institutions and technical training institutes. | July 2024 | NA | 15% | <p>ToR for consultancy for farm management plans construction that have been prepared include the design of a capacity building programme for extension services providers in SPS (COPEG, MIDA, MiAMBIENTE and others). During year 2 of the project implementation of these activities will begin.</p> <p>Technical staff and extension services providers from Miambiente, MIDA, IDIAP, Universidad de Panama and others will receive training in SPS from the Capacity Building Programme developed by the Project (call for proposals is open till July 4th).</p> <p>Meetings have been held with MiAMBIENTE, MIDA, and COPEG to coordinate the participation of technical personnel and extension service providers who will receive training in SPS and who will support the design and implementation of the Capacity Building program.</p> <p>The Project held a first meeting with the objective of raising awareness among the extension service personnel about the importance of promoting inclusive participation and providing tools to promote equality in the development of activities with the community.</p> | <p>Originally we planned for the capacity building programme to start execution in 2021 because the development of farm management plans was going to be developed at a lower pace. However, after detailed analysis of simultaneous activities to be conducted on the ground, we decided to develop all the farm management plans during the second semester of 2021 and also carry out the design of the capacity building programme. The execution of these trainings will start in the first quarter of 2022. The institutions that will be responsible for the implementation of the capacity building programme are COPEG, MIDA, MiAMBIENTE and others such as the University of Panama.</p> <p>As part of the elaboration of the Capacity Building Programme, the project will ensure through coordination with each of the institution, so that they work collaboratively in being part of a joint workplan so that they can include a line in their respective budgets with costs associated with the implementation of the Programme.</p> | NA |
| Outcome 1.3: Cattle producer have the technical know-how and managerial skills for implementing conservation-oriented SPS within cattle farms and productive landscapes. | | | | | | |
| 1.3.1: Training Programmes for cattle ranchers are developed by government counterparts and vocational skill training institutions for the long-term application of conservation-oriented silvo-pastoral systems. | July 2024 | NA | 15% | <p>ToR for consultancy for farm management plans construction that have been prepared include the design, together with government counterparts, of the training programme for cattle ranchers in SPS.</p> <p>Meetings have been held with MiAMBIENTE, MIDA, COPEG, Centro Pastoral Santa Fé and others to coordinate training services for ranchers in SPS and other topics that meet the diverse needs of ranchers.</p> <p>During workshops and meetings with producers some topics of interest have been identified to take into account in the training program (Animal nutrition, Agrotourism, Agroindustry and others).</p> | NA | NA |

| | | | | | | |
|--|-----------|-----|-----|--|---|----|
| | | | | As a result, the Project has prepared a preliminary Capacity Building Plan with topics already identified/prioritized by project actors and partners. | | |
| 1.3.2: "Rancher to rancher" SPS exchange programmes are organized to illustrate the benefits of SPS and facilitate their application under diverse farming scenarios and investment options. | July 2024 | NA. | 10% | ToR for the consultancy for the construction of farm management plans that have been prepared include the implementation of four model farms in and around the RHFTC in the first year of project execution with the aim of creating learning spaces for ranchers, technicians, researchers and students. In addition, they will organize exchanges between local and national farmers to illustrate the benefits of SSPs and promote their application and multiplication of the model. The Project will develop a cost-benefit study to showcase the benefits for farmers to implement SPS. | NA | NA |
| Outcome 1.4: Cattle ranches in the Darien demonstrate the socio-economic and environmental benefits of SPS, including eco-labelling for SPS farm products. | | | | | | |
| 1.4.1: An SPS eco-labelling designation under a single SPS logo is registered with The National Certification Authority. | July 2024 | NA | 10% | The project will carry out a gap analysis and a roadmap for the certification of products (milk and meat) produced on farms that implement SSP. In addition, contact has been established with the MIDA. The focus of the institution has been in the certification of crops. At the time of writing this report, we have no registry of a process to certify meat or milk. The certification of organic products has been made under the Direction of Plan Health under MIDA. | There might be adaptations required for this Output, since the assumption of MIDA already having some basic route in this realm is not realistic. There are shortfalls in the eco-labeling opportunities with MIDA. The project will carry out a gap analysis and a roadmap for the certification of products (milk and meat) produced on farms that implement SSP. The Project will review the experience of an AECID-MIDA initiative in relation to technology dissemination farms. | NA |
| 1.4.2: A training and entrepreneurial skill enhancement programme detailing production and marketing requirements for SPS eco-labelling is tested and available from public and private institutions. | July 2024 | NA | 0% | This will be implemented during 2022. | Idem above. | NA |
| Outcome 1.5: Institutions and relevant stakeholders' groups (i.e. producers, consumers, extension agents, policy-makers, sector representatives and land use planners) actively support the application, and replication of SPS in the Darien and nationwide. | | | | | | |
| 1.5.1: A communication and awareness raising strategy targeted for producers, consumers, and | July 2024 | NA. | 30% | The services for the creation of the visual identity of the Project (Logo and Brand Manual) were contracted and executed. The brand created is open, available to all people, private companies and non-governmental entities that | NA | NA |

| | | | | | | |
|--|------------------|-----------|-----------|--|--|-----------|
| <p>decision-makers is disseminated by various institutions highlighting the environmental, social and economic benefits of SPS.</p> | | | | <p>participate or collaborate in the project. This concept allows citizens to adopt, modify, promote, use and share the brand at their discretion. This in turn allows people to obtain benefits from this collective good, creating a strong sense of belonging that makes them participate in the control and dissemination of the brand.</p> <p>ToR and public tender for the hiring of a company / Foundation for the preparation of the Communication and Awareness Strategy, and the implementation of the Strategy for the first year were prepared and published. Albatros Media Foundation was hired to conduct this work. The Communication Strategy has been developed and shared with partners (approved by MiAMBIENTE. Annex 6). It is currently being implemented. The first products released include an infographic that depicts the water cycle. This was identified as a priority due to the lack of awareness of the population on the role that forests play in the conservation and production of water. Also, a radio spot and a press release to invite producers to join the project will be disseminated (radio, social media) the first quarter of FY2022.</p> <p>The second infographic under construction is to explain the concept and to highlight the environmental, social and economic benefits of SPS.</p> | | |
| <p>Component 2: Biodiversity conservation and sustainable land use is mainstreamed into integrated land use planning, financial mechanisms, and policy and regulatory frameworks</p> | | | | | | |
| <p>Outcome 2.1: A consolidated and integrated Land Use Management Plan guides productive activity (cattle ranching), land use zoning and conservation efforts in the Darien.</p> | | | | | | |
| <p>2.1.1: A conservation oriented Land Use Management Plan and corresponding regulatory frameworks are prepared by relevant institutions for the Darien with local and national stakeholder participation</p> | <p>July 2024</p> | <p>NA</p> | <p>0%</p> | <p>Component 2 of the Project is planned to start its execution during the second year of the project.</p> | <p>During workshops and meetings of the Project, members of the PCU have emphasized the links between the elaboration of the individual farm management plans and the land use planning instrument that will be developed next year.</p> <p>After detailed analysis, the PCU recommends to support MiAMBIENTE in the land use plan for the buffer zone of the protected area (containing guidelines on SPS) or support the district for the development of a land use plan for Pinogana.</p> | <p>NA</p> |

| | | | | | | |
|---|------------------|------------|-----------|--|---|-----------|
| <p>2.1.2 An online geographic information system for government officials, planners and resource users, provides updated information on land use categories, zoning and demarcation, as well as guidelines for productive activity in the Darien region.</p> | <p>July 2024</p> | <p>NA</p> | <p>0%</p> | <p>Component 2 of the Project is planned to start its execution during the second year of the project.</p> | <p>A GIS Specialist has been hired as part of the team project and he is brainstorming the design and implementation of the online geographic information system.</p> | <p>NA</p> |
| <p>2.1.3: Inter-institutional Agreements and multi-sectoral partnerships are formalized at local and national levels to ensure institutional coordination, operational consistency and collective oversight in the implementation of designated land-uses.</p> | <p>July 2024</p> | <p>NA.</p> | <p>0%</p> | <p>Component 2 of the Project is planned to start its execution during the second year of the project.</p> | <p>NA</p> | <p>NA</p> |

| Outcome 2.2: Financial institution support systemic changes in the appraisal of credits by incorporating conservation and sustainable use into their lending portfolios and mitigating the environmental, social and economic risks of their operations. | | | | | | |
|--|-----------|----|------|---|--|----|
| 2.2.1: Environmental and social risks assessments and appraisal processes are implemented and guide credit approvals. | July 2024 | NA | 0% | Component 2 of the Project is planned to start its execution during the second year of the project. | The BDA does not have any environmental parameters (i.e., biodiversity-friendly SPS) within its agricultural credit lines. | NA |
| 2.2.2: Training Programmes, knowledge management tools, and instructive manuals for risk assessment and appraisals are developed as part of corporate policy to actively mainstreaming conservation objectives into lending operations. | July 2024 | NA | 0% | Component 2 of the Project is planned to start its execution during the second year of the project. | NA | NA |
| 2.2.3: A national programme for exchanging experiences amongst banking institutions and disseminating best practices is implemented to further mainstream sustainable use and conservation measures into loan and credit programmes as part of the systemic adoption of risk management considerations in financing portfolios. | July 2024 | NA | 0% | Component 2 of the Project is planned to start its execution during the second year of the project. | NA | NA |
| Component 3: Monitoring, evaluation and knowledge sharing | | | | | | |
| Outcome 3.1: Project implementation follows a Results Based Management framework (RBM), applies SMART indicators for measuring progress and impact, and employs adaptive management principles to systematically re-incorporate monitoring and evaluation feedback into project performance. | | | | | | |
| 3.1.1: A Project Monitoring and Evaluation Strategy is developed, including annual work-plans, progress and impact indicators, annual budget allocations, and independent evaluation requirements. | July 2024 | NA | 100% | First PSC Meeting, approval of the Project Initiation Plan and Procurement Plan for the initiation phase and the process for interviewing shortlisted candidates for the position of Project coordinator (November 2020) developed (Annex 1). Project team hired (Project Coordinator, Sustainable Livestock Specialist, and Project Administrative Assistant) between January and April 2021. A GIS Specialist and a local Field Assistant half time, hired as part of the team (June 1, 2021). | | NA |

| | | | | | |
|--|--|--|--|--|--|
| | | | | <p>Project Operational Manual, Multi-year Operational Plan, General Budget, AOP 2021, 2021 Budget and General Procurement Plan and Procurement Plan 2021, developed.</p> <p>Planning and execution of the Project Inception Workshop developed, April 29th 2021.</p> <p>Planning and execution of the Second Meeting of the Project Steering Committee, May 6th, 2021 (Annex 3).</p> <p>Knowledge Management Strategy of the Project developed (Annex 10).</p> <p>Action Plan for the integration of the Gender perspective in accordance with the CAF / GEF Project Manual on Social and Environmental Safeguards developed (Annex 11).</p> <p>One workshop with members of the PCU, ANCON and Albatros Media Foundation with the objective of guiding and raising awareness of both organizations to create an inclusive and gender-smart communication and marketing strategy. Held on May 7th 2021.</p> <p>Eight (8) field trips to Darien to meet, interact, interview and invite men and women to participate in activities of the Project, between April and June 2021.</p> <p>Workshop to develop the Project Training Plan, integrating Knowledge Management and the Gender perspective (March 17, 2021).</p> <p>Three workshops to prepare the M&E Plan (January 25th, February 3rd and February 19th, 2021). In those workshops PSC, PCU and Technical Advisory Committee and ANCON participated.</p> <p>Project M&E Strategy completed (Annex 12)</p> <p>Work meetings and coordination of the PCU, with local authorities in Darien, allied institutions and local partners in Darien (ranchers and members of the Water Boards - JAARs) April 6th, 2021 (Annex 9).</p> | |
|--|--|--|--|--|--|

| | | | | | | |
|--|-----------|-----|-----|---|--|----|
| | | | | <p>Field trips to Darién in preparation for the workshops to convene the participants and define logistical aspects. April 2021.</p> <p>A consultation and participation workshop to be held in Metetí, Darién, with the aim of creating a space for reflection and rapprochement with local partners and allies of the project, on May 15th 2021.</p> <p>Preparation of preliminary quarterly expense report (QES) for 2nd, 3rd and 4th quarters of FY 2021. Second disbursement request (CAS) prepared and sent May 10th. Disbursement received June 15th.</p> <p>Two workshops tailored for gender with extensive service providers (June 18th, 2021 – Annex 13) and women (June 19th, 2021 – Annex 14).</p> <p>The workshop targeted for women is part of the implementation of the Gender Action Plan to develop affirmative actions in favor of the women involved in the project. The main objective of the workshop focuses on sensitizing women about the importance of their participation in the project, the individual and social benefits of joining the actions planned in the project and providing strategies for optimal participation.</p> | | |
| <p>3.1.2: Baselines for biological indicators (BD and LD) at the farm and productive landscape level are available for the project intervention area.</p> | July 2024 | NA | 20% | <p>Definition of the biological indicators for the Project baseline (Annex 15. BI Work Plan).</p> <p>Selection of sites where biological indicators will be measured based on GIS analysis (Annex 16. Preliminary analysis of farms).</p> <p>Project leverage included working with University of Panama for the component on agricultural entomology.</p> | NA | NA |
| <p>3.1.3: A monitoring plan is developed to determine the benefits and impacts of eco-labelling on sustainable resource use and biodiversity conservation</p> | July 2024 | NA. | 0% | <p>Planned to start its execution during the second year of the project.</p> | <p>There might be adaptations required for this Output, since the assumption of MIDA already having some basic route in this realm is not realistic. There are shortfalls in the eco-labeling opportunities with MIDA. The project will carry out a gap analysis and a roadmap for the certification of products (milk and</p> | NA |

| | | | | | | |
|--|-----------|----|-----|---|---|----|
| | | | | | meat) produced on farms that implement SPS. The Project will review the experience of an AECID-MIDA initiative in relation to technology dissemination farms. | |
| 3.1.4: A project website provides updated information on project progress, measurable results, lessons learned, including links to the Ministerial websites, the on-line GIS, and blogs pertaining to SPS issues, ranching, conservation, and sustainable resource use topics, etc. | July 2024 | NA | 80% | Contracting of services and establishment of the Project Website. | Website will be adapted to the visual identity of the project and contains the components of the communicational campaign to inform stakeholders. | NA |

Overall project implementation progress (To be completed by CAF- GEF Task Manager. Please add columns to reflect prior years' ratings):

| FY 2019 | Comments/narrative justifying the rating for this FY and any changes (positive or negative) in the rating since the previous reporting period |
|---------|---|
| NA | |

Action plan to address MS, MU, U and HU rating. (To be completed by CAF Task Manager in consultation with Project Manager)

| Action(s) to be taken | By whom? | By when? |
|-----------------------|----------|----------|
| NA | | |

This section should be completed if project progress was rated MS, MU, U or HU during the previous Project Implementation Review (PIR) or by the Mid-term Review/Evaluation (To be completed by Project Manager).

NA.

3.3. **RISKS**

| Risk Factor | Indicator of Low Risk | Indicator of Medium Risk | Indicator of High Risk | Project Manager Rating | | | | | Notes | Task Manager Rating | | | | | |
|---------------------------|---|--|--|------------------------|--------|-------------|------|----------------|-------|---|------|--------|-------------|------|----------------|
| | | | | Low | Medium | Substantial | High | Not Applicable | | To be determined | Well | Medium | Substantial | High | Not Applicable |
| INTERNAL RISK | | | | | | | | | | | | | | | |
| Project management | | | | | | | | | | | | | | | |
| Management structure | Stable, with roles and responsibilities clearly defined and understood | Individuals understand their own role but are unsure of responsibilities of others | Unclear responsibilities or overlapping functions, which lead to management problems | X | | | | | | | | | | | |
| Governance structure | Regional Committee and/or other project bodies meet periodically and provide effective direction and inputs | Project bodies meet periodically but guidance and inputs provided to project are inadequate. ToR is unclear. | Members lack commitment and project bodies do not fulfill their ToRs. | | | | X | | | The steering committee of the project was established under the leadership of the Ministry of Environment in November 2020. During the last steering committee meeting BDA representative was absent. It has been really difficult to convene them to different events. Given the letter received from BDA on June 30 th , 2021 (Annex 7), the conformation of the Project committee will change to incorporate the new member that will replace BDA. This produces substantial changes to the project execution. For instance, most people addressed by the project (within and in the buffer zone of the Protected | | | | | |

| | | | | | | | | | | | | | | | | | |
|-------------------------|--|--|--|---|---|--|---|--|--|--|---|--|---|--|--|--|--|
| | | | | | | | | | | | Area) own possessory rights. For other public banks, only land titles are subject to credit. This will also affect project execution times as new local partners must be contacted. | | | | | | |
| Internal communications | Communications are fluid and cordial | Communication processes are deficient, but relationships between team members are good | Lack of adequate communication between team members leads to the deterioration of professional relationships | X | | | | | | | | | | | | | |
| Workflow | Project progressing according to work plan | Some changes in project work plan, but without major effects on the overall timetable | Major delays or changes in the work plan or implementation methods | | X | | | | | | Project team has managed to work and travel under restricted restrictions. However, there are delays and changes in the project work plan due to late start of project. | | X | | | | |
| Co-financing | Co-financing is secured, and payments are received on time | Co-financing is secured, but payments are slow and bureaucratic | A substantial part of pledged co-financing may not materialize | | | | X | | | | Alternative sources of funding for the implementation of SPS farm management plans will be explored due to the announcement of BDA (Annex 7). | | | | | | |
| Budget | Activities are progressing within the planned budget | Minor budget reallocations are needed | Reallocations between budget lines exceed 30% of the original budget | X | | | | | | | | | | | | | |
| Financial management | Funds are correctly managed and | Financial reporting is slow or deficient | Serious financial-reporting problems or indications of the | X | | | | | | | | | | | | | |

| | | | | | | | | | | | | | | | | | |
|-------------------------|--|--|--|---|---|--|---|--|--|--|--|--|--|--|--|--|--|
| | transparently accounted for | | mismanagement of funds | | | | | | | | | | | | | | |
| Reporting | Substantive reports are presented in a timely manner and are complete and accurate, with a good analysis of project progress and implementation issues | Reports are complete and accurate but often delayed or lacking critical analysis of progress and implementation issues | There are serious concerns about the quality and timeliness of project reporting | X | | | | | | | | | | | | | |
| Stakeholder involvement | Stakeholder analysis is complete, and critical stakeholders and partners have provided positive feedback | Consultation and participation process appear robust, but some groups or relevant partners are omitted | There is symptoms of conflict with critical stakeholders or evidence of apathy and lack of interest from partners or other stakeholders | | | | X | | | | | | | | | | |
| External communications | There is evidence that stakeholders, practitioners and/or the general public understand the project and are regularly updated on its progress | Communications efforts are taking place, but there is no clear evidence that messages are being successfully transmitted | The project's existence is unknown beyond its implementing partners or subject to misunderstandings concerning its objectives and activities | | X | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | |

| | | | | | | | | | | | | | | | | | |
|-------------------------------------|---|---|---|---|--|--|--|--|--|--|--|--|--|--|--|--|--|
| Short-term/long-term balance | The project addresses short-term needs and achieves results with a long-term perspective, particularly in terms of sustainability and replicability | The project is focused on the short term, with little understanding of or interest in the long term | Longer-term issues are deliberately ignored or neglected | X | | | | | | | | | | | | | |
| Scientific and technological issues | The project is based on sound science and well-established technologies | The project's testing approaches, methods, or technologies are not always empirically verified but are based on a sound analysis of the options and risks | The project is subject to many scientific and/or technological uncertainties | X | | | | | | | | | | | | | |
| Political influence | Project decisions are not politically motivated | There are signs that some project decisions are politically motivated | The project is subject to strong political influence that may jeopardize its objectives | X | | | | | | | | | | | | | |

| Risk Factor | Indicator of Low Risk | Indicator of Medium Risk | Indicator of High Risk | Project Manager Rating | | | | | Notes | Task Manager Rating | | | | | | |
|--------------------------|---|--|--|------------------------|--------|-------------|------|----------------|-------|--|---------|--------|-----------|------|----------------|------------------|
| | | | | Low | Medium | Substantial | High | Not Applicable | | To be determined | Worried | Medium | Satisfied | High | Not Applicable | To be determined |
| EXTERNAL RISK | | | | | | | | | | | | | | | | |
| Project context | | | | | | | | | | | | | | | | |
| Political stability | The political situation is stable and predictable | The political situation is unstable but predictable and not a threat to project implementation | The political situations is very disruptive and volatile | | X | | | | | At local level, there are expectations that the project could be adapted to the priorities and tastes of some local actors. These expectations cannot logically be met and are incompatible in the way these projects are designed and implemented. The PCU does not have any ties to the local politics or to favor a local actor. This is against our code of ethics. | | | | | | |
| Environmental conditions | The project area is not affected by severe weather events or major environmental stress factors | The project area is subject to broadly predictable disasters or adverse weather patterns | The project area experiences very harsh environmental conditions | | X | | | | | The project area experiences high levels of logging from forests. The Ministry of Environment argues it is only 5% of total logging efforts in Darien (most is from planted forests). However, there is doubt from environmental groups that this is the case. | | | | | | |

| | | | | | | | | | | | | | | | |
|--|---|--|---|--|--|---|--|--|--|--|---|--|--|--|--|
| Social, cultural, health, and economic factors | There are no evident social, cultural, and/or economic issues that may affect project performance and results | Social or economic issues pose challenges to project implementation, but mitigation strategies have been developed | The project is highly sensitive to economic fluctuations, social issues, or cultural barriers | | | X | | | <p>Restricted travel movement of technical teams in the field, and restrictions in the organization of face-to-face meetings due to COVID-19 delayed project work plan implementation.</p> <p>Due to COVID some people see the project as a means of getting something. The Project team makes an extra effort to explain the scope of the project in detail to communities not to raise false expectations.</p> <p>On April 26th, 2021 the protected area management plan was approved. The text approved is different from the version agreed upon with the communities. In the zoning plan, one of the zones where it was originally feasible to develop SPS is no longer acceptable. The total surface where it was allowed to develop sustainable agricultural practices changed. As a result, the Project cannot affect as many farms (and hectares) within the protected area as was communicated in the first workshops of the Project. This in turn, affects the credibility of the Project and the Ministry of Environment.</p> <p>Ranchers see the Project as a means to title possession rights (Annex 17. Executive Decree 1000, year 2013 - Article 8)</p> <p>The limits established in the RHFTC Management Plan approved in March 2021, exclude patches of remnant forests in good condition, which are property of the state. There is a risk of the degradation of these ecosystems,</p> | | X | | | | |
|--|---|--|---|--|--|---|--|--|--|--|---|--|--|--|--|

| | | | | | | | | | | | | | | | | | | | |
|-----------------|---|--|--|--|--|---|--|--|--|--|---|--|--|--|--|--|--|--|--|
| | | | | | | | | | | | the speculation of land and its titling for the expansion of the agricultural and livestock frontier (Annex 8) | | | | | | | | |
| Capacity issues | The technical and managerial capacity of institutions and other project partners is sound | Weaknesses in technical and/or managerial capacity exist, but these weaknesses have been identified, and remedial actions have been undertaken | Technical and/or managerial capacity is very low at all levels, and partners require constant support and technical assistance | | | X | | | | | <p>With some exceptions, most of the partner governmental institutions have low managerial capacity and require close follow up. The Project needs higher levels of compromise from the institutions to succeed in the field. After Project completion, the institutions need to be in charge of activities follow up to ensure long lasting results.</p> <p>Exceptions are COPEG and the Forestry Department of the Ministry of Environment, and to some lower degree the regional Darien office of the Ministry of Environment.</p> <p>A stakeholder mapping exercise currently under construction will reveal with more detail those deficiencies.</p> | | | | | | | | |

If there is a significant (over 50% of risk factors) discrepancy between Project Manager and Task Manager rating, an explanation by the *Task Manager* should be provided below

NA

TOP RISK MITIGATION PLAN

Rank – importance of risk
 Risk Statement – potential problem (condition and consequence)
 Action to take – action planned/taken to handle the risk
 Who – person(s) responsible for the action?
 Date – date by which action needs to be or was completed

| Rank | Risk Statement | | Action to Take | Who | Date |
|--------------|----------------|-------------|----------------|-----|------|
| | Condition | Consequence | | | |
| Co-financing | | | | | |

| | | | | | |
|-------------------------|---|--|--|--------------|------|
| Substantial | <p>After intensive follow up with BDA to understand the reasons for their low participation, we received a note on June 24th 2021. With the note, the Project is officially informed by BDA that they announced the Ministry of the Environment, by note in October 2020, that BDA budget does not contemplate the Project since there is no resolution of the bank's board of directors that endorses and authorizes the bank's general manager to establish commitments for 12 M.</p> | <p>The Project is left without one of its critical inputs in order to create the foreseen impact.</p> <p>Other banks do not contemplate possessory rights within their credit portfolios. Most of the farmers within the protected area (PA) hold possessory rights. This reduces the participation of many producers that do not hold land titles (especially inside the PA).</p> <p>As a result of new efforts with other banks, there will be a delay in the implementation of silvopastoral systems (scheduled to start in April 2022) according to Project planning. The impacts were predicted assuming implementation of all SPS management plans in 2022.</p> <p>The new bank to take BDA role will take its time to absorb all project components and compromises, delaying the construction of the Procedural Manual for Loans and Credits to incorporate SPS guidelines.</p> <p>MiAMBIENTE did not notify the new project team of the note received in October 2020 about BDA not providing cofinancing for 12M. When asked, MiAMBIENTE explained they notified the previous ANCON Director and CAF.</p> <p>Without this information, the project team carried out outreach efforts including mentioning BDA 12 M compromise to provide the credits for SPS plan implementation. As a consequence, this impacts the credibility of the Project as this needs to be changed.</p> | <p>The Project contacted the focal point in the Ministry of Environment for a meeting to clarify this point and inform the new actions to take.</p> <p>The Executive Director of ANCON will meet the first week of July with the General Manager of the National Bank of Panama to explore the possibility of working with this public bank.</p> <p>There might be interest from the private banks to be involved in the project, which could potentially be explored, but does not count toward the public matching funds.</p> <p>Next steps include designing a Strategy to effectively communicate these changes.</p> <p>With the new scenario, a main selection criterion for farms is holding a land title. Other farmers will be considered, especially outside the PA to achieve the indicator of 4500 hectares transformed to SPS.</p> | Project Team | 2021 |
| Stakeholder involvement | | | | | |

| | | | | | |
|--|--|---|---|--------------|------|
| Substantial | <p>ASAFOREST (Asociación Artesanal , Forestal y Turística de la Reserva) has been actively opposing the project because they do not want ANCON to implement it. It is an association that groups some of the leaders of the Administrative Board for Rural Aqueducts (JAARs for its acronym in Spanish).</p> | <p>Several members of the community have been misinformed about the Project by people belonging to ASAFOREST. This has generated fear in certain people, speculating that ANCON is going to displace them from the protected area or that ANCON is going to keep the land.</p> <p>Participation of JAAR members in the Project events has been low or they have neglected to sign the participants lists.</p> <p>With no participation from the JAARs in the Project events, the opportunities to work jointly in the micro watersheds is diminished.</p> | <p>The Project Coordinator and the Sustainable Agricultural Specialist held a meeting on April 6th, 2021, convened by the Municipality of Pinogana with 14 members of the JAARs, and the Mayor of Pinogana to clarify doubts and briefly explain the project and the incoming workshops where they were invited (consultation and participation workshop and Inception Workshop).</p> <p>A new meeting will be developed with members of the JAARs in the second semester of 2021.</p> <p>Adapt the communication and awareness strategy of the project based on the findings. Maintain communication of the results of the project through the main communication channels in Darien, such as the radio.</p> <p>Involve community members, as far as possible, in the work to be carried out at the project intervention site.</p> <p>Workshops with extensionists from MIDA, COPEG, University of Panama was developed June 18th to ensure that they can deliver the correct message about the Project objectives and activities.</p> <p>In addition to the above strategies, we maintain close communication with the people of the communities through the project's field staff in Darien.</p> | Project Team | 2020 |
| Social, cultural, health, and economic factors | | | | | |
| Substantial | <p>Due to the governmental measures in the face of COVID, the Project is still suffering some delays in its implementation.</p> | <p>Due to COVID some people see the project as a means of obtaining resources to cope with the pandemic. Some people prevent themselves from participating in Project 's event from fear of getting COVID.</p> | <p>The Project team makes an extra effort to explain the scope of the project in detail to communities not to raise false expectations.</p> | | |

| | | | | | |
|--|---|---|--|--|--|
| | <p>On April 26th, 2021 the protected area management plan was approved. The text approved is different from the version agreed upon with the communities.</p> <p>The Executive Decree 1000, year 2013, stipule in its Article 8 that possessory rights can be titled within the Protected Area if they hold a farm management plan in accordance with the Management Plan of the Protected Area (recently approved, point above)</p> <p>The limits established in the RHFTC in the Executive Decree 1000, year 2013, and confirmed in the recently approved Management Plan, do not coincide with the demarcation in the field done previously (before 2013).</p> | <p>In the zoning plan, one of the zones where it was originally feasible to develop SPS is no longer acceptable. The total surface where it was allowed to develop sustainable agricultural practises changed. As a result, the Project cannot affect as many farms (and hectares) within the protected area as was communicated in the first workshops of the Project. This in turn, affects the credibility of the Project and the Ministry of Environment.</p> <p>Ranchers see the Project as a means to title possession rights because the Project is supporting farmers to build their farm management plans. However, titling within the Protected Area System is illegal under General Law of the Environment (Law 41 of 1998)</p> <p>The limits in the Management Plan exclude patches of remnant forests in good condition, which are property of the state and were included in the original demarcation of the protected area before 2013.</p> <p>There is a risk of the degradation of these ecosystems, the speculation of land and</p> | <p>During the Steering Committee meeting in May 6th, 2021 the Project team communicated the risk posed by the text approved and the Ministry of Environment, (Focal Point, Protected Area Director), agreed upon clarifying with communities about the new norms of use of the zoning of the Protected Area.</p> <p>During the Steering Committee meeting in May 6th, 2021 the Project team communicated the risk posed by the misunderstanding that the erroneous text of Article 8 poses and the Ministry of Environment , (Focal Point, Protected Area Director), agreed upon clarifying with communities about titling within the Protected Area.</p> <p>The Project team during field trips and Project events clarifies when asked, about what Law 41 of 1998 stipules and the contradiction with Article 8 of E.D. 1000, 2013.</p> <p>During the Steering Committee meeting in May 6th, 2021 the Project team communicated the risk posed by the demarcation issues and the Ministry of Environment , (Focal Point, Protected Area Director), indicated that they will be reviewing the limits by the end of calendar year 2021 (Annex 3)</p> | | |
|--|---|---|--|--|--|

| | | | | | |
|-----------------|--|--|--|--|--|
| | <p>There is no stable market that guarantees the purchase of the SPS meat and milk products at a better price that generates social and environmental benefits.</p> <p>Cattle ranching is an activity historically associated with men and this has been passed generation to generation, therefore most of the participants in the project's events have been male.</p> | <p>its titling for the expansion of the agricultural and livestock frontier.</p> <p>The communities claim that the Ministry of Environment is not protecting the forests and that they did not respect the demarcation done jointly with members of the communities.</p> <p>All this affects the credibility of the Project, since the Ministry of the Environment is the governing body for the care of the environment in the country and the focal point of the Project.</p> <p>Lack of motivation from farmers to get involved in the initiative.</p> <p>Low participation from women in the Project. Many women cannot participate because most owners of the land are men. For that reason, they cannot access the credits because they do not own the land and they see themselves excluded from the process. Besides that, women in Darien are subdued under men in most cases and they lack knowledge for entrepreneurship. They are deprived of participation for fear of retaliation (gender violence).</p> | <p>During the second semester of 2021 the Project will conduct a market study to understand and identify the possibilities and options to incorporate products in a better market. Secondly, it will conduct a gap analysis and a roadmap to identify management adaptation practices for farmers willing to obtain eco-labeling.</p> <p>The project has already started the implementation of the Gender Plan prepared, taking affirmative actions for gender issues. The first exclusive workshop for women was held on June 19, 2021 in Metetí Darién. The workshop focused on the importance of sensitizing women about the importance of participating in the project and assuming a leadership role in the project.</p> <p>The different thematic areas that were addressed were: (i) Importance of the participation of women and families in the Project; (ii) Roles of women in livestock and related activities; (iii) Benefits of the Project for the woman and her family; and (iv) Strategies for adequate participation.</p> | | |
| Capacity issues | | | | | |

| | | | | | |
|-------|-------|--|--|--|--|
| ----- | ----- | | | | |
|-------|-------|--|--|--|--|

Project overall risk rating (Low, Medium, Substantial or High) *(Please include PIR risk ratings for all prior periods, add columns as necessary):*

| 2019 rating | Comments/narrative justifying the current FY rating and any changes (positive or negative) in the rating since the previous reporting period |
|---|---|
| Substantial | Restricted travel movement of technical teams in the field, and restrictions in the organization of face to face meetings due to COVID-19 may create delays and changes in the project work plan. In this regard, the project team will need to ensure the timely development of protocols and procedures that allow teams execute project activities in the field. |
| If a risk mitigation plan had been presented for a previous period or as a result of the Mid-Term Review/Evaluation please report on progress or results of its implementation | |
| The project has developed a biosecurity protocol to conduct its events, visits and all of its activities and has communicated it to the Ministry of Health for its approval. | |

4. RATING MONITORING AND EVALUATION

Based on the answers provided to the questions in 4.1, 4.2 and 4.3 below, the CAF **Task Manager** will provide ratings for the following aspects of project monitoring and evaluation:

- (i) Overall **quality** of the Monitoring & Evaluation plan
- (ii) Performance in the **implementation** of the M&E plan

4.1. Does the project M&E plan contain the following?

- | | | |
|---|-------|------|
| • Baseline information for each outcome-level indicator | Yes | No X |
| • SMART indicators to track project outcomes | Yes X | No |
| • A clear distribution of responsibilities for monitoring project progress. | Yes X | No |

M&E plan not yet developed as project execution has not yet started.

4.2. Has the project budgeted for the following M&E activities?

- | | | |
|--|-------|-----------------------------|
| • Mid-term review/evaluation | Yes X | No <input type="checkbox"/> |
| • Terminal evaluation | Yes X | No <input type="checkbox"/> |
| • Any costs associated with collecting and analyzing indicators' related information | Yes X | No |

4.3 Has the project:

- | | | |
|---|-------|------|
| • Utilized the indicators identified in the M&E plan to track progress in meeting the project objectives; | Yes X | No |
| • Fulfilled the specified reporting requirements (financial, including on co-financing and auditing, and substantive reports) | Yes X | No |
| • Completed any scheduled MTR or MTE before or at project implementation mid-point; | Yes | No X |
| • Applied adaptive management in response to M&E activities | Yes | No X |
| • Implemented any existing risk mitigation plan (see previous section) | Yes X | No |

4.4. Please describe activities for monitoring and evaluation carried out during the reporting period

M&E activities included the elaboration of the preliminary reports related to the construction the M&E plan and the definition of the biological indicators to be included.

4.5. Provide information on the quality of baseline information and any effects (positive or negative) on the selection of indicators and the design of other project monitoring activities

Will be carried out during the first trimester of FY2022

4.6. Provide comments on the usefulness and relevance of selected indicators and experiences in the application of the same.

NA

4.7. Describe any challenges in obtaining data relevant to the selected indicators; has the project experienced problems to cover costs associated with the tracking of indicators?

NA

4.8. Describe any changes in the indicators or in the project intervention logic, including an explanation of whether key assumptions are still valid

NA

4.9. Describe how potential social or environmental negative effects are monitored

NA

4.10. Please provide any other experiences or lessons relevant to the design and implementation of project monitoring and evaluation plans.

NA

5. PROJECT IMPLEMENTATION EXPERIENCES AND LESSONS

5.1. Please summarize any experiences and/or lessons related to **project design**. Please select relevant areas from the list below:

● Institutional arrangements, including project governance;

- The limits in the protected area exclude patches of remnant forests in good condition, which are property of the state and were included in the original demarcation of the protected area before 2013. The project design did not contemplate this. There is a risk of the degradation of these ecosystems, due to the speculation of land and its titling for the expansion of the agricultural and livestock frontier. The communities claim that the Ministry of Environment is not protecting the forests and that they did not respect the demarcation done jointly with members of the communities. This affects the credibility of the Project, since the Ministry of the Environment is the governing body for the care of the environment in the country and the focal point of the Project.
- The Executive Decree 1000, year 2013, stipule in its article 8 that possessory rights can be titled within the Protected Area if they hold a farm management plan in accordance with the Management Plan of the Protected Area (recently approved, point above). Some ranchers argue that during project design it was promised that they were going to obtain land titles as a result of the Project. For this reason, some ranchers see the Project as a means to title possession rights in addition to the fact that the project is supporting farmers to build their farm management plans. However, titling within the Protected Area System is illegal under General Law of the Environment (Law 41 of 1998). During the Steering Committee meeting in May 6th, 2021 the Project team communicated the risk posed by the misunderstanding that the erroneous text of Article 8 poses and the Ministry of Environment, (Focal Point, Protected Area Director), agreed upon clarifying with communities about titling within the Protected Area. The Project team during field trips and Project events clarifies when asked, about what Law 41 of 1998 stipules and the contradiction with Article 8 of E.D. 1000, 2013.
- Public banks in Panama: (i) lack any environmental and social safeguards; (ii) do not have any experience developing green credit lines; and (iii) lack sufficient technical backstopping to cattle producers. This was not recognized as part of project design, and it is sine qua non condition for the bank to grant financing that adjusts to environmental and social parameters.
- Related to project governance. In ProDoc (Paragraph 86 and Annex 3) it is established that the Project Steering Committee (CDP for its acronym in Spanish) will meet every six months, either physically or virtually. The CDP consists of members with many responsibilities within their institutions, and should have a strategic, technical advisory role, not an operational role.

Since the main results of the Project Steering Committee (CDP) are:

- Well-evaluated and organized resource mobilization
- Productive CDP
- Innovative investment projects
- Effective monitoring and evaluation
- Integration and expansion of interventions

And that to achieve these results the CDP:

- Provides overall guidance and direction and contributes to the development and implementation of strategies for sustainability.
- CDP members support resource mobilization and integration of lessons learned and successes into national development planning and policy formulation.

- CDP members are encouraged to participate in pre-screening project site visits and project monitoring and evaluation.
- Provides the main substantive contribution and oversight to the program.
- CDP members must have an ongoing interest and commitment to working with communities and sharing a vision of what sustainable development and "think global, act local" can mean in terms of linking GEF focal areas to needs, and community concerns.

There have been conversations with the Focal Point of the Government of Panama, to evaluate the change the frequency of meetings from two (2) times a year, to one (1) time a year, where the progress of the annual plan for the current year, the budget and the annual operating plan for the following year will be presented.

In addition to that, for the Technical Advisory Committee (CAT for its acronym in Spanish), the ProDoc establishes responsibilities and roles that are redundant with those of CDP and with the project executor, such as: supervision, orientation, review and providing recommendations on the Project processes (operational guidelines) and activities. It has established a frequency of quarterly meetings (Paragraph 86 and Annex 3).

In order to improve the efficiency of the project governance system, and its operational response capacity, there have been some conversations with the Focal Point so that the Technical Advisory Committee be convened in a timely manner, when there is a need identified by the PCU and / or the Project Steering Committee. In this respect, the CAT would be an *Ad hoc* technical support committee and the responsibility for supervision, approval, review and mandatory provision of recommendations from project processes would be eliminated.

- The project relies on the in-kind contribution of MiAMBIENTE for the provision of seedlings for the implementation of the farm management plans (Component 1) and restoration activities (Component 2). Meetings and agreements have been made with the Forestry Direction to be able to count on the quantities and species of seedlings needed for next year (FY2022). However, there was no clarity for them regarding the quantities from the project designed. For instance, all the production from Darien (nurseries) will be used for this project.

- **Interpretation and application of GEF guidelines:**

- In the Results Framework in the ProDoc the first indicator of Result 1.1 is the number of farms that implement SSP in the Filo del Tallo-Canglón Hydrological Reserve and its buffer zone, and the GEF result is expressed in hectares. For this reason, it would be desirable to change the indicators that are counted as the number of farms by indicators measured in number of hectares. The total area impacted by transformation to SSP is 4500 ha. The proposal is to change the indicator from the number of farms to the number of hectares, with the final objective for this indicator of intervening in 4500 hectares (note that this includes inside and / or outside the protected area).

- A main result of the Project (Result 2.1) will be the development of a consolidated and integrated Land Use Management Plan to guide productive activity (livestock), land use zoning and conservation efforts in Darien, and the geographic scope of this plan is not defined. By Panamanian law, the entities that are legally entrusted to manage their territories are the districts, or the governing government entity designated by law (MiAMBIENTE in the case of Protected Areas). For this, after thorough analysis, the Coordination Unit of the Project recommends to support the MiAMBIENTE in the land use plan for the buffer zone of the protected area (containing guidelines on SSP) or support the district for the development of a land use plan for Pinogana. This result contributes to the fulfillment of the indicator for Result 2.1 Project Area in ha. where the deforestation of natural habitats in the productive landscape was avoided, with the final objective of the project of impacting 5000 ha.

- Lastly, the ProDoc establishes that a monitoring plan will be developed to determine the benefits and impacts of eco-labeling on the sustainable use of resources and the conservation of biodiversity (Paragraph 64), and that there are no certification processes under way at the intervention site of the Project yet, for that reason we do not consider that it is feasible that the farms or products will have the eco-label at the end of the project.

In view of that, instead of the monitoring plan of the labeling program, we propose to develop a roadmap with gap analysis for the certification of milk or meat produced on farms that apply SSP in Darien (see indicator Result 1.4). We also propose to adjust the indicator for Result 1.4. Currently it is % (percentage) of farms under SSP management that receive an SSP ecolabelling designation, change to % of farms that start processes for the certification of their products. The objective will be that 30% of the farms with which the project works begin processes for the certification of their products.

5.2. Please highlight a few major achievements resulting so far from the project implementation, including but not limited to:

- Cooperation agreement between CAF and Executing Agency,

- The establishment of the Project Steering Committee and the technical advisory committee,
- The Hiring of the Project Coordinator, Technical Experts and other members of the PCU,
- The development of the Gender Action Plan, Knowledge Management Strategy and M&E Plan
- Hiring of stakeholder mapping consultants, creation of the Project's visual identity, Communication Strategy and Awareness, GIS specialist and part-time local field assistant.
- Preparation of ToR for a consultancy for the construction of farm management plans
- The project has carried out 6 workshops with the communities at the project site
- Preparation and approval of planning documents (Project Operational Manual, Multi-year Operational Plan, General Budget, AOP 2021, Budget 2021 and General Procurement Plan and Procurement Plan 2021).
- Eight (8) field trips to Darién to meet, interact, interview and invite men and women to participate in the Project activities, between April and June 2021.
- Preparation of the preliminary quarterly expense report (QES) for the 2nd, 3rd and 4th quarters of fiscal year 2021. Preparation and submission of the second disbursement request (CAS) on May 10.
- Definition of the biological indicators for the baseline of the Project.
- The project already started the implementation of the Action Plan for the integration of the gender perspective in accordance with the CAF / GEF Project Manual on Social and Environmental Safeguards.
- The project promotes the coordination of MiAMBIENTE, MIDA, COPEG and the University of Panama to ensure the participation of technical staff and extension workers in training, workshops, exchanges and the design and implementation of the training program.
- The project is seeking cooperation with the University of Panama for the agricultural entomology component considered in the elaboration of the baseline of biological indicators.