

**CAF-GEF PIR for Fiscal Year 2022**

**Project Implementation Progress & Risk Management**

**1. GENERAL PROJECT INFORMATION**

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

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| <b>GEF project ID:</b>  | 9589                                  | <b>CAF Project ID:</b>                     | CAF 03 GEF 9589                |
| <b>Focal area(s):</b>   | Biodiversity; Land Degradation        | <b>GEF OP #:</b>                           |                                |
| <b>GEF strategic priority/objective:</b>                            | BD 4 Program 9; LD1 Program 1         | <b>GEF approval date*:</b>                 | November 20, 2019              |
| <b>CAF approval date:</b>   | June 30, 2020                         | <b>Date of first disbursement*:</b>        | 14 <sup>th</sup> August, 2020  |
| <b>Actual start date:</b>   | August 3 <sup>rd</sup> , 2020         | <b>Planned duration:</b>                   | 48 months                      |
| <b>Intended completion date*:</b>                                   | December 31 <sup>st</sup> , 2024      | <b>Actual or Expected completion date:</b> |                                |
| <b>Project type:</b>  | Full-sized Project                    | <b>GEF Allocation*:</b>                    | GEFTF                          |
| <b>PPG GEF cost*:</b>   | US\$3,519,725                         | <b>PPG co-financing*:</b>                  | US\$ 150,000.00                |
| <b>Expected MSP/FSP Co-financing*:</b>                              | US\$14,346,572                        | <b>Total Cost*:</b>                        | US\$ 17,866,297                |
| <b>Mid-term review/eval. (planned date):</b>                        | December 15 <sup>th</sup> , 2022      | <b>Terminal Evaluation (actual date):</b>  | Octubre, 31 <sup>st</sup> 2024 |
| <b>Mid-term review/eval. (actual date):</b>                         | NA                                    | <b>No. of revisions*:</b>                  | NA                             |
| <b>Date of last Steering Committee meeting:</b>                     | December 22, 2021                     | <b>Date of last Revision*:</b>             | NA                             |
| <b>Disbursement as of August 14<sup>th</sup>, 2020</b>              | US\$ 1,364,301.23 <sup>2</sup>        | <b>Date of financial closure*:</b>         | July 31 <sup>st</sup> , 2024   |
| <b>Date of Completion:</b>  | <b>December 31<sup>st</sup>, 2024</b> | <b>Actual expenditures</b>                 | <b>US\$ 823,103.00</b>         |
| <b>Total co-financing realized as of June 30<sup>th</sup>, 2021</b> | <b>US\$ 7,479.00<sup>3</sup></b>      | <b>Actual expenditures to date:</b>        | US\$ 823,103.00                |
| <b>Leveraged financing:</b>   |                                       |  |                                |

<sup>1</sup> Date funds were received by ANCON

<sup>2</sup> Total amount received by ANCON: Administrative cost of ANCON: 68,912,43 and Implementation funds: 1,295,388.80

<sup>3</sup> The Project Coordination Unit (PCU) is currently working on gathering detailed information to update co-financing executed by the Ministry of the Environment and the Ministry of Agricultural Development. In addition, CAF was consulted on the process to account for other important counterparts that were not determined in the project document.

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| <p><b>Project summary<sup>4</sup></b></p> | <p>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.</p> <p>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.</p> <p>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:</p> <p><b>Component 1:</b> <i>Cattle production shifts to Silvo-pastoral systems (SPS) delivering environmental and socio-economic gains</i> (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.</p> <p>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.</p> <p><b>Component 2:</b> <i>Biodiversity conservation and sustainable land use is mainstreamed into integrated land use planning, financial mechanisms, and policy and regulatory frameworks</i> (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<sup>5</sup> 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</p> |  |  |

<sup>4</sup> The Project Summary was elaborated with information from the Darien PRODOC final version

<sup>5</sup> Banco de Desarrollo Agropecuario.

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|  | <p>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.</p> <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><b>Component 3: Monitoring, evaluation and knowledge sharing</b> (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> |
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| <p><b>Project status FY 2022</b></p> | <p>Summary Period July 2021 to June 2022</p> <p>At the operational level, the main activities of the period were:</p> <ul style="list-style-type: none"> <li>▪ A workshop with MiAMBIENTE was held on November 25th to validate the operating annual plan for calendar year 2022.</li> <li>▪ The third Committee Meeting of the Project was held. During the meeting a summary of products and results from calendar year 2021 was presented and the operating annual plan, budget and procurement plan for calendar year 2022 were approved (Annex 1A; 1B y 1C).</li> <li>▪ As follow up on the draft SSP policy to finance farms in Darién as part of the Project, MiAMBIENTE has sent 2 letters to BNP to confirm formalization of governmental alliance (Annex 2A y 2B).</li> <li>▪ A note was received on March 8th from the Banco Nacional de Panama (BNP) informing ANCON that BNP would not participate in the project as it was considered not to be in accordance with the Bank's credit policies (Annex 3A). ANCON sent response to the note sent by BNP (Annex 3B).</li> <li>▪ With the support of Team - CAF the M&amp;E actions of the project continue, which include reports on the monthly monitoring of consultancies, the POA 2022 monitoring sheet and the project monitoring plan.</li> <li>▪ Project Monitoring and Evaluation Meeting with Team - -CAF, MiAmbiente and UTP-ANCON: Friday, January 21, 2022 and Thursday, February 17, 2022.</li> </ul> |
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|  | <ul style="list-style-type: none"> <li>▪ Exit of the Project Coordinator, Malena Sarlo (02-05-2022). Preparation of ToR for hiring coordinator and start of interviews with candidates. Hiring of a new Project Coordinator, Master Julio Rodriguez, on May 9, 2022 with the approval of the Ministry of the Environment.</li> <li>▪ Preparation of Quarterly Expense report (QES) from July to September 2021 (Annex 4), October to December 2021 (Annex 5), January to March 2022 (Annex 6) and quarterly expenses from April to June 2022 (Annex 7).</li> <li>▪ Meeting (05-21-2022) to present the project and its progress with new personnel from the Ministry of Environment assigned to support and monitor the project by the Protected Areas and Biodiversity Direction from MiAmbiente (Annex 8 and Annex 9A and 9B).</li> <li>▪ The Project Coordinator prepares a new strategy to mobilize resources from the Panamanian banking system through agricultural loans to the beneficiaries and for the fulfillment of the project's counterpart (Annex 10).</li> <li>▪ Meeting MIAMBIENTE, ANCON – PCU, CAF (06-17-2022) Clarification role of QUORSUS, review of monitoring instruments and change of co-financing strategy. (Anexo 11)</li> </ul> <p>Among the most important technical actions of the period are:</p> <ul style="list-style-type: none"> <li>▪ A total of 65 new participatory farm management plans were prepared during the period (Annex 12A &amp; 12B) which adds up a total of 5,368 ha under planning schemes. A total of 105 participatory farm management plans have been prepared, of these 26 plans belong to female ranches and 76 to male ranchers. A total of 107 ha belonging to 13 beneficiaries (5 women and 8 men) have begun a process of transformation towards silvopastoral systems with the beneficiaries' own resources and the support of the project.</li> <li>▪ A total of 4 model farms has been established that allow the development of knowledge exchange activities with the beneficiaries and the development of learning by doing workshops (Xiomara Batista, Víctor Peña, Nicolas Bravo and Alcibiades Bernal).</li> <li>▪ A training plan in Silvopastoral systems for extension workers is prepared (Annex 13) and training actions are carried out in which 45 technicians from institutions such as MIDA, MiAmbiente, COPEG, IDIAP and UP-CRUD participated. Progress is being made in the preparation of the Training Manual for Ranchers based on the diagnosis developed by (Annex 14).</li> <li>▪ The first livestock – livestock exchange was held at El Ñopo demonstration farm, owned by Odiela Solis in Pedasi, Los Santos on April 22-24, 2022 with 45 participants (Annex 15A). In addition, exchanges are carried out in demonstration farms from the project, El Roblecito (owned by Nicolas Bravo) and El Guayacan (owned by Victor Peña and Damian Montenegro) to train extensionists, technicians and producers in SSP (Annex 15B &amp; 15C).</li> <li>▪ The RHFTC biodiversity baseline document has been finalized and an executive summary has been prepared as a basing for sharing the biodiversity knowledge generated (Annex 16A &amp; 16B).</li> <li>▪ Recruitment of a Gender Specialist for the implementation of the Gender Plan: development of a gender perspective diagnosis, training needs, a women's leadership workshop and a workshop on the role of women in sustainable livestock farming (Annex 17).</li> <li>▪ With the support of CEASPA, progress is being made in the study on the state of RHFTC ecosystems and an analysis of connectivity that will allow focusing the actions of recovery and reforestation of key areas for biodiversity and the provision of other ecosystem services of importance to the communities (Annex 18A &amp; 18B).</li> <li>▪ A specialist was contracted to advance in the analysis of land use regulations in Panama to determine the best tool for the development of the planning process for land use and water resources in the project area (Annex 19A and 19B).</li> <li>▪ Development of the TdR, selection process and hiring of a consultant to facilitate the formation, operation, preparation of the work plan and budget of a Management Committee (Annex 19C)</li> <li>▪ The first actions are developed to determine areas within the beneficiary farms of importance for connectivity or of value in the generation of water for the use of the communities established around the RHFTC. It is estimated to start with the reforestation of some 3,000 seedlings provided by the Bacao Agroforestry Association and at least another 25,000 seedlings supplied by the Ministry of the Environment in August of this year (Annex 20A).</li> </ul> |
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|                                      | <ul style="list-style-type: none"> <li>▪ Through the eco labelling consultancy developed by Barzev Consulting (Annex 21A), a document analyzing programs, incentives, national subsidies that can facilitate the implementation of silvopastoral systems was prepared, as well as laws and regulations for the production, transformation and commercialization of sustainable organic products. Additionally, progress is being made in the process of establishing a proposal for indicators (Environmental, Social and Productive/Operative) that allows farms with silvopastoral systems to be evaluated as sustainable production systems. (Annex 21B).</li> <li>▪ Progress is being made in the creation of the Filo del Tallo Canglón Hydrological Reserve Management Committee in coordination with MIAMBIENTE. This figure promotes participatory management with local actors (Annex 22)</li> <li>▪ The services for the creation of the visual identity of the Project (Logo and Brand Manual) were contracted and executed.</li> <li>▪ With the support of Albatros Media progress is being made in the implementation of the knowledge management strategy through addendum to the contract (Annex 23): <ul style="list-style-type: none"> <li>○ 5 videos of 3 minutes each with their one-minute versions were developed to spread on social networks and present in the workshops developed in the communities (Annex 24A, 24B, 24C, 24D and 24E).</li> <li>○ 5 radio spots were prepared to disseminate information on the results of the first year of the Project, characterization of livestock in Darien, costs and benefits of the SSP, and participatory planning of livestock farms (Annex 25A, 25B, 25C, 25D and 25E).</li> <li>○ Two press releases were published on the results of the first year of the Project and the importance of ecological restoration.</li> <li>○ 3 infographics developed that deal with topics: use of agrochemicals, Silvopastoral systems: Main benefits and Filo del Tallo Hydrological Reserve – Canglon, water cycle Publications on the different activities of the Project have been handled in: <ul style="list-style-type: none"> <li>▪ Social Networks (Facebook, Instagram, Twitter) @dariensostenible</li> <li>▪ Broadcast network WhatsApp (+507 6408-0547)</li> <li>▪ Website completed and awaiting for approval from MIAMBIENTE dariensostenible.org</li> <li>▪ Youtube channel: Darien Sostenible Project</li> </ul> </li> </ul> </li> </ul> |
| <p><b>Project status FY 2021</b></p> | <p>Summary Period August 2020 to June 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 <b>first project steering committee</b> meeting was held November 11<sup>th</sup>, 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 <b>Inception Phase</b> 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 29<sup>th</sup> 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 <b>second project steering committee</b> was held on May 6<sup>th</sup>, 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&amp;E Plan; and (vi) update of key risks and mitigation</p>  |

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|  | <p>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 2<sup>nd</sup> 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 18<sup>th</sup> 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 19<sup>th</sup>, 40 participants in total attended both workshops.</p> |
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| <b>Planned contribution to strategic priorities/targets</b> | <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"> <li>• BD-4: Mainstream Biodiversity Conservation and Sustainable Use into Production Landscapes/Seascapes and Sectors; OP #9: Managing the Human-Biodiversity Interface; and</li> <li>• LD-1: Maintain or improve flow of agro-ecosystem services to sustain food production and Livelihoods; OP#1: Agro-ecological Intensification</li> </ul> <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> |
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## 2. PROJECT OBJECTIVE

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| <p>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.</p> |
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## 3. PROJECT PERFORMANCE AND RISK RATING

### 3.1 ESTIMATED RISKS.

| Risk  | Level | Mitigation approach   |
|---|-------|---|
| Farmers are not willing to join the project | Low   | July 2021 – June 2022<br>The level of risk has gone from High to Low in the last year thanks to the efforts made in training actions, communications, awareness and exchange of experiences with ranches in model farms with silvopastoral systems. The demand for ranchers to be |

| Risk   | Level  | Mitigation approach   |
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|  |        | included in the project has increased, which has allowed the preparation so far of a total of 105 participatory plans for farm management and there are new producers interested in being included.   |
|  | High   | <p>August 2020 – June 2021</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 their 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 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> |
| BDA does not contribute with 12M co-financing for project execution.   | High   | <p>July 2021 – June 2022</p> <p>The risk remains high despite the efforts made to incorporate the National Bank of Panama the co-financing. A new strategy is proposed to mobilize agricultural credit resources so that the beneficiaries can make their transformation from traditional livestock to Silvopastoral system that would include national and private banking. The strategy also contemplates a review and expansion of counterpart funds related to the project.</p>   |
|  | High   | <p>August 2020 – June 2021</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>   |
| The project will unwittingly encourage the expansion of cattle ranching and deforestation                      | Low    | <p>July 2021 – June 2022</p> <p>It stays according to the plan.</p>   |
|  | Low    | <p>August 2020 – June 2021</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>  |
| MIDA's personnel on site is not available to cooperate with the project with the expected rate of involvement. | Medium | <p>July 2021 – June 2022</p> <p>It stays according to the plan.</p>   |
|  | Medium | <p>August 2020 – June 2021</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>   |
| Market is resistant to accept products from the biodiversity friendly farms.                                   | Medium | <p>July 2021 – June 2022</p>  |

| Risk   | Level      | Mitigation approach   |
|--|------------|---|
|  |            | It stays according to the plan.   |
|  | Medium     | <p>August 2020 – June 2021</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>   |
| Lack of coordination among the institutions and organizations contributing to the project.                     | Medium     | <p>July 2021 – June 2022</p> <p>Banco Nacional de Panama has not formalized replacing BDA and a change in strategy is proposed. The participation of banking institutions in the project is not only important for co-financing, but also to promote policies that promote better sustainable livestock schemes and contribute to improving productivity in the sector with fewer impacts. Additionally, their participation is important in training the capacities of the collaborators of the agricultural credit portfolios so that they understand the benefits and impacts of the silvopastoral systems.</p>  |
|  | Medium     | <p>August 2020 – June 2021</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 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 30<sup>th</sup>, 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     | <p>July 2021 – June 2022</p> <p>It stays according to the plan.</p>   |
|  | Medium     | <p>August 2020 – June 2021</p> <p>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.</p>   |
| Difficulties facing the approval of a regulatory instrument such as a law for the land use plan in the region. | Medium-low | <p>July 2021 – June 2022</p> <p>It stays according to the plan.</p>   |
|  | Medium-low | <p>August 2020 – June 2021</p> <p>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</p>   |



| Risk   | Level  | Mitigation approach  |
|--|--------|--|
| Ranchers see the Project as a means to title possession rights (Executive Decree 1000, year 2013). Article 8.  | Medium | <p>frameworks needed to facilitate sustainable production practices, both at the farm and productive landscape level.</p> <p>July 2021 – June 2022<br/>The level of risk has gone from High to Low.<br/>In each workshop with livestock producers, the objectives of the project are clearly explained, and it is also clarified that the project does not include support in land titling procedures. This has made the issue clear and has limited the expectations of project support in land titling processes in the project's work area.</p>       |
|  | High   | <p>August 2020 – June 2021</p> <p>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.</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, the speculation of land and its titling for the expansion of the agricultural and livestock frontier. | High   | <p>July 2021 – June 2022</p> <p>The risk will remain high until the Ministry of the Environment formalizes the inclusion of forest patches within the limits of the RHFTC.<br/>The Ministry of Environment begins the process of reviewing and updating the limits of the Filo del Tallo Canglon Hydrological Reserve. MIAMBIENTE is expected to expand the limits of this reserve by incorporating segments of forest in a good state of conservation.</p>  |
|  | High   | <p>August 2020 – June 2021</p> <p>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).</p>  |
| 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 <sup>th</sup> , 2021. (MiAMBIENTE administrative resolution DAPB-0032-2021)   | High   | <p>July 2021 – June 2022</p> <p>The risk remains High due to the RHFTC limits review and update process. The Project advances the formation of the Management Committee of the RHFTC as an instance of participation of actors in support of the management of the protected area, which will contribute to improving the credibility of the management plan and of the Ministry of Environment as the main responsible for the Management of the protected area.</p>  |
|  | High   | <p>August 2020 – June 2021</p> <p>The PCU communicated the concern to the focal point in MiAMBIENTE to address this issue directly with the communities affected by the changes.<br/>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.</p> |

### 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 |
|---|---|----------------|-----------------|-----------------------|-----------------|
| <b>Objective</b><br><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 <sup>6</sup>   | Expected Completion Date <sup>7</sup> | Year 1 Targets (June 30 <sup>th</sup> , 2021), per Operational Plan | Implementation Status as of June 30 <sup>th</sup> 2021 | Implementation Status as of June 30 <sup>th</sup> 2021 (narrative description)   | Comments on Variance, If Any. <sup>8</sup>   | Progress rating <sup>9</sup> |
|--|---------------------------------------|---|--|--|--|------------------------------|
| <b>Component 1: Cattle production shifts to Silvo-pastoral systems (SPS) delivering environmental and socio-economic gains</b>   |                                       |   |  |  |  |                              |
| <b>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.</b> |                                       |   |  |  |  |                              |
| 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  | 50%  | A total of 65 new participatory farm management plans were prepared during the period (Annex 12A & 12B) which adds up a total of 5,368 ha under planning schemes. A total of 105 participatory farm management plans have been prepared, of these 26 plans belong to female ranches and 76 to male ranchers. A total of 107 ha belonging to 13 | The beneficiaries of the project are more aware of the Silvopastoral Systems and a significant number of ranchers have been trained and developed their participatory farm management plan with technical support from the project. A significant number of beneficiaries are willing to start converting their farms to | NA                           |

<sup>6</sup> Add rows if your project has more than 4 objective-level indicators. Same applies

<sup>7</sup>for the number of outcome-level indicators.

Outputs and

<sup>8</sup>activities as described in the project log frame or in any updated project revision.

As per the latest

<sup>9</sup>t workplan and latest project revision.

|  |  |  |  |   |  |  |
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|  |  |  |  | <p>beneficiaries (5 women and 8 men) have begun a process of transformation towards silvopastoral systems with the beneficiaries' own resources and the support of the project.</p> <p>A new addendum has been signed with CIPAV that includes the preparation of 50 new participatory farm management plans, the implementation of the first 25 implemented farm plans, the installation of 3 new model farms, the strengthening of the capacities of technicians and beneficiaries, conversion of 200 ha of traditional pastures to silvopastoral systems, support for the recovery of the first 2km of riparian forests, among other actions (Annex 24).</p> <p>Five young people (3 men and 2 women) have been incorporated into the CIPAV (3) and UTP (2) teams as field technicians to support project actions.</p> <p>The planning work as been carried out with the support of new technology, such as the use of drones for farm planning actions (Annex 26A).</p> <p>A tour was realized from February 21 to 27, 2022 to the intervention area of the Project to fly over and photograph 42 livestock farms with two drones WingtraOne. The equipment was conformed by four drones pilots: Two international (Steve Schill &amp; George Raber) and two from the Project (Antonio Clemente &amp; Jose Rodriguez), it was registered more than 2,600 hectares in more than 30,000 photographs that are being processed in a an specialized software (Annex 26B). The information obtained give us the actual condition for the livestock farms, before the transformations to SSP and works as a support tool for planification.</p> <p>We are starting with the implementation of 10 farms plans with limited Project resources and resources from the proprietaries.</p> <p>Between January and March 2022, significant progress was made on announcement with more than 80 visits to different livestock farms at the communities of (Metei, Sanson, Sansoncito, Quebrada Felix, Canglon, Aruza Abajo, Aruza Arriba, Arreti, Candelilla, Nuevo Progreso, Zapallal, Agua Buena, Santa Librada and Nicanor) to invite the livestock farmers to join the project to give them</p> | <p>silvopastoral systems with their own resources as long as they have the support and technical assistance from the project.</p> <p>The situation with the Agricultural Development Bank has not changed. An attempt was made to make an approach wit the National Bank of Panama that has not generated good results so far.</p> <p>The new Project Coordinator has established a new strategy that includes a financial analysis of the resources required for the reconversion of farms to Silvopastoral Systems in accordance with the elaborated participatory farm management plan. In addition, prioritize the start in the second half of the year of Consulting with a specialist in agricultural credit that allows progress in several key issues that allow the approach of the national and private agricultural banking to the project, this includes:</p> <ul style="list-style-type: none"> <li>• Proposal about policies for Silvopastoral systems</li> <li>• Case Study: Analysis of Risk on Silvopastoral systems vs traditional systems</li> <li>• International Impact workshop on Green Businesses: case of Silvopastoral sytems</li> <li>• Training and awareness of Credit and Risk Managers of Agricultural Banking</li> <li>• Exchange of experiences and SSP case studies with key players in credit and agricultural risk</li> <li>• Accompaniment in the application process and approval of agricultural credit to beneficiaries.</li> </ul> <p>A difficult situation has arisen as part of the coordination needed for the bank to disburse in 2022 the credits needed for</p> |  |
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|  |  |  | <p>technical assistance and presentation of video from the Project.</p> <p>Also the Project delivered equipment and materials to the owners to continue with the implementation of four model farms (Annex 27). The owners of this four farms are: Xiomara Batistta, Victor Peña, Nicolas Bravo and Alcibiades Bernal. The purpose of this farms is to give an space where all producers can learn about SSP, exchange experiences and group work.</p> <p>Follow up to the agreement with Banco Nacional de Panama and meeting with Ing. Hector Rosario, Darien Branch Manager from Banco Nacional de Panama in Meteti for the financing with the actual conditions of the bank for producers that counts with Farms Plans and start their transformations to SSP (Annex 28) Development of TdR, selection process and hiring of a new agricultural technique to support the activities from Darien Project (Annex 29).</p> <p>Cooperation agreement between CAF and Executing Agency signed in August 3<sup>rd</sup>.2020.</p> <p>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 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&amp;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</p> | <p>the implementation of the SPS plans on each farm.</p> <p>The bank was not actively participating in the project during the last quarter of FY2021. They did not participate in the 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) 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</p> |  |
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|  |  |  | <p>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 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. 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>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 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> |  |
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|   |           |    |     | 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.  |   |    |
| 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. | July 2024 | NA | 20% | <p>Developing of the ToR para la consultancy “Elaboration of an ecosystem study inside and around the RHFTC and the development of a connectivity strategy and restoration of the landscape (Annex 18A).<br/>Selection and contracting of CEASPA for the development of study<br/>“Elaboration of an ecosystem study inside and around the RHFTC and the development of a connectivity strategy and restoration of the landscape”.</p> <p>Review and approval of the work plan that defines the methodology for the development of the study validated with the UCP (Annex 18B)</p> <p>The UCP with the support of CIPAV, begins the process of selecting farms for reforestation and recovery of riparian forest with seedlings provided by the Association of Agroforestry Producers from Bacao (APABA) and MIAMBIENTE. The reforestation actions are planned for August and September 2022,<br/>The UCP has given follow up with the Forestry Department from MIAMBIENTE and the regional office from MIAMBIENTE in Darien for the production of 225K seedlings (Annex 30A).<br/>As well as with the Association of Agroforestry Producers from Bacao (APABA), a Darien indigenous community organization with a 50% women that are in charge to produce 10K seedlings of native species for restoration initiatives of the Project during the year (Annex 30B).</p> <p>ToR and public tender for the hiring a specialist in Geographic Information System done.<br/>Production of seedlings was coordinated with the Forestry Department and the Darien regional office to be ready for the 2022 planting season.</p> | This Output will be developed during 2022, however some initial activities are being carried out. | 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. |           |    |     |   |   |    |
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| 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 | 30% | <p>Training plan prepared for extension workers in Silvopastoral systems. More than 45 technicians trained in sustainable livestock and silvopastoral systems (MIDA, MiAmbiente, COPEG, IDEIAP and UP-CRUD) through 13 workshops (Annex 13). Four exchanges in demonstration farms.</p> <p>CIPAV advances in the Training Manual for ranchers based on the diagnosis of capacities (Annex 14A; 14B; 14C; 14D; 14E; 14F; 14G; 14H; 14I &amp; 14J),</p> <p>An addendum to the CIPAV contract was agreed upon, which includes the continuation of the capacity building process in Silvopastoral systems for institutional technicians and for them to initiate training actions for other technicians and ranchers (Annex 31A).</p> <p>Two workshops held on February 4, in CRUD – Universidad de Panama, for the validation of the livestock characterization for the RHFTC and its surroundings; feedback and validation of forage species identified in the characterization and validation and prioritization of training themes resulting from the capabilities diagnosis of the survey of characterization and the meetings with producers, extensionists and technicians from the influence area of the Project (Annex 31 B).</p> <p>Between January and March 2022, it were developed 4 field days (3 at the demonstrative farms El Roblecito and El Guayacan, and 1 at the producer's farm Damian Montenegro) and 13 training workshops about sustainable livestock themes in CRUD – Universidad de Panama and different communities: Sanson, Santa Librada, Santa Fe, Nicanor, Nuevo Progreso, Metei, Yaviza and Rio Iglesias (Annex 15B). At all workshops participated extensionists and technicians from MIAMBIENTE, MIDA, COPEG, UNIVERSIDAD and IDIAP. It has been trained to more than 45 technicians of the different institutions about sustainable livestock themes and SSP.</p> <p>ToR for consultancy for farm management plans construction that have been prepared include the design of a capacity building</p> | <p>The policy to promote silvopastoral systems should include capacity building for institutional technicians, Asociación de Ganaderos (ANAGAN) and other livestock producers, NGO's, Universities and agricultural banking personnel. Additionally, the policy must continue the extension and training processes in Silvopastoral systems for ranches throughout the country.</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 |

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|   |           |    |     | <p>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>   |    |    |
| <b>Outcome 1.3: Cattle producer have the technical know-how and managerial skills for implementing conservation-oriented SPS within cattle farms and productive landscapes.</b>                                   |           |    |     |  |    |    |
| 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 | 35% | <p>Developed training plan for SSP extensionist based on diagnosis. The SSP Training Manual is in the layout stage. Development of first sessions for the training of institutional trainers with the participation of MIDA, MiAmbiente, COPEG and UP-CRUD.</p> <p>On February 1<sup>st</sup>, a meeting was held with the Ministerio de Desarrollo Agropecuario (MIDA – Darien), Research Center on Sustainable Systems of Agricultural Production (CIPAV) and Specialist in Sustainable Agriculture of the Project to coordinate the preparation of the Manual of the Training Program for Farmers based on the results of the capabilities diagnosis (Annex 32). The manual prepared jointly with MIDA is in the process of being diagrammed and the final version will be validated with MIDA.</p> <p>Three field days were held on February 3, 8 and 10: the field days on February 3<sup>rd</sup> and 8<sup>th</sup> were held at the demonstration farms El Roblecito (owned by Nicolas Bravo) and El Guayacan (owned by Victor Peña)</p> | NA | NA |



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|  |  |  |  | <p>respectively. The activity on February 10<sup>th</sup> took place at the El Diamante farm, owned by farmer Damian Montenegro (Annex 15B and 15C).</p> <p>From February 9 to 15, 2022, seven workshops were held, two at the CRUD – Universidad de Panama about economic implications with the costs and benefits of the SSP and the other five in the communities (Sanson, Santa Librada, Santa Fe, Yaviza and Rio Iglesias) to motivate more producers to join the project, show them the premieres of the Project's videos and train them on silvopastoral themes (Annex 33).</p> <p>Four workshops were held on March 11, 12 and 18, 2022 at the CRUD – Universidad de Panama. The workshop on the 11<sup>th</sup> was about management of silvopastoral systems and protection of water sources in cattle farms, aimed at technicians and extensionists from MIAMBIENTE, MIDA, COPEG, UNIVERSIDAD, IDIAP); On the 12<sup>th</sup> two workshops were held: Management of silvopastoral systems and protection of water systems in cattle farms from 9am to 12pm aimed at ranchers and (ii) women and sustainable livestock from 2 to 4p.m. In addition, we celebrated International Women`s Day (Annex 34A). The workshop on the 18th was about records management, human and animal food safety (Annex 34B). In addition, two field days were held: first was on March 16<sup>th</sup> about the use of cattle weighing tape on the farm owned by Damian Montenegro and the second field day was on March 19<sup>th</sup> about division of paddocks and management of electric fences on the demonstration form El Guayacan owned by Victor Peña (Annex 15C).</p> <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> |  |  |
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|  |           |     |     | <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> <p>As a result, the Project has prepared a preliminary Capacity Building Plan with topics already identified/prioritized by project actors and partners.</p>  |   |    |
| 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. | 15% | <p>Coordination of the first exchange for farmers at the El Ñopo demonstrative farm owned by Odiela Solis in Pedasi, Los Santo, Panama to be held from April 22 to 24, 2022 (Annex 15A). We have a list of approximately 45 farmers interested to know the benefits, designs and management of the SSP on the El Ñopo farm. In addition, we are developing exchanges in the demonstration farms of El Roblecito (owned by Nicolas Bravo) and El Guayacan (owned by Victor Peña) to train extension agents, technicians and producers on SSP</p> <p>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.</p> <p>The Project will develop a cost-benefit study to showcase the benefits for farmers to implement SPS.</p> | <p>The CIPAV adendum includes the design of a plan for national and international exchanges of ranchers and technicians in Silvopastoral systems that allows sharing the experience that has been developed in other countries of the region and in other farms of the country.</p> <p>For this year there are scheduled national and international exchanges for farmers. The objective is for producers to share experiences, learn about the benefits of SSP and be able to multiply them on their farms</p> | NA |
| <b>Outcome 1.4: Cattle ranches in the Darien demonstrate the socio-economic and environmental benefits of SPS, including eco-labelling for SPS farm products.</b>                            |           |     |     |   |   |    |
| 1.4.1: An SPS eco-labelling designation under a single SPS logo is registered with The National Certification Authority.   | July 2024 | NA  | 15% | <p>Through the eco-labelling consultancy developed by Barzev Consulting, it was prepared a document of programs analysis, incentives, national subsidies that can facilitate the implementation of the silvopastoral systems; as well as laws and norms for the production, transformation and commercialization of sustainable organic products (Annex 35).</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 meat) produced on farms that implement SSP. The Project will review the</p>  | NA |

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|  |           |     |     | <p>Additionally, a preliminary proposal of possible indicators has been prepared that allow the evaluation of farms under a proposal for certification of these farms under sustainable production schemes: Silvopastoral systems (Annex 36).</p> <p>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.</p> <p>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.</p>   | <p>experience of an AECID-MIDA initiative in relation to technology dissemination farms.</p>   |    |
| 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 activity has been re programmed for the 2023 POA.   | A key factor for starting the execution of this activity is to have a proposal for evaluation indicators of the validated SSP (Eco labelling). This is being developed this year and is expected to be validated in the field with beneficiaries on some pilot farms.<br>Idem above. | NA |
| <b>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.</b> |           |     |     |  |  |    |
| 1.5.1: A communication and awareness raising strategy targeted for producers, consumers, and decision-makers is disseminated by various institutions highlighting the environmental, social and economic benefits of SPS.  | July 2024 | NA. | 30% | <p>Preparation of an addendum to the contract with Foundation Albatros Media (FAM) to continue with the implementation of the Strategic Communication and Awareness Plan of the Project for the year 2022 (Annex 23). In addition, a communicator was hired in Darien to improve the dissemination of the activities carried out by the Project in the RHFTC and its surroundings (Annex 37).</p> <p>As part of the implementation of the Communications Strategy, 5 videos of 3 minutes each with their one minute versions were developed to spread on social networks and present in the workshops developed in the communities (Metei, Sanson, Sansoncito, Quebrada Felix, Canglon, Aruza Abajo, Aruza Arriba, Arreti, Candelilla, Nuevo Progreso, Zapallal, Agua Buena, San Librada and Nicanor) of the Project intervention area</p> | The support from Albatros Media has been key to promoting the implementation of the Knowledge Management Strategy (Annex X).   | NA |

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|  |  |  |  | <p>(Annex 24A, 24B, 24C, 24D and 24E). In addition, 5 radio spots were prepared to disseminate information on the results of the first year of the Project, characterization of livestock in Darien, costs and benefits of the SSP, and participatory planning of livestock farms (Annex 25A, 25B, 25C, 25D and 25E) a, b, c, d and e). Two press releases were published on the results of the first year of the Project and the importance of ecological restoration in the RHFTC (Annex 38 and Annex 39).</p> <p>The third infographic was finished to convey a message about the high use of agrochemicals. The objective is to raise awareness about the effects on natural resources and human health (Annex 40A). Two other infographics are being worked on topics such as importance the biodiversity in livestock landscapes, ecological restoration and connectivity and ecosystem services provided by the RHFTC (Annex 40B and 40C).</p> <p>Publications on the different activities of the Project have been handled in:</p> <ul style="list-style-type: none"> <li>• Social Networks (Facebook, Instagram, Twitter) @dariensostenible</li> <li>• Broadcast network WhatsApp (+507 6408-0547)</li> <li>• Website completed and awaiting for approval from MIAMBIENTE <a href="http://dariensostenible.org">dariensostenible.org</a></li> </ul> <p>Youtube channel: Darien Sostenible Project</p> <p>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 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> |  |  |
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|  |           |    |     | <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> |  |    |
| <b>Component 2: Biodiversity conservation and sustainable land use is mainstreamed into integrated land use planning, financial mechanisms, and policy and regulatory frameworks</b>                   |           |    |     |  |  |    |
| <b>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.</b>                       |           |    |     |  |  |    |
| 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 | July 2024 | NA | 10% | <p>Development of the TdR and selection process for the Consultancy "Development of an analysis of feasible land use management tools within and/or the surroundings of the RHFTC, selection of the most favorable tool and preparation of the the TdR for the call consultancy that will develop the selected Land Use Management Plan (Annex 19A and 19B).</p> <p>Start of the process of analysis of legal frameworks on territorial planning tools in Panama and their feasibility of application in the project area (RHFTC and its surroundings).</p> <p>Development of the TdR, selection process and hiring of a consultant to facilitate the formation, operation, preparation of the work plan and budget of a Management Committee to support the management of the RHFTC. Initial proposal Operational Manual of the RHFTC Management Committee (Annex 19C and 19D).</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> | NA |

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|   |           |     |    | Component 2 of the Project is planned to start its execution during the second year of the project.  |   |    |
| 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    | July 2024 | NA  | 0% | This will be implemented during 2023.<br><br>Component 2 of the Project is planned to start its execution during the second year of the project. | Completion of the Land Use Management Plan (Activity 2.1.1) is required to continue with the implementation of this activity.<br><br>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. | NA |
| 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. | July 2024 | NA. | 0% | This will be implemented during 2023<br><br>Component 2 of the Project is planned to start its execution during the second year of the project.  | Completion of the Land Use Management Plan (Activity 2.1.1) is required to continue with the implementation of this activity.   | NA |

| <b>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.</b>   |           |    |     |   |   |    |
|---|-----------|----|-----|---|---|----|
| 2.2.1: Environmental and social risks assessments and appraisal processes are implemented and guide credit approvals.   | July 2024 | NA | 0%  | Scheduled to start in August 2023.<br><br>Component 2 of the Project is planned to start its execution during the second year of the project.   | The UCP as part of the co-financing strategy, has determined to develop comprehensive TOR to promote all actions related to politics, loans, training, etc. for SSP's with national and private banks (Activity 2.1.1.; 2.2.1.a; 2.2.1.b; 2.2.1.c.: 2.2.1.d; 2.2.2: 2.2.3.)<br><br>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%  | Scheduled to start in August 2023.<br><br>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%  | Scheduled to start in August 2023.<br><br>Component 2 of the Project is planned to start its execution during the second year of the project.   | NA  | NA |
| <b>Component 3: Monitoring, evaluation and knowledge sharing</b>  |           |    |     |   |   |    |
| <b>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.</b>                             |           |    |     |   |   |    |
| 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 | 30% | Panama Sustainable Darien Project State Meeting, held at 2pm on Friday, January 21, 2022, by the zoom platform. The participating institutions were ANCON, MIAMBIENTE, MIDA, CAF and.<br><br>Meeting on Thursday February 17 <sup>th</sup> , 2022, about initiatives for the Darien Sustainable Project, to strengthen the Gender Action Plan |   | NA |

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|  |  |  | <p>and its budget for the year 2022. It was attended by ANCON, CAF, UCP, and the consulting firm of Gender (Nayibe Farah). Development of the ToR for the position of Project Coordinator (Annex 41) and conducting interviews with the candidates as part of the selection process.</p> <p>Preparation of Quarterly Expense report (QES) from July to September 2021 (Annex 4), October to December 2021 (Annex 5), January to March 2022 (Annex 6) and quarterly expenses from April to June 2022 (Annex 7)</p> <p>Hiring of a Gender Consultant to accompany and guide the implementation of the Gender Action Plan of the Project year 2022 (Annex 17). In addition, a workshop was held on Saturday, March 12<sup>th</sup>, 2022 about women and sustainable livestock and we celebrated International Women's Day (Annex 42).</p> <p>The group of women is followed up through the WhatsApp application and they are updated and invited to the project's activities. It is important to highlight the good participation of women in the training workshops and field days carried out by the Project between January and March 2022. Of the four demonstrative farms one is managed by Xiomara Batista and of the 65 planned farms 22 are owned by women.</p> <p>Between January and March 2022, around 13 trips to Darien were realized by UCP to meet with key actors (MIAMBIENTE, MIDA, COPED, Universidad de Panama, IDIAP and producers), to visit farms, hold workshops, summon producers to participate in the activities of the project.</p> <p>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.</p> <p>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).</p> |  |  |
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|  |  |  |  | <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&amp;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&amp;E Strategy completed (Annex 12)<br/>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> |  |
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|  |           |     |     | <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> |   |    |
| 3.1.2: Baselines for biological indicators (BD and LD) at the farm and productive landscape level are available for the project intervention area. | July 2024 | NA  | 90% | <p>The final document on biological indicators was delivered and is in the final stage of layout (Annex 16A).</p> <p>Additionally, there is a summary document of the baseline of biological indicators that is under review (Annex 16B).</p> <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>  | The UCP has considered hiring an environmental education consultant to prepare and implement the Environmental Education Plan of the RHFTC in coordination with MiAmbiente and support the dissemination of the results of the biodiversity baseline. | NA |
| 3.1.3: A monitoring plan is developed to determine the benefits and impacts of eco-labelling on sustainable  | July 2024 | NA. | 0%  | <p>This activity was reprogrammed for the 2023 POA</p> <p>Planned to start its execution during the second year of the project.</p>   | The Project is just carrying out the eco-labelling consultancy developed by Barzev Consulting where there will be an analysis of advances in knowledge, laws, standards of certification  | NA |

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| <p>resource use and biodiversity conservation</p>  |                  |           |            |   | <p>programs, incentives and subsidies for livestock products to propose a proposal on how these can be linked to the actions of the project, to facilitate the implementation and multiplication silvopastoral systems in Darien and in the country.</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 meat) produced on farms that implement SPS. The Project will review the experience of an AECID-MIDA initiative in relation to technology dissemination farms.</p> |           |
| <p>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.</p> | <p>July 2024</p> | <p>NA</p> | <p>95%</p> | <p>Adjustments and data update for the Beta version on the online GIS (<a href="https://www.dariensostenible.org/geoportal/">https://www.dariensostenible.org/geoportal/</a>).<br/> Training on the administration of the Project's Web portal, held on Wednesday, March 2, 2022.<br/> Adaptation and optimization of the contents of the ANCON website<br/> Resolution of problems, errors, bugs, and technical inconveniences in the Project's Web portal (<a href="https://www.dariensostenible.org/">https://www.dariensostenible.org/</a>).<br/> Contracting of services and establishment of the Project Website.</p> | <p>Website will be adapted to the visual identity of the project and contains the components of the communicational campaign to inform stakeholders.</p>  | <p>NA</p> |

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

| FY 2022 | Comments/narrative justifying the rating for this FY and any changes (positive or negative) in the rating since the previous reporting period  |
|---------|--|
| MS      | <p>The second year of implementation of the DARIEN project has been affected by externalities and internalities</p> <p>Firstly, after the departure of the project coordinator in February 2022 there has been delays on the progress of some activities.</p> <p>Moreover, the prolonged management in consolidating an agreement with the National Bank of Panama, has delayed the implementation of the farm plans,</p> <p>Even in the face of all the factors that influenced this year, ANCON along with the MMA and MIDA have made the necessary efforts to redirect activities as planned.</p> |

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?     |
|--|----------|--------------|
| Having completed the GEF year July 2021- June 2022 and the first half of the calendar year 2022, the project has to update and adjust their planning, to have a retrospective of how to improve processes. | PCU      | Sep 30, 2022 |

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).

| Problem(s) identified in previous PIR | Action(s) taken | By whom | When |
|---------------------------------------|-----------------|---------|------|
| 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 |   | Low                 | Medium | Substantial | High | Not Applicable | To be determined |
| <b>INTERNAL RISK</b>      |   |  |  |                        |        |             |      |                |                  |   |                     |        |             |      |                |                  |
| <b>Project management</b> |   |  |  |                        |        |             |      |                |                  |   |                     |        |             |      |                |                  |
| 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.<br><br>During the last steering committee meeting BDA representative was absent. It has been really difficult to convene them to different events.<br><br>Given the letter received from BDA on June 30 <sup>th</sup> , 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 |                     |        |             |      |                |                  |



|                         |  |  |  |   |   |  |   |  |  |  |  |  |  |  |  |  |  |
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|                         | 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 |  |   |  |  |  |  |  |  |  |  |  |  |
|                         |  |  |  |   |   |  |   |  |  |  |  |  |  |  |  |  |  |

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|-------------------------------------|---|---|---|---|--|--|--|--|--|--|--|--|--|--|--|--|--|
| 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 |  | Low                 | Medium | Substantial | High | Not Applicable | To be determined |
| <b>EXTERNAL RISK</b>                           |   |  |   |                        |        |             |      |                |                  |  |                     |        |             |      |                |                  |
| <b>Project context</b>                         |   |  |   |                        |        |             |      |                |                  |  |                     |        |             |      |                |                  |
| 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.<br><br>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           | Social or economic issues pose challenges to project implementation, but mitigation            | The project is highly sensitive to economic fluctuations, social issues, or cultural barriers |                        |        | X           |      |                |                  | 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.  |                     |        |             |      |                |                  |

|  |                         |                                |  |  |  |  |  |  |  |  |  |  |  |  |
|--|-------------------------|--------------------------------|--|--|--|--|--|--|--|--|--|--|--|--|
|  | performance and results | strategies have been developed |  |  |  |  |  | <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, the speculation of land and its titling for the expansion of the agricultural and livestock frontier (Annex 8)</p> |  |  |  |  |  |  |
|--|-------------------------|--------------------------------|--|--|--|--|--|--|--|--|--|--|--|--|

|                 |   |  |  |  |  |   |  |  |  |  |  |  |  |  |  |  |
|-----------------|---|--|--|--|--|---|--|--|--|--|--|--|--|--|--|--|
| 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 |  |  |  | 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.<br>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.<br><br>A stakeholder mapping exercise currently under construction will reveal with more detail those deficiencies. |  |  |  |  |  |  |
|-----------------|---|--|--|--|--|---|--|--|--|--|--|--|--|--|--|--|

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

| Rank         | Risk Statement   |  | Action to Take   | Who          | Date |
|--------------|--|--|--|--------------|------|
|              | Condition  | Consequence  |  |              |      |
| Co-financing |  |  |  |              |      |
| Substantial  | 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 | The Project is left without one of its critical inputs in order to create the foreseen impact. | A note was received on March 8 <sup>th</sup> from the Banco Nacional de Panama (BNP) informing ANCON that BNP would not participate in the project as it was considered not to be in accordance with the Bank's credit policies. | Project Team | 2021 |

|                                |  |  |  |                     |      |
|--------------------------------|--|--|--|---------------------|------|
|                                | <p>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>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>ANCON prepares response to the note sent by BNP.</p> <p>The implementation of the first 10 participatory farm management plans begins, mainly with resources from the owners and limited contributions from the project. Work must be done in coordination with CAF to register the compensation provided by the owners for the transformation of their farms to silvopastoral systems</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> |                     |      |
| <b>Stakeholder involvement</b> |  |  |  |                     |      |
| Substantial                    | <p>ASAFORREST (Asociación Artesanal , Forestal y Turística de la Reserva) has been actively opposing the project</p>   | <p>Several members of the community have been misinformed about the Project by people belonging to ASAFORREST. This has generated fear in certain people,</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</p>   | <b>Project Team</b> | 2020 |

|  |   |   |   |  |  |
|--|---|---|---|--|--|
|  | <p>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>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 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> |  |  |
| 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>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>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>In the zoning plan, one of the zones where it was originally feasible to develop SPS is no longer acceptable. The total</p>   | <p>The beginning of integration activities from a gender perspective is strengthening the participation of women in project activities and it is expected to increase as the generation of products and activities scheduled for this year progresses.</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>During the Steering Committee meeting in May 6th, 2021 the Project team communicated the risk posed by the text approved and the</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>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 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</p> | <p>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>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):

| 2021 rating  | Comments/narrative justifying the current FY rating and any changes (positive or negative) in the rating since the previous reporting period  |
|--|---|
| Medium   | 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. |
| 2022 Rating  |   |
| Medium   | The project requires to define a strategy and roadmap to ensure co-financing that allows the implementation of SSP farm plans.  |
|  |   |
| 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 prepared during 2021 and guides the monitoring and evaluation actions of the project

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 X | No   |
| • | 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 (Base line of biological indicators prepared).

During the period, the implementation of the project's M&E plan continues in coordination with CAF, which includes the updating of tools for monitoring progress in the execution of the workplan, monitoring of contracts and the established indicators. In coordination with CAF, ANCON-UPC has incorporated improvements to the monitoring tools proposed by CAF.

Additionally, progress is being made in the development of a tool proposal that allows evaluating compliance with Sustainable Livestock (Certification) based on environmental, social, and economic indicators (including SSP production indicators). To this end, a review process of already established Sustainable Livestock certification standards has been followed and consultation actions have been developed with technical personnel and project consultants. The indicators of the project's baseline and indicators considered to measure progress in the management of the cattle farms of the project's beneficiaries have been evaluated and adapted. The process will continue through consultation and validation processes with key stakeholders that will allow for a consensus-based tool that will be tested on some of the project's farms.

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

The information quality of the baseline established for the project is considered good in general terms, although the Mitigated Emissions indicator should be revised.

In the case of the evaluation tool for Sustainable Livestock (Eco-labelling) that is under construction, it will be necessary to update or define the baseline of some more specific indicators that are being developed and that will serve as the basis for measuring compliance or not by beneficiaries different criteria of sustainability from the environmental social and economic perspective

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

NA

The indicator related to the Number of meetings of the Technical Advisory Committee (CAT), the following was recommended: in order to improve the efficiency of the project's governance system, and its operational response capacity, some conversations has been held with the Focal Point for the Technical Advisory Committee (CAT) to be convened in a timely manner, when there is a need identified by the UCP and/or the Project Steering Committee. In this sense, the CAT would be an Ad Hoc technical support committee and the responsibility for supervision approval, review and compulsory recommendation of the project processes would be eliminated.

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

The greatest challenge related to the selected indicators is related to the Mitigated Emissions indicator, since in a preliminary analysis it was determined that the data may be overestimated (the calculation was made for the entire province of Darien). The development of a training process in the FAO EX-Act tool should be resumed to verify the baseline and calculated emissions mitigated to date with the support of MiAmbiente and considering the area of intervention of the project.

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

Indicator number of meetings of the Technical Advisory Committee: The formalization through the Steering Committee, of suspending this indicator is recommended. This considering the elimination of the responsibility of supervision, approval, review and mandatory recommendation of the project processes by this Technical Advisory Committee, which did not facilitate the good governance of the project.

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

NA

Indicators that will help monitor negative social and environmental effects are being integrated into the proposal for an evaluation tool for Sustainable Livestock (Eco-labelling).

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

NA

The tools must be in simple and easy to understand formats and also facilitate reporting and monitoring so that they become true instruments for decision making. For this reason, the Project Coordination Unit (UCP) proposed several changes to CAF in order to improve these tools. Another important aspect is the periodicity of the report, which must be constant, but leave adequate spaces so that the technical team can focus on execution.

## 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:

### LEARNED LESSONS

Project Design:

There is a clear lesson learned project design: "Not all eggs are put in one basket". With this phrase we mean that in the design of the project 83.64% (12 million dollars) of the counterpart of the project was assigned to a single institution (Agricultural Development Bank – BDA) and that these counterpart funds also constitute resources strategic investment strategies for the transformation of the beneficiaries' farms to silvopastoral systems. In this case, it seems that a good risk assessment was not contemplated, since key factors such as:

- Political risks due to a change of government may affect the availability of financing.
- Capacity of the banking institution to provide a high level of sectorized credit (project area).
- Not all beneficiaries will have an interest to access credit.
- A percentage of beneficiaries with an interest in having access to credit, will not meet bank requirements since they are people not subject to credit.
- The capacity to use the financing is not consistent with the proposed indicators, such as landscape area under sustainable land management in productive systems (5000 ha). This gives an investment of 2,400 dollars per ha, what is above the estimated investment of US\$950.00 per ha.
- Result indicator 1.1.1: number of farms that implement SSP in the Filo del Tallo-Canglon Hydrological Reserve and its buffer zone estimates a total of 148 as a goal, that is, at least 148 producers. According to the BDA counterpart estimation, each of the 148 producers should assume about US\$81,000 in credit without considering that not all of them want loans and not all of them are subject to credit.

Good planning and an adequate risk analysis of the counterpart resources by the government and other actors for GEF investments is extremely important in order to have counterpart resources with high viability and that do not affect the fulfillment of the objectives and project results.

### Execution of Field Actions:

- It is important to evaluate at least two options or alternatives for the best decision making: Given the increase in fuel due to the global geopolitical situation, the capacity of the Bacao Agroforestry Association to move the seedlings by boat was limited. The field technical team moved quickly in search of a solution, mobilizing support from partners in the area such as MiAmbiente, BDA and COPEG for the transfer of the first 3,000 seedlings. This implied fuel for the three boats and an overnight stay in the community of Bacao, since it was necessary to leave at dawn the next day. Additionally, the institutional boat do not have the appropriate design for the transfer of seedlings and the risk of them getting wet with salt water and a percentage being affected and dying increases. The coordination of the project in a meeting with the president of the Association of Agroforestry Producers of Bacao evaluates the increase in the cost of fuel and it is determined that only an additional \$500.00 is required to cover the additional expenses due to the rise in fuel. It is agreed to establish an Addendum to the contract with this Association and with this not only the fuel costs and other associated costs of moving personnel from three different institutions are reduced, but also risk for the personnel and risks in the transfer of the seedlings are reduced, since that the responsibility for delivering the seedlings in good condition remains with the Association of Agroforestry Producers of Bacao and they do have the appropriate boats and experience in moving seedlings.
- At the local level there was a great deal of expectation from producers with possessory rights that the Project will support them with the titling of their lands through the development of farm management plan. This was due to the fact that Executive Decree 1000, establishes in its article 8: that possessory rights can be titled within the Protected Area if there is a Farm Management Plan that is aligned with the Management Plan of the Protected Area (recently approved for the RHFCT). However, titling within the Protected Areas System is illegal under the General Environmental Law (Law 41 of 1998). Land titling was a sensitive issue for the project and it has been managed with a good communication strategy

and clear and transparent information on the scope and benefits of the project. In this way, the process of participation of producers in the Project is not affected and serves as a measure that helps reduce expectations.

- From the beginning of the project, it was identified that producers, community-based organizations and rural aqueduct boards showed resistance to the Project for being executed by ANCON, due to speculation that ANCON would take away their lands and displace them from the protected areas. All this mistrust was broken, due to the different actions of the Project such as: socialization days, workshops, training, livestock exchanges, implementation of model farms, etc. These actions made it possible to gain the trust of local actors towards ANCON.
- Strategic alliances built with COOPEG, ANAGAN, MIDA, IDIAP and the University of Panama is an important achievement that has facilitated rapprochement with producers, has contributed to the generation of trust and to improve the call for workshops. In addition, it has allowed the exchange between technicians and producers.
- Annex 43 Document Lessons Learned during the implementation process of Silvopastoral Systems prepared by CIPAV
  
- 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.

### **Major achievements (July 2021 to June 2022)**

- Progress in financial execution of the Project of 23.4% and technical execution of 22% as of March 2022, according to Team - CAF monitoring.
- Consolidation of the team of the Project Coordination Unit with the incorporation of the new Coordinator.
- Strengthening of strategic alliances that are key for the implementation of the project with MIAMBIENTE, MIDA, COPEG, ANAGAN and CRUD.
- An accumulated total of 105 participatory farm management plans that add up to 5,368 ha under planning schemes. A total of 27 plans belong to women ranchers and 78 men ranchers.
- A total of 107 ha belonging to 13 beneficiaries (5 women and 8 men) have begun a process of transformation towards Silvopastoral systems with the beneficiaries' own resources and the support of the project.
- More than 150 people trained in different workshops on Silvopastoral Systems aimed at ranchers.
- Geographical analysis for the determination of land use covers and the Land Use and Cover Map for the Project 2021.
- Review of the limits of the RHFTC in conjunction with MIAMBIENTE to correct the limits of the protected area.
- It has been starting to develop the implementation of 10 farm plans with resources from the proprietaries.
- Establishment of four model farms with Silvopastoral Systems that are used as demonstration farms in training processes and exchange of experiences with beneficiaries.
- The implementation of the Gender Management Strategy progresses with the hiring of a gender specialist, preparation of the gender management plan and development of the first activities.
- Generation of communication and awareness materials with the support of Albatros Media that are key to the implementation of the knowledge management strategy and awareness of stakeholders in the project area: infographics, press releases, videos and radio spots.
- Progress is being made in the formation of the Management Committee of the RHFTC integrate for different key actors. Its establishment and strengthening is key to facilitating the participation of stakeholders in the management of this Hydrological Reserve.
- Beginning of the analysis of policies and instruments for the development of a land use planning study.
- Determination of tools (policies and regulations) that facilitate access to credit for project beneficiaries.

- Initial proposal of indicators for the development of an evaluation model for Sustainable Livestock (eco-labelling)
- Start of a study on ecosystems and establishment of a connectivity strategy in the project area.