

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

GEF - IDB

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

of PIR: 4th

PROJECT GENERAL INFORMATION

Project Name:	Conservation, Restoration and Sustainable Management in the Caatinga, Pampa and Pantanal - GEF Terrestre		
Project's GEF ID:	4859	Project's IDB ID:	BR-G1004; GRT/FM-16661-BR
Country/ies	Brazil		
GEF Focal Area	Biodiversity, Climate Change, Sustainable Forest Management		
Executing Agency	FUNDO BRASILEIRO PARA A BIODIVERSIDADE (FUNBIO)		
Project Finance and Disbursements:	GEF Trust Fund	\$	32,621,820
	Co-finance at CEO Endors. / Approv.	\$	159,154,672
	TOTAL Project Cost (GEF Grant + co-finance)	\$	191,776,492
	Total disbursements of GEF Grant resources as of end of June 30 th , 2022 (cumulative)	\$	6,466,098.89
Project Dates:	Date of First Disbursement	12/12/2018	
	Agency Approval Date	03/12/2018	
	Effectiveness (Start) Date	05/22/2018	
	Original Last Disbursement Expiration Date ¹ (OED)	05/22/2023	
	Current OED	05/22/2025	
	Estimated Operational Close Date ² (EOC)	08/20/2025	
	Actual Date of EOC, if applicable	Click here to enter text.	

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

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

Project Evaluation:	Mid-term Date (Expected or Actual)	09/16/2021
	Terminal evaluation Date (Expected)	11/22/2025

DEVELOPMENT OBJECTIVE RATING (DO) & ASSESSMENT

The general objective of the project is to contribute to the long-term viability of threatened priority species, avoid carbon emissions and increase forest and non-forest area under sustainable management practices in three Brazilian biomes. The specific objectives are to: (i) expand coverage and effectiveness of the protected areas system in those biomes [Components 1 and 2]; (ii) improve management of priority habitats and priority species [Components 3 and 4]; and (iii) foster community-driven sustainable use practices in productive areas associated to the Protected Area (PA) system [Component 5].

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

OVERALL (DO) ASSESSMENT	PREVIOUS RATING	NEW RATING
<p>The project’s overall DO assessment for the period 2021-2022 has now improved to Marginally Satisfactory (MS), in particular due to agreements on new implementation arrangements approved by the IDB during this period. An amendment to the technical cooperation agreement was signed on July 20th, 2022. The original arrangements required (before implementation of most components could take place) the signature of three-sided Cooperation Agreements among FUNBIO (Executing Agency), the Ministry of the Environment of Brazil and each of the beneficiary States (State Secretariats of the Environment in the States of Bahia, Ceará, Mato Grosso, Mato Grosso do Sul, Minas Gerais, Paraíba, Pernambuco, Piauí, Rio Grande do Sul and Rio Grande do Norte). This proved to be a challenge that could not be overcome during the initial stage of the project.</p> <p>The new implementation arrangements are now based on calls for projects. These calls are being used to select proposals presented by non-profit institutions with local operations and qualified experience in each of the participant states. The proposals will be approved respectively by each state and will support local agencies in solving the key challenges and demands prioritized in the project’s Conservation Units (UCs) and hence contribute to achieving the objectives of the Project in their respective territories. The selected organizations will sign agreements directly with the beneficiary state in case goods were to be transferred (then no need for agreements between the Federal Government and the states). In addition, the Executing Agency (FUNBIO) has signed a Cooperation Agreements with The Chico Mendes Institute for Biodiversity Conservation - ICMBio (DOU section 3, No. 14, on January 20, 2022) and with the Rio de Janeiro Botanical Garden - JBRJ (DOU section 3, No. 71, on April 13, 2022). These two agreements will allow for executing activities that are responsibility of those institutions in components 2 and 4.</p>	U	MS

³ See Annex 1: Definition of Ratings.

<p>In this context, to be able to implement the calls for projects as a key element of the operation’s implementation plan, as stated above, and considering the delays to start key elements of the implementation plan, FUNBIO and the Ministry of the Environment (MMA) formally requested (letter 326/2022, from May 30, 2022) an extension of 24 months to the execution and disbursement periods. It also requested the reallocation of US\$1,500,000 from components 2 and 4 to be transferred to Component 3, in order to expand its activities related to the recovery of degraded lands. In July 2022, the Contract Amendment Instrument #1 of the project financing agreement was signed.</p> <p>This new arrangement allowed the project to resume the implementation of key components, in particular components 1,2 and 4, which were mostly inactive for nearly 2 years and are now currently showing progress, in significant contrast with respect to the last reporting period. In this sense, the modifications approved, extension to the project execution period and the relocation of resources are expected to improve the likelihood of success and sustainability of those activities beyond the project implementation period.</p> <p>It is also important to note that, as a consequence of these arrangements, no outcomes, outputs, or original goals modifications were necessary nor expected.</p>		
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IMPLEMENTATION PROGRESS RATING (IP) & ASSESSMENT

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

OVERALL (IP) ASSESSMENT	PREVIOUS RATING	NEW RATING
<p>The project’s overall IP assessment for the period 2021-2022 has now improved to Marginally Satisfactory (MS), in particular due to the new implementation arrangement approved (See Overall DO Assessment section) which allowed start the of activities in the participating states.</p> <p><u>Component 1 – Creation of New Protected Areas:</u></p> <p>No new Federal Conservation Units (CUs) will be created in the short term, according to the Ministry of the Environment, as the current Government’s priority is the consolidation of existing federal Ucs. In this context, it was proposed that the project will instead support the processes of creation of Private Natural Heritage Reserves –</p>	U	MS

⁴ See Annex 1: Definition of Ratings.

RPPNs. In June 2022, the Call for Projects 03/2022 was launched to support the creation and strengthening of RPPNs in the Caatinga, Pampa and Pantanal Biomes.

The Chico Mendes Institute for Biodiversity Conservation (ICMBio) updated its plan of activities (Operational Plan) focused on fostering the creation of new RPPNs in the three biomes supported by the project. To prepare its plan of activities, consultations were organized and carried out with the participating states of the Project to confirm which states and areas would have demands for the creation of CUs, aiming to include these demands in a new Call for Projects to be launched in the second half of 2022 (it will include the states that continued to show active interests in the Project: Paraíba, Pernambuco, Ceará, Bahia, Piauí, Mato Grosso, Mato Grosso do Sul e Rio Grande do Sul).

Component 2 - Management of Conservation Units and Areas adjacent:

After signing the Cooperation Agreement with ICMBio, key planning and preparation activities took place, starting with the distribution of project’s responsibilities within the different units of ICMBio. In June 2022, Funbio organized a workshop with participation of teams from the Department of Protected Areas (DAP) of the MMA and from ICMBio relevant units in order to restart the implementation of the component and to begin training the teams in using Funbio’s project management system (called CEREBRO).

As of now, 32 Federal and State Conservation Units (CUs) are expected to be supported by this Component, including new proposed inclusions which are still under eligibility evaluation. In this sense, ICMBio has presented the proposal to include eight new federal CUs for support in Component 2 (ESEC Aiuaba, APA Serra da Ibiapaba, PARNA Catimbau, FLONA Contendas Sincorá, ESEC Castanhão, FLONA Açú, ESEC Seridó and FLONA Negreiros). These are currently under evaluation according to established operational guides (Including ESG).

In addition, some State Environmental Agencies (OEMAs) proposed changes to the CUs initially covered by component 2, such as Paraíba (MONA Vale dos Dinossauros and PE Pedra da Boca), Bahia (APA Gruta dos Brejões), Pernambuco (REVIS Tatu Bola) and Mato Grosso (PE do Guirá). Considering that, the socio-environmental verification forms referring to the actions planned for the new UCs were also sent for evaluation by the IDB’s ESG team, which presented the no objection to the inclusion of these UCs in the Project Call, through some adjustments and inclusion of specific activities to foster local community engagement and additional measures to mitigate potential expected impacts. Currently, five Operating Plans (APA e RVS Ararinha Azul, MONA do Rio São Francisco, PARNA Chapada Diamantina, DIBIO/ICMBio – Biodiversity monitoring, DIMAN/ICMBio – fire management and control) are already being executed (they include activities contributing to outputs 2.1, 2.2, 2.3 and 2.4). The others are in an advanced stage of replanning and verification by the technical areas of ICMBio and UCP/MMA for approval and start of execution.

Regarding the integrated management of fire and good practices in productive areas (outputs 2.5, 2.6 and 2.7), 2 CUs currently have activities in progress through the elaboration or update of its Integrated Fire Management Plan – MIF training and monitoring of potential fire outbreaks (Marechal Cândido, Mariano Rondon Biological Reserve and the Private Natural Heritage Reserve SESC Pantanal). In addition, a consultancy was hired to carry out the diagnosis of fire in the project's Conservation Units to complement ICMBio's indicators and information already available. The main goal is to guide future fire management activities to be implemented in the territories of the GEF Terrestrial Project. The start of the implementation of these activities is scheduled for the second half of 2022.

Component 3 - Recovery of Degraded Areas:

Between 2019 and 2022, seven Calls for Projects were launched which resulted in 25 subprojects which are expected to recover more than 6,500 hectares, beyond project's goal of 5,000 hectares of areas in the process of recovery of native vegetation and adopting sustainable management practices (output 3.3). By June 2022, 72% (or 4.686,4 hectares) already had field restoration activities implemented.

During the first half of 2022, progress was made in the preparation of Vegetation Recovery Plans in the Conservation Units (UCs). The first 15 recovery plans prepared through 2020 and 2021 have already been approved by the managing body of the CUs and the Ministry of the Environment (MMA) and had started their implementation (output 3.2). In addition, Vegetation Recovery Plans for the 4 projects selected in the Pantanal Biome (Action Line 1 of Call No. 01/2021) are currently at an advanced stage of elaboration and/or adjustment.

In January 2022, the “Online Training for Projects Execution and Use of Resources” was carried out for the 10 projects contracted after Call 01/2021. In April 2022, the 2nd Seminar on Recovery of Degraded Areas in Conservation Units supported by the GEF Terrestrial Project was held. In the seminar, were presented the advances in the implementation of the CUs Recovery Plans for Degraded Areas, as well as the updates on the restoration monitoring strategies for the post-project period. Several other training and capacity building activities based on biodiversity and ecosystem services are in execution (Environmental Legislation; Fire Prevention and formation for Fighting Agents; Value Chain Restoration: Seed Collection and Seedling Production for Ecological Restoration; Planting and recovery techniques in degraded areas; Gender issues in environmental conservation, etc.). From the approximately 209 training courses already planned, 58 have already been carried out by June 2022, with the training of 1,135 people (631 women and 504 men).

Also, during the second semester of 2021 and first semester of 2022, two workshops were organized to validate the scenarios and maps of priority conservation areas to the Pantanal (Upper Paraguai Hydrographic Basin) and the Pampa and Caatinga biomes. The final product containing maps of priority areas for restoration in the 3

biomes should be delivered by September 2022 (output 3.1). In addition to that, biome-specific guidelines for planning and monitoring restoration results (decision trees and monitoring protocols) are currently under development (based on the adaptation of the Webambiente and AgroTagVeg systems developed by EMBRAPA). The first reports have been delivered and reviewed by the MMA and EMBRAPA, and the final results are expected to be presented by November 2022.

Component 4 - Assessment of the Risk of Extinction of Species of the Flora and Fauna:

After the cooperation agreements with Chico Mendes Institute for Biodiversity Conservation (ICMBio) and Rio de Janeiro Botanical Garden (JBRJ) were signed, the Project went on to planning Component 4 activities under the new implementation arrangements, in order to achieve the goals and results expected by the project.

For that, each activity planned for the outputs of the component were detailed, the budget reviewed and a assigned a leading focal agency (ICMBIO, JBRJ and/or the Department of Species -DESP/MMA). Actions will be carried out for the generation and refinement of knowledge about the biology of fauna and flora species, as well as for the assessment, conservation and management of species, the protection of biodiversity, and the integration of information systems on biodiversity (output 4.1). At the same time, an evaluation of the effectiveness that the management plans of the Conservation Units (CUs) and the National Action Plans (PANs) have on the conservation of threatened species and the biodiversity present in the Terrestrial GEF territories in each biome (outputs 4.2, 4.3 4.4 and 4.5) will be carried out.

Component 5 - Communication and Integration with Communities:

During the first half of 2022, the project supported the participation of representatives of each Biome during the seminar on “Good Practices in Social and Environmental Management” held by ICMBio. In April, the “2nd Seminar on Exchange of Projects for the Recovery of Degraded Areas in Conservation Units” supported by the GEF Terrestrial Project was held, with the theme: Monitoring the recovery of vegetation in the Caatinga, Pantanal and Pampa. The teams from the 17 contracted institutions that have projects with restoration goals were present in the seminar.

Also, for strengthening the communication strategy of the Project, Terms of Reference are currently being prepared. This will guide the actions foreseen in Component 5, which include the seminars for institutional integration and collaboration among main stakeholders involved, dissemination of guidelines and workshops for participatory construction for local communities; production and dissemination of information material to promote public awareness and engagement of local communities; implementation of participatory mechanisms and the dissemination and training of communities to use the Complaints, Control and Accountability System.

RISK RATING & ASSESSMENT

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

OVERALL RATING FOR PROJECT RISK	PREVIOUS RATING	NEW RATING
<p>The project’s overall risk rating for the period 2021-2022 has now improved to substantial (S), in particular for the new execution arrangement which mitigated one of the main risks prior identified (Potential delays due to insufficient coordination among participants).</p> <p>In addition, the three risks: Low parallel financing commitment due to low prioritization and/or political support for conservation measures; Political changes in the federal government could lead to changes in the technical coordination of the project and cause delays in execution; and Potential delays due to insufficient coordination among participants, mentioned in the PIR 2021 have also been previously addressed during the Mid-term review (September 2021) and later, during the supervision mission organized by the Bank in November 2021.</p> <p>The Bank, along with the executing agency (FUNBIO), continues to make efforts to find ways to continue the project’s implementation through dialogue among the main actors - Federal Government, IDB, and Executing Agency. As discussed before, because of that, new implementation arrangements approved, which allowed for executing activities in the participating states without the condition of requiring the MMA to sign individual cooperation agreements with each of them. This new arrangement allowed the project to resume the execution of key components, in particular Components 1, 2 and 4, which were mostly stalled for nearly 2 years and are now currently showing relevant progress since the last reporting period. In this sense, the modifications approved, and relocation of resources are expected to improve the likelihood of success, mitigate the risks mapped and foster the sustainability of the activities beyond the project implementation period.</p> <p>It is noteworthy that, with the new planning and new proposed execution strategy, further risks are continuously mapped, with specific responses and mitigation actions to be monitored in a new version of the risk matrix (e.g., success of calls and suitable institutions for submission of proposals; Runtime; Quality of new products and adherence to the Terms of Reference (ToR); dependence on States Environmental Agencies (OEMAs) for approval of Calls; Cooperation agreements between States and organizations, etc.).</p>	H	S

⁵ See Annex 1: Definition of Ratings.

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

<p>In addition to that, a new risk can be envisioned, as 2022 is an election year for state governors and the Presidency of the Republic. Hence, some limitations or even temporarily suspension of the planning and execution of activities are expected and could cause further delays. Also, changes in management in the Ministry, especially during election periods, may further impact the secretariats and departments directly involved in the project. In order to mitigate risks, considering the difficulty of initiating new activities close to the elections period (like new contracts or taking key decisions), the EA (FUNBIO) is actively trying to move forward with as many activities as possible, so project enters the elections period with calls, contracts, and actions already under implementation.</p>		
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STAKEHOLDER ENGAGEMENT

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

<p>The Mid-term Review (September 2021) had as one of its main findings that the original institutional arrangement planned for the Project didn’t have the instruments to surpass the execution barriers without the signature of the Cooperation Agreements among States, MMA and executing agency. Although the flexibility and commitment of some instances made it possible to partially carry out some activities, a new solution was needed to engage central stakeholders and resume project execution.</p> <p>The Bank, along with the executing agency (FUNBIO), continued to make efforts to find ways to continue the project’s implementation through dialogue among the main actors - Federal Government, IDB, and Executing Agency, aiming to improve the resilience in institutional arrangements and provide an alternative to resume execution.</p> <p>In addition to several monitoring and follow up meetings, in November 2021, an Administration Mission was organized by IDB with the participating institutions, in which important agreements were made regarding the action planning and execution of the five components of the Project. As discussed before, as a result of that, new implementation arrangements were proposed and approved which allowed an alternative for executing activities in the participating States without having to sign individual Cooperation Agreements.</p> <p>This new arrangement improved communication and engagement among critical stakeholders and important progress has been achieved:</p> <ul style="list-style-type: none"> - The signing of the Cooperation Agreements with ICMBio and Jardim Botânico do Rio de Jan Chico Mendes Institute for Biodiversity Conservation (ICMBio) and Rio de Janeiro Botanical Garden (JBRJ), allowing the planning and start of the execution of its activities. Both entities are responsible for executing about 60% of planned resources for Components 1, 2 and 4 of the project. - Active coordination with the participant states to assess the existing demands in order to prepare the Call for Projects to support State Conservation Units, including the improvement of community and other

local stakeholders' participatory instruments, according to the execution strategy presented and approved by the bodies of project governance in the first half of 2022.

- Elaboration of the Call for Projects to support the creation and consolidation of RPPN's, as part of the strategy developed to achieve the results foreseen in Components 1 and 2 of the project.
- Continuity of Component 3 activities, including the contracting and implementation of 25 projects for the recovery of degraded areas that together add up to a goal of more than 6,500 hectares of degraded areas in the recovery process.

Also, several capacity building and training activities are ongoing or foreseen through workshops and seminars are aiming to engage and improve the participation of beneficiaries and other key partners in the projects.

GENDER

Please add information on any progress, challenges, and outcomes with regards to any and all gender-responsive measures that were undertaken in the project's activities during the 2021-2022 GEF Fiscal Year. Also: Were indicators on gender equality and women's empowerment incorporated in the project's results framework? (Yes/No). If applicable, include the indicator with its baseline, target and current value (2021-2022).

Although the original project design did not include specific gender related indicators and do not contemplate specific activities to promote the participation of women in conservation efforts, a gender mainstreaming approach within the Recovery Subprojects (Output 3.3) was considered in the selection and planning of initiatives and was treated as one of the elements to be monitored and included in the periodic reports.

In particular, the selection and participation of Mupan – Women in Action in the Pantanal to conduct recovery subprojects in the Pantanal biome is an example on how this approach is considered by the project. Mupan is a non-profit non-governmental organization, which has been operating for over 20 years, as a reference institution in the empowerment of leaders, especially women, to defend their territories.

Within the scope of the projects financed with Component 3 for the preparation and implementation of Recovery Plans for Degraded Areas inside and around Conservation Units, workshops and seminars are planned for the engagement and training of beneficiaries and key partners of the projects. In total, about 199 workshops and seminars are planned, of which 138 have already been held by June 2022 with the training of 1683 people, 985 women and 698 men.

Training on issues related to biodiversity and ecosystem services are also ongoing. In total, approximately 209 training courses are planned, of which 58 have already been carried out by June 2022, with the training of 1,135 people, 631 women and 504 men.

KNOWLEDGE

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

Within the scope of Component 3, for the preparation and implementation of Recovery Plans for Degraded Areas inside and around Conservation Units, several capacity building and other training activities were carried to engage and train key project beneficiaries and partners. In total, about 199 workshops and seminars are planned, of which 138 have already been held by June 2022, with the training of 1683 people, 985 women and 698 men.

Also, other training on opportunities based on biodiversity and ecosystem services are also ongoing (Environmental Legislation; Fire Prevention and formation for Fighting Agents; Value Chain Restoration: Seed Collection and Seedling Production for Ecological Restoration; Planting and recovery techniques in degraded areas; Gender issues in environmental conservation, etc.). In total, approximately 209 training courses are planned, of which 58 have already been carried out by June 2022, with the training of 1,135 people, 631 women and 504 men.

During the period, a specialized consultancy was also hired to prepare a bi-monthly newsletter to publicize Component 3 activities, with emphasis on the results of the actions developed by the 25 subprojects contracted by the Project Calls.

CHANGES TO PROJECT DESIGN AND IMPLEMENTATION

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

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

In the Reporting Year, were any changes made that affected:	YES	NO	If YES, please briefly describe changes made:	Link to supporting material
Results Matrix/ Outputs: P(a) EOP values, wording of outputs, or addition of outputs?		x	To be able to implement the calls for projects as a key element of the operation’s implementation plan, as stated above, and considering the delays to start key elements of the implementation plan, FUNBIO and MMA formally requested (letter 326/2022, from May 30, 2022) an extension of 24 months to the execution and disbursement periods and the reallocation of US\$1.500.000 from components 2 and 4 to be transferred to Component 3, in order to expand its activities related to the recovery of degraded lands. In July 2022, the Contract Amendment Instrument #1 of the project financing agreement was signed.	
Component Cost: funding allocated per component (vs. originally approved)?	x			
GEF Co-financing: changes in sources and/or amounts expected?		x		

Dates reported to GEF (e.g., effectiveness, first/ extension of last disbursement, midterm evaluation)?

x	<p>To be able to implement the calls for projects as a key element of the operation’s implementation plan, as stated above, and considering the delays to start key elements of the implementation plan, FUNBIO and MMA formally requested (letter 326/2022, from May 30, 2022) an extension of 24 months to the execution. In July 2022, the Contract Amendment Instrument #1 of the project financing agreement was signed changing the Original last Disbursement (OED) to May 22nd, 2025, and the Estimated Operational Close (OEC) to August 20th, 2025.</p>
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Executing mechanism (e.g., change of Executing Agency or function of advisory committee)?

x	<p>A new execution arrangement was presented by MMA and FUNBIO, proposing an alternative for executing activities in the participating states. Activities will not be implemented directly by the state’s agencies (State Secretariats of the Environment in the States of Bahia, Ceará, Mato Grosso, Mato Grosso do Sul, Minas Gerais, Paraíba, Pernambuco, Piauí, Rio Grande do Sul and Rio Grande do Norte) but by non-for-profit organizations.</p> <p>The new implementation arrangements are now based on calls for projects. These calls are being used to select proposals</p>
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		presented by non-profit institutions with local operations and qualified experience in each State, to be approved by each respective State, that will support local agencies in solving the demands related to the Conservation Units (UCs) and the achievement of the objectives of the Project in their respective territories. The selected organizations will sign agreements directly with the beneficiary state in case goods were to be transferred. In addition, the Executing Agency (FUNBIO) has signed direct Cooperation Agreements with The Chico Mendes Institute for Biodiversity Conservation - ICMBio (January, 2022) and with the Rio de Janeiro Botanical Garden - JBRJ (April, 2022).
Other implementation arrangements (e.g., coordination with other GEF projects)?		x
Financial [risk] management (e.g., waiver for annual audit or change in % to be justified)?		x
Management of E&S risks and impacts (e.g., changes to ESMP)?		x
Management of other risks (e.g., changes due to health/ Covid-19 or security concerns)?	x	With the new execution strategy, risks are to be continuously mapped, with specific responses and mitigation actions to be monitored in a new version of the risk matrix (e.g., success of calls and suitable institutions for submission of proposals; quality of new products and adherence to

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the Terms of Reference (ToR); dependence on States Environmental Agencies (OEMAs) for approval of Calls; cooperation agreements between states and organizations, etc.).

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

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

PROJECT EXTENSION OR OTHER MODIFICATIONS

A new execution arrangement was presented by MMA and FUNBIO, proposing an alternative for executing activities in the participating States without having to sign individual Cooperation Agreements among FUNBIO, the Ministry of the Environment and all the beneficiary States (State Secretariats of the Environment in the States of Bahia- BA, Ceará-CE, Mato Grosso-MT, Mato Grosso do Sul-MS, Minas Gerais-MG, Paraíba-PB, Pernambuco-PE, Piauí-PI, Rio Grande do Sul-RS and Rio Grande do Norte-RN).

The new execution arrangements are now based on calls for projects. These calls are being used to select proposals presented by non-profit institutions with local operations and qualified experience in each State, to be approved by each respective State, that will support local agencies in solving the demands related to the Conservation Units (UCs) and the achievement of the objectives of the Project in their respective territories. The selected organizations will sign agreements directly with the beneficiary State in case goods were to be transferred. In addition, the Executing Agency (FUNBIO) has signed direct Cooperation Agreements with The Chico Mendes Institute for Biodiversity Conservation - ICMBio (extract published in DOU section 3, No. 14, on January 20, 2022) and with the Rio de Janeiro Botanical Garden - JBRJ (extract published in DOU section 3, No. 71, on April 13, 2022).

To be able to implement the calls for projects as a key element of the operation’s implementation plan, as stated above, and considering the delays to start key elements of the implementation plan, FUNBIO and MMA formally

requested (letter 326/2022, from May 30, 2022) an extension of 24 months to the execution and disbursement periods and the reallocation of US\$1,500,000 from components 2 and 4 to be transferred to Component 3, in order to expand its activities related to the recovery of degraded lands. In July 2022, the Contract Amendment Instrument #1 of the project financing agreement was signed.

Key execution components have now resumed, especially Components 1,2 and 4, which were mostly stalled for nearly two years and are now currently showing interesting progress since the last reporting period. In this sense, the modifications approved, and relocation of resources are expected to improve the likelihood of success and sustainability of those activities beyond the project implementation period. It is also important to note that, as consequence of these arrangements, no outputs, outcomes, or original goals modifications are expected.

LESSONS LEARNED / BEST PRACTICES

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

- Structural misalignments between the guidelines of the strategic partners and the assumptions of the Project design cannot be minimized or postponed, they must necessarily lead to a broad renegotiation process as soon as possible.
- The effectiveness of decision-making instances within the institutional arrangement is essential for facing structural barriers and building trusting and continuously relationships and cooperative environments among Project's strategic partners drastically increases its ability to resolve structural barriers.
- The implementation of subprojects through Call for Projects is an important instrument to resume projects activities. Also, this new arrangement improves stakeholder engagement and is bringing important results beyond the conservation of biodiversity and reduction of carbon emissions (creating and strengthening the agenda and narrative of restoration in biomes; the development of the restoration supply chain; job and income generation).
- The recognition of the importance of local organizations for the execution of subprojects increases the chances of success due to knowledge of the realities, capillarity, synergy with other ongoing initiatives, and sustainability of the initiatives after the end of the Project.
- The use of an economic approach associated with restoration and conservation facilitates the adoption and maintenance of sustainable practices, as in the case of initiatives to eliminate the South African lovegrass in the Pampa biome.

ANNEX 1. DEFINITION OF RATINGS

Development Objective Ratings

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

Implementation Progress Ratings

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

Risk ratings

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

1. **High Risk (H):** There is a probability of greater than 75% that assumptions may fail to hold or materialize, and/or the project may face high risks.

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