



## PROJECT PREPARATION GRANT (PPG)

PROJECT TYPE: Full-sized Project

TYPE OF TRUST FUND: GEF Trust Fund

Submission date: December 18<sup>th</sup> 2012

GEF PROJECT ID: 5091

GEF AGENCY PROJECT ID: 4659

COUNTRY (IES): Brazil

PROJECT TITLE: Mainstreaming Biodiversity Conservation and Sustainable Use into NTFP and AFS production practices in Multiple-Use Forest Landscapes of High Conservation Value

GEF AGENCY (IES): UNDP

GEF FOCAL AREA(s): Biodiversity

### A. PROJECT PREPARATION TIMEFRAME

Start date of PPG	January 2013
Completion date of PPG	February 2014

### B. PROPOSED PROJECT PREPARATION ACTIVITIES (\$)

Describe the PPG activities and justifications:

The main project elements of the above-mentioned Project were outlined in the PIF. The project will address one of the key land use threats to high conservation value forests in Brazil: forest degradation driven by small-scale farmers that employ traditional subsistence farming and extraction practices in and around forested areas throughout the landscape, including land clearing, poor fire and water management and insufficient soil coverage. It will seek to facilitate a shift from these unsustainable agricultural practices to an approach that conserves the biodiversity of multiple-use forest landscapes of high conservation value while meeting important social priorities and development goals. To achieve this, the project will focus on the development of a strengthened sustainable use management framework for sustainable non-timber forest products (NTFP) and agro-forestry systems (AFS). NTFP and AFS have been shown to produce conservation benefits but require up-scaling to provide significant impacts at the landscape level. Currently this is constrained by a number of governance and market constraints that the Project seeks to overcome by: i) developing safeguards for harvesting, production and incentives that optimize the contribution of existing policies to the conservation of globally significant ecosystems; and ii) by taking a market/trade-based approach to improve returns from NTFP and AFS and providing the incentive for adoption at scale thereby increasing conservation dividends.

PPG funds are being requested to undertake a series of activities to further detail these two barrier removal approaches and complete project design. This includes the collection of key baseline information; technical analysis, confirmation of pilot sites and feasibility of proposed strategies and targets; stakeholder analysis; final definition of targets and cost structures and implementation arrangements for the Full-size Project. PPG funds will be used specifically for the following studies and assessments under the following categories of activities detailed below:

1. Technical assessments for selection of project sites and NTFP/AFS focus;
2. Policy, legal and capacity assessments;
3. Development of feasibility analysis, budget and key project design elements.

1. Technical assessments for selection of project sites; pre-selection of species and products

This activity will select key areas within the Amazon, Cerrado and Caatinga biomes for project intervention in

which sustainable NTFP and ASF production can be developed and assessed to define safeguards and test market approaches. The criteria for the selection of geographical areas of intervention will include i) high biodiversity value for conservation and sustainable use; (ii) intensity of NTFP harvesting; (iii) social capital (existing cooperatives and harvesters associations); and (iv) presence of protected areas (known in Brazil as conservation units)<sup>1</sup>. In terms of species/products the PIF outlines some 20 preselected species from which these products will be developed. The PPG will provide a more in-depth analysis of these and potential products related to them and cross-reference this with the selection of geographical areas for intervention. The result will be the confirmation of this preselected list for each biome, however this will be fine-tuned during the FSP itself as more detailed assessments; production and market approaches are developed

#### 1.1. Technical inputs for selection for project intervention focus.

*1.1.1. Spatial-pressure considerations:* A general literature revision and consultations will be undertaken to confirm the main drivers of biodiversity loss in the production landscapes of the 3 biomes in areas identified as high biodiversity value and priority for conservation in the government's Biodiversity Programme (PROBIO). This will provide a first-cut identification of landscapes for intervention. Within this first cut, areas of significant forest cover will be identified where agribusiness is still relatively limited so as to ensure that the project's NTFP and AFS production approach will be more effective. This will include the collection and analysis of information on forest types, protected areas, forest legal reserves, areas of particularly high biodiversity significance, and production activities. It will also identify land use planning process underway in each landscape and identify related activities that constitute baseline and co-funding resources.

*1.1.2. Species and products based considerations:* This PPG will select species and proven existing products and those with potential to develop products that are promising in terms of BD conservation including: 1) new products to be explored from species already harvested; and 2) "New species" and products potential development. This will be undertaken in a three-step process.

- A further review of studies on carrying capacity and sustainable-use for NTFP and AFS production in the selected biomes will be undertaken to identify key issues to ensure sustainable production and to determine viability of data collection for developing the "sustainable use" safeguards for each.
- A literature revision of the contribution of biodiversity products to economy and livelihood will also be realized at a national level to provide an estimate of values for each and further define data gaps.

Drawing on the above and on EMBRAPA expertise in product development a list of potential products will be developed for a further set of assessments (see below)

*1.1.3. Social and market feasibility of the most promising species for NTFP and AFS:* This will include the diagnosis and initial characterization of existing and potential markets for the pre-selected biodiversity products and the identification of needs and requirements for action in the FSP. This will include initial market assessments and value chain analysis; assessment of the potential for development of natural resource based enterprises; review of existing community level organizations that can be utilized for community enterprises; and identification of the investment required, costs and conditions for implementing value chains in the selected areas.

*1.1.4. Detailed socio-economic information of BD users:* Based on the above and within the preselected number of landscapes, targeted consultations and literature reviews will be undertaken to: a) analyze the socio-economic status of local communities; b) identify existence of cooperatives and harvester associations; c) to help define strategic interventions that can be implemented by the project to improve the livelihoods for

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<sup>1</sup> This includes PA for conservation and for multiple use –particularly Extractive Reserves (Resex) and Sustainable Development Reserves (RDS). Resex and RDS will include both existing ones and those in the process of being requested by communities for sustainable use and where safeguards may require specific standards as compared to areas in the broader production landscape.

local communities based on NTFP and AFS that are feasible socially and economically; and d) provide recommendations for incorporating the concerns of the local communities in the design of management strategies for multiple use forests. This will count with input from the stakeholder analysis undertaken in Activity 2.

Based on these three steps (1.1.2-1.1.4) the products and species with the highest chance of success combined with the highest value to the local communities will be selected.

- 1.2. *Financial mechanisms for NTFP and AFS:* This will include an initial review of existing financial mechanisms, and a further assessment of the main barriers to access financial resources for investments and working capital. This will serve to identify measures to be included in the FSP to increase the availability of finance for the specific characteristics of NTFP and AFS production and also the type of mechanisms that could support this, including environmental standards and accompanying technical assistance.
- 1.3. *Selection of specific pilot/products/financial mechanisms areas:* Based on the information collected in the previous tasks and through discussions with project partners working on multiple use forest management and local stakeholders, six specific areas within the Amazon, Cerrado and Caatinga will be selected. Identification of these sites will take into account globally significant BD, connectivity with conservation units, threat levels, potential for improved efficiency and competitiveness, potential for social or political conflict, cost-effectiveness and other relevant criteria. To this effect three regional consultations will be carried out, one in each biome, with the participation of key stakeholders, to identify the above specificities. A national level workshop will be carried out to validate the selection of sites and products.

## 2. Policy, legal and capacity assessments

The PPG will finance activities to collect and analyze information on the existing policy, legal, regulatory and institutional frameworks and operational capacities, and define how the project can most effectively support the capacities of EMBRAPA and other key government institutions to foster an enabling environment for sustainable NTFP and AFS.

- 2.1 *Detailed information on existing policy and regulatory framework:* The existing policy and regulatory framework to support biodiversity conservation through sustainable NTFP harvesting and AFS production will be further assessed. This will include the identification of gaps in regards to precautionary measures to avoid overharvesting or the use of inadequate management practices, gaps in the availability of sound and reliable information on sustainable management and the thresholds that can be achieved without compromising the resources and associated biodiversity in the long run; as well as analysis of the impact of existing sanitary regulations and fiscal measures that hinder sustainable production and commercialization of biodiversity products.
- 2.2 *Stakeholder analysis:* Project stakeholders will be identified, as well as their roles, functions and/or responsibilities. The level of interest of the key stakeholders comprising the selected value chains for NTFP and AFS will be assessed, including consultations to confirm their support and commitment to the project. Participation and coordination mechanisms will be identified and a stakeholder involvement plan will be developed. Key stakeholders include – *inter alia* –the Ministry of Environment (MMA), the Ministry of Rural Development (MDA), the Chico Mendes Institute for Biodiversity Conservation (ICMbio), the Brazilian Forest Service (SFB) the Rural Workers' Union, the National Council of Extractivist Populations (CNS) and the Cerrado Network (Rede Cerrado) as well as local level stakeholders. This activity will also include *gender assessments:* Given the significant role of women in the use of natural resources a gender analysis will be undertaken. This analysis will require consultations to gather basic information about organization and functioning of the local society. This analysis will help identify issues, regarding to gender bias, that need to be addressed in the FSP.
- 2.3 *Identification of capacity needs and measures to address them:* The current level of understanding and capacity of key stakeholders will be assessed to generate information on the capacity of the relevant institutions for

planning and management of multiple use forests including also capacity requirements to engage in participatory management approaches with the local communities. Training and awareness-raising needs will be determined in order to establish the project baseline and identify the project's training and capacity building targets. Emphasis will be placed on different stakeholder groups including: a) institutional stakeholders that provide enforcement and extension services to small farmers; b) local communities- this latter in consultation with the SGP and including production capacities and business skills.

- 2.4 *Analysis of existing baseline initiatives at national and local levels:* Past and on-going programmes and projects related to forest planning and management, NTFP and AFS will be analyzed for lessons to build on and to determine potential synergies namely: (a) Prevention and Control of Deforestation and Burning of the Legal Amazon, the Cerrado and Caatinga Biomes (the latter under preparation) which aim at conservation and sustainable use of those biomes; (b) National Policy for Sustainable Development of Traditional Peoples and Communities; (c) National System of Nature Conservation Units; (e) Food Acquisition Programme; (f) National School Food Programme; (g) National Policy of Agroecology and Organic Production (created in August 20, 2012). In addition in the pre-identification landscape (see Activity 1) identification and estimation of other baseline initiatives will be undertaken along with the identification of gaps and partnership options (see below)
- 2.5 *Identification of partnerships:* Mapping of potential partners, elaboration of partnership-building strategies with national and international buyers and private and public investment entities, and negotiation of initial as already mentioned agreements to be developed during the implementation phase. This includes the identification of specific joint activities that can be undertaken in the pilot landscapes in conjunction with pre-identified co-funding options other than EMBRAPA programmes, such as the Ministry of Environment project on promotion of conservation and use of agro-biodiversity and socio-biodiversity productive chains and subprojects for sustainable development of traditional peoples and communities and family farmers; the Ministry of Rural Development (MDA) that expects to fund credit lines to family farmers for investments in AFS, sustainable agro-extractive activities, forestry management plans, recovery and maintenance of permanent preserved areas, legal reserves and degraded area and the Ministry of Agriculture, Livestock and Supply (MAPA) programme on Low Carbon Agriculture (2010-2020). It will also include securing co-financing letters.

### 3. Development of feasibility analysis, budget and key project design elements

Based on the above analysis and detailed information, the project strategy will be prepared. Specific actions will include:

- 3.1. *Detailed project strategy, including incremental cost analysis, cost-effectiveness, and risks.* This will include validation of the details of project outcomes, outputs and activities based on a logical framework analysis, and the results of the studies listed above. It will include consideration of *cost effectiveness* to provide inputs to identification of the most effective project alternative, and costing of expected project outcomes and outputs. The logical framework will be validated through a participatory workshop.
- 3.2. Analysis of the *social, institutional, economic and financial sustainability* of proposed project activities will be undertaken and a further definition of project risks mitigation measures.
- 3.3. *Detailed project monitoring and evaluation system, including baseline levels, indicators, methodologies and targets to track project progress and effectiveness.* This will include the full description of global benefits; the final validation of indicators and quantified targets; formulation of project M&E plan, to track project progress and effectiveness. The relevant GEF 5 Tracking Tools namely the BD SO2 tracking tool will be completed once the areas for intervention and sectors have been determined.
- 3.4. *Project implementation arrangements:* Determination of the management arrangements for the implementation of the project and drafting of proposed institutional arrangements and partnership building for an effective replication strategy. This will include institutional arrangements to support project implementation; costs of management unit; inputs required for implementation (consultants and their terms of reference; equipment, travel etc); development of financing plan including securing co-finance letters). Particular attention will be given to mechanisms for ensuring the input of the Ministry of the Environment and of securing expedited

procedures for implementation in the selection landscape of the 3 biomes.

<b>List of Proposed Project Preparation Activities</b>	<b>Output of the PPG Activities</b>	<b>Trust Fund</b>	<b>Grant Amount (a)</b>	<b>Co-financing (b)</b>	<b>Total c = a + b</b>
1. Technical assessments for selection of project sites; pre-selection of species and products	i) Technical inputs for selection for project intervention focus (drivers of BD loss, species/products, socio-economic information on BD users, social and market feasibility of species); ii) Financial mechanisms for NTFP and AFS; iii) Selection of specific pilot/products/financial mechanisms areas.	GEFTF	30,700	200,080	230,780
2. Policy, legal and capacity assessment	i) Detailed information on existing policy, regulatory and institutional capacities; Stakeholder analysis and stakeholder involvement plan; iv) Gender assessments; ii) Identification of capacity needs and measures to address them; iii) Analysis of existing baseline initiatives; iv) Identification of partnerships;	GEFTF	19,750	84,060	103,810
3. Development of feasibility analysis, budget and key project design elements	i) Detailed project strategy, including incremental cost analysis, cost-effectiveness, and risks; ii) Analysis of social, institutional, economic and financial sustainability of proposed project activities; iii) Detailed project monitoring and evaluation system including baseline levels, indicators, methodologies and targets to track project progress and effectiveness; iv) Project implementation arrangements	GEFTF	40,459	85,860	126,319
<b>Total Project Preparation Financing</b>			<b>90,909</b>	<b>370,000</b>	<b>460,909</b>

### C. FINANCING PLAN SUMMARY FOR PROJECT PREPARATION GRANT: (\$)

	<b>Project Preparation</b>	<b>Agency Fee</b>
Grant Amount	90,909	9,091
Co-financing	370,000	
<b>Total</b>	<b>460,909</b>	<b>9,091</b>

### D. PPG AMOUNT REQUESTED BY AGENCY(IES), FOCAL AREA(S) AND COUNTRY(IES)<sup>1</sup>

<b>Trust Fund</b>	<b>GEF Agency</b>	<b>Focal Area</b>	<b>Country Name/ Global</b>	<b>(in \$)</b>		
				<b>PPG (a)</b>	<b>Agency Fee (b)</b>	<b>Total c = a + b</b>
GEFTF	GEFTF	Biodiversity	Brazil	90,909	9,091	100,000
<b>Total PPG Amount</b>				<b>90,909</b>	<b>9,091</b>	<b>100,000</b>

### E. PPG BUDGET

Cost Items	Total Estimated Person Weeks for Grant (PW)	Grant Amount (\$)	Co-financing (\$)	Total(\$)
Local consultants *	49	53,000	160,200	213,200
International consultants*	10	25,000	0	25,000
Travel		10,000	50,000	60,000
Office supplies/space and equipment		0	24,800	24,800
Miscellaneous (translation costs, communication, others)		1,909	20,000	21,909
Workshops and consultations (including site level validations and log-frame workshop)		1,000	115,000	116,000
<b>Total PPG Budget</b>		<b>90,909</b>	<b>370,000</b>	<b>460,909</b>

\* Annex A for Consultant cost details should be prepared first before completing this table. See notes on Annex A for the required detailed information. This table is the sum of all local and international consultants presented in Annex A.

### F. GEF AGENCY(IES) CERTIFICATION

This request has been prepared in accordance with GEF policies and procedures and meets the GEF LDCF/SCCF/NPIF Trust Fund criteria for project identification and preparation.

Agency Coordinator, Agency Name	Signature	Date (Month, day, year)	Project Contact Person	Telephone	Email Address
Yannick Glemarec, UNDP/GEF Executive Coordinator		December 18, 2012	Helen Coles de Negret, EBD	507-3024508	helen.negret@undp.org

**Annex A**

**Consultants Financed by the Project Preparation Grant (PPG-)**

<b>Type of Consultant</b>	<b>Position / Titles</b>	<b>\$/ Person Week<sup>1</sup></b>	<b>Estimated PWS<sup>2</sup></b>	<b>Tasks to be Performed</b>
Local	Lead PPG consultant institutional and planning expert in the agriculture and environment sector	1,200	20	<ul style="list-style-type: none"> <li>-Organize and coordinate the PPG inception workshop.</li> <li>-Coordinate the work of all other national and international consultants, and ensure the quality and timely preparation of all reports and documentation.</li> <li>-Provide methodological orientation to local experts to ensure a harmonized approach is used in data collection to facilitate subsequent consolidation of this information in the Project Document.</li> <li>-Provide support for organization of stakeholder consultations and ensure a harmonized approach to stakeholder consultations is employed.</li> <li>-Hold meetings and consultations with relevant institutions to secure the co-financing and ensure the receipt of co-financing letters.</li> <li>-Help to define operational strategies and resource needs for effective project implementation.</li> <li>-Negotiate participation mechanisms with institutions and local stakeholders.</li> <li>- Carry out a risk assessment identifying risks and proposing mitigation measures.</li> <li>- Prepare the baseline costing and project budget (GEF and co-funding).</li> <li>-Provide support to the International Project Design, Monitoring and Evaluation Expert in the drafting of the project documentation following UNDP and GEF guidelines, acting as a link between the local experts and the international consultant to ensure relevant information is produced and shared.</li> </ul>
Local	NTFP/AFS specialist	1,000	10	<ul style="list-style-type: none"> <li>-Provide an overview of BD and ecosystem values in multiple use forests of the Amazon, Cerrado and Caatinga, with a focus on globally important BD.</li> <li>-Describe overall trends in BD, identifying threats and root causes to BD loss in multiple use forests, and the barriers to be overcome.</li> <li>- Working closely with EMBRAPA experts, conduct a review of studies on use of BD products, identifying key issues for sustainable management of NTFP and AFS, including harvesting limits, available best practices and technologies, and environmental safeguards.</li> <li>-Working together with the Market/Enterprise development specialist, identify the most promising products and species with the highest chance of success combined with the highest value to the local communities.</li> <li>-Define criteria for, and propose, specific locations and target stakeholders for the implementation of project activities.</li> <li>-Identify the baseline initiatives and lessons learnt.</li> <li>-Design and cost set of activities needed for implementation of sustainable management of NTFP and AFS.</li> </ul>
Local	Market / enterprise	1,000	8	<ul style="list-style-type: none"> <li>-Consolidate relevant baseline socioeconomic information.</li> <li>-Carry out a capacity assessment of target communities, identifying</li> </ul>

Type of Consultant	Position / Titles	\$/ Person Week <sup>1</sup>	Estimated PWs <sup>2</sup>	Tasks to be Performed
	development specialist			capacity building needs (production capacities and business skills) and measures. -Undertake supply chain analysis of selected BD products. -Undertake stakeholder consultation with suppliers, government programs and companies. -Design and cost set of activities needed for implementation of actions to improve market development of BD products.
Local	Governance specialist	1,000	6	-Analyze the existing policy and regulatory framework at the federal, state and local level to support BD conservation through NTFP and AFS. -Analyze the policy and legal opportunities and constraints for sustainable NTFP harvesting and AFS production. -Carry out capacity assessment of main institutions involved in multiple use forest management at national and local levels and identify training needs. -Mapping of potential partners to be included in the project. -Assist the Lead Consultant in the identification of stakeholders. -Review land tenure issues. -Identify policy, legal and capacity risks and propose measures to address them. -Design and cost set of activities needed for implementation of selected policy and capacity building actions.
Local	Finance /Credit specialist	1,000	5	-Review existing credit service availability and requirements for different production modalities in the landscape; to determine changes that may be required to ensure that they comply with NTFP and AFS requirements taking into account characteristics of suppliers, production modalities, technical assistance requirements, and environmental safeguards. -Identify key financial institution partners and suggest mechanisms for project collaboration. -Identify financial risks and propose measures to address them. -Design and cost set of activities to promote the development of credit and financial products tailored to NTFP and AFS needs.
International	Project Design, Monitoring and Evaluation Expert	2,500	10	The International Project Design, Monitoring and Evaluation Expert will work closely with the Lead Consultant and team of local experts to carry out the following tasks: -Provide an overall orientation to the PPG team in relation to GEF requirements for project design, monitoring and evaluation. -Provide methodological guidance for data collection related to project planning, monitoring and evaluation with particular attention given to the description and quantification of the baseline investments. - Develop feasibility analysis, budget and key project design elements. This will include: preparation of detailed project strategy, including incremental cost analysis, cost-effectiveness to identify optimal interventions, and risks; preparation of project M&E plan including baseline levels, indicators, methodologies and targets to track project progress and effectiveness and; preparation of detailed budget and a sound replication strategy.

<sup>1</sup> Provide dollar amount per person week.

<sup>2</sup> Provide person weeks needed to carry out the task