



GEF-6 GEF SECRETARIAT REVIEW FOR FULL-SIZED/MEDIUM-SIZED PROJECTS THE GEF/LDCF/SCCF TRUST FUND

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| GEF ID: | 9617 | | |
| Country/Region: | Brazil | | |
| Project Title: | Taking Deforestation out of the Soy Supply Chain | | |
| GEF Agency: | UNDP | GEF Agency Project ID: | 5896 (UNDP) |
| Type of Trust Fund: | GEF Trust Fund | GEF Focal Area (s): | Multi Focal Area |
| GEF-6 Focal Area/ LDCF/SCCF Objective (s): | IAP-Commodities; BD-4; CCM-2; SFM/REDD+-1; | | |
| Anticipated Financing PPG: | | Project Grant: | \$6,600,000 |
| Co-financing: | \$28,204,678 | Total Project Cost: | \$34,804,678 |
| PIF Approval: | | Council Approval/Expected: | |
| CEO Endorsement/Approval | | Expected Project Start Date: | |
| Program Manager: | Paul Hartman | Agency Contact Person: | Andrew Bovarnick, |

PIF Review

| Review Criteria | Questions | Secretariat Comment | Agency Response |
|----------------------------|---|---------------------|-----------------|
| Project Consistency | 1. Is the project aligned with the relevant GEF strategic objectives and results framework? ¹ | | |
| | 2. Is the project consistent with the recipient country's national strategies and plans or reports and assessments under relevant conventions? | | |
| Project Design | 3. Does the PIF sufficiently indicate the drivers ² of global environmental degradation, issues of sustainability, market transformation, scaling, and | | |

¹ For BD projects: has the project explicitly articulated which Aichi Target(s) the project will help achieve and are SMART indicators identified, that will be used to track the project's contribution toward achieving the Aichi Target(s)?

² Need not apply to LDCF/SCCF projects.

PIF Review

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|---------------------------|---|---------------------|-----------------|
| | innovation? | | |
| | 4. Is the project designed with sound incremental reasoning? | | |
| | 5. Are the components in Table B sound and sufficiently clear and appropriate to achieve project objectives and the GEBs? | | |
| | 6. Are socio-economic aspects, including relevant gender elements, indigenous people, and CSOs considered? | | |
| Availability of Resources | 7. Is the proposed Grant (including the Agency fee) within the resources available from (mark all that apply): <ul style="list-style-type: none"> • The STAR allocation? • The focal area allocation? • The LDCF under the principle of equitable access • The SCCF (Adaptation or Technology Transfer)? • Focal area set-aside? | | |
| | • The STAR allocation? | | |
| | • The focal area allocation? | | |
| | • The LDCF under the principle of equitable access | | |
| | • The SCCF (Adaptation or Technology Transfer)? | | |
| | • Focal area set-aside? | | |
| Recommendations | 8. Is the PIF being recommended for clearance and PPG (if additional amount beyond the norm) justified? | | |
| Review Date | Review | | |
| | Additional Review (as necessary) | | |
| | Additional Review (as necessary) | | |

| CEO endorsement Review | | | |
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| Review Criteria | Questions | Secretariat Comment at CEO Endorsement | Response to Secretariat comments |
| Project Design and Financing | 1. If there are any changes from that presented in the PIF, have justifications been provided? | <p>August 11, 2016 This is a child project under the Commodities IAP, for which no PIF stage was required. The child project overall is in line with the Commodities IAP. Please note the following inconsistencies in the endorsement and address accordingly:</p> <ul style="list-style-type: none"> i) please include SFM1 in Table A to be consistent with description on page 13-14 of endorsement document, and correct CCM program number; ii) text summarizing of the IAP program is not consistent with those in other child projects, include the table summarizing global environmental benefits (page 30-32) iii) ensure consistency in estimates of GEBs across all documents, including Table E of the endorsement; iv) clarify methodology used to derive GEB estimates (land area and GHG) and how they will be monitored during project implementation. <p>December 5, 2016 Revisions of Tables A & E and other text in the narrative sections are now consistent.</p> | <p>i) Fixed CCM program number, however SFM 1 is the same in table A as it is on page 15 of the CEO endorsement. Changed Programme to Program on page 15.</p> <p>ii) The version used was an outdated one of the IAP summary. This is now fixed.</p> <p>iii) The version submitted of the ceo endorsement had not included the changes to table E as well. This is now updated.</p> <p>iv) We added notes here as well as updated this information under global environment benefits on page 15 of the CEO endorsement.</p> <p>a. Carbon Calculation: This project will directly support the creation of 10,000 hectares of conservation units, support the restoration of 2,500 hectares, and support the inclusion of an estimated 500,000 hectares in the environmental registry, hence in compliance with the Forest Code. The total area that this project will target is in approximately 6 million hectares, which includes 10 municipalities. Deforestation rates in 2011 for the whole Matopiba region were 7,249km2. Through reduction in commodity-driven deforestation due to policy changes, enforcement (the Forest Code- CAR Registry in Brazil) and spatial planning, we assume this will lead to a 15% reduction in deforestation rate or 1,000 km2 per year in the Matopiba region. This roughly translates to 100,000 hectares per year. Above ground biomass in the cerrado is estimated at</p> |

CEO endorsement Review

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| | | <p>The Carbon Calculation information offers a detailed assessment of the child project carbon benefits. However, we are challenged to make a determination on the validity of values provided without understanding the baseline and timeframes used as a basis. Please explain the incremental reasoning for each benefit proposed, and, for clarity sake, consider using a GEF accepted methodology -- such as the FAO EXACT tool or its equivalent -- to prepare credible estimates. Also make sure that the GEB information is consistent across all documents and the review sheet.</p> <p>Please also clarify whether the 500,000 hectares sustainable land management GEB is the total area of farmland where low carbon agriculture practices will be adopted as a direct result of child project interventions, such as training of farmers and extension workers, etc. While it is understood that the Reduction of Greenhouse Gases Emission in Agriculture (ABC) program is operating in the target area, the explicit role and linkage of this program to the child project isn't yet clear, raising questions on</p> | <p>8.6 tons per hectare and below ground root biomass 22 tons per hectares of carbon . We also converted tons of carbon to tons of CO2e in order to measure, in a common and internationally accepted unit for GHG emission, by using the conversion factor (44/12) or 3.6667. This would translate into roughly 11 million of tCO2 per year for the whole Matopiba region. Considering the project will work in 10 municipalities covering approximately 6 million hectares or about 10% of the region, we estimate carbon avoided in this area being 1.1 million tCO2 per year. It is estimated therefore that this project will have 11 million tCO2e avoided over a 10-year period. Since this project is also working to directly protect 10,000 hectares through the creation of conservation areas, we estimated CO2 based on the study "Carbon Stock in cerrado sens stricto in the Federal District", by Paiva, Rezende and Pereira2. Above ground biomass is 315,000 tCO2e and below ground biomass is 820,000 tCO2e. The total CO2 mitigated of this area is therefore approximately 1,135,000. In the BAU scenario the carbon content in the soil compartment in the protected area will be lost at 25% (up to 50 cm depth) of carbon stock . This would be 2.475 million tCO2e. Thus, this project will contribute to avoiding 14.6 million tCO2. This area will monitored through the creation of the protected area and subsequent monitoring it by working with organizations that can verify the CO2 estimations are accurate.</p> |

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| | | <p>whether ABC program outputs can serve as a basis for the child project's estimated GEBs. Please explain whether and how this is the case, and if so, disaggregate baseline benefits of the ABC loan and incremental benefits of the GEF project activities and clarify the plan is for monitoring these results during implementation.</p> <p>A phone conversation to clarify the above two points and others below may be helpful.</p> | <p>b. On Land: 6 million hectares is the area covered by the 10 focal municipalities (Palmas, Porto Nacional, Monte do Carmo, Silvanópolis and Santa Rosa do Tocantins, Formosa do Rio Preto, Riachão das Neves, Barreiras, Luis Eduardo Magalhães, São Desidério). In these municipalities, the project will support activities to ensure that all rural properties are included in the rural registry which implies that those properties and natural vegetation on them will be subject to environmental monitoring by the respective state environment agencies. It also implies that properties that do not have the permanent protection areas or legal reserves required under existing legislation will need submit a proposal on how these areas will be restored.</p> <p>c. 500,000 hectares: the target area for the ABC loan program for biological nitrogen fixation is 5 million hectares. Assuming that this involves 10% of the Matopiba area, this would amount to 500,000 hectares under biological nitrogen fixation practices. We will monitor through data from the ABC low carbon program and information from Embrapa – the Brazilian Agricultural Research Institute.</p> <p>v) During project implementation, the project will, in collaboration with the state environment agencies of Tocantins and Bahia, monitor progress with respect to the number of properties and the area registered and with respect to the restoration of converted permanent protection areas and legal reserves.</p> |

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| | <p>2. Is the project structure/ design appropriate to achieve the expected outcomes and outputs?</p> | <p>August 11, 2016</p> <p>The overall structure and design of the project is good and mostly mirrors the related Production, Demand and Transaction IAP projects, with a comprehensive TOC. However, please address the following:</p> <ul style="list-style-type: none"> -The project objective outlined in Table B is different from the objective outline in Annex A (Results Framework) -Table B - Outcome 1- i) The focus on Sustainable Development is very broad and does not zero in sufficiently on the issue at hand. Please consider including outputs related to forums/dialogues addressing the issues of deforestation/ sustainable land management/sustainable production etc. ii) The same comment applies to Output 1.1.2, which looks broadly at sustainable development policies. (Refer to IAP Production Project Outcome 1 for reference to specificity) Outcome 2- Regarding farmer support systems, were needs assessments conducted? If not, please consider needs assessment with the farmers, prior to developing techniques. (Refer to IAP Production Project Outcome 2 for reference to specificity). Will there be any | <p>1- This is now fixed. Project Objective in table B on page 2 is the same now as the Results framework on page 55</p> <p>2- i- Changed to: A shared vision on expansion of the production of agricultural commodities in the Matopiba region in combination with the conservation of biodiversity and ecosystem services through sustainable land management and the creation of sustainable productive landscapes on page 2 and on the text on page</p> <p>3- Please see change on page 2 table B and 18. Output 1.1.1 A forum (participation of women and men) created for dialogue and discussion about expansion of the production of agricultural commodities, conflicts over land, socioeconomic impacts, deforestation and environmental impacts</p> <p>Output 1.1.2 Proposals for public policies and actions prepared to avoid potential negative impacts of expansion of the production of agricultural commodities on livelihoods of local communities and/or native vegetation, biodiversity and ecosystem services</p> <p>4- Change on table B and on page 20. : OUTCOME 2: A SYSTEM OF SUPPORT IN THE FOUR FOCAL AREAS PREPARED AND IMPLEMENTED THAT WILL HELP FARMERS TO ADOPT SUSTAINABLE MANAGEMENT OF THEIR PROPERTIES AND SUSTAINABLE AGRICULTURAL PRACTICES.</p> <p>Added to page 20 that an assessment will be</p> |

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| | | <p>interventions that encourage sustainability of the farmer support systems? For example, development of a farmer support strategy for use by the local authorities managing agriculture (see Production child project), training for government support units (agriculture authority representatives, extension officers or their equivalent).</p> <ul style="list-style-type: none"> - Please check the wording of the Outcomes as a few are written as outputs (Ex. Outcomes 1.2, 3, 4.2). -The TOC is extensive. Please consider making it more concise and merging some of the points under the TOC scenarios. -Part II, P.17, - The text for Output 1.1.1 and 1.1.2 is the same. Please correct and provide the necessary details. <p>December 5, 2016 Yes, the project structure is now appropriate. Cleared</p> | <p>conducted: Prior to the implementation of activities to support farmers to adopt sustainable management of their properties, the project will organize meetings with local farmer organizations in order to assess the needs of farmers with respect to the technical support needed. Based on this assessment support will be tailor-made to specific needs.</p> <p>5- Soy is a crop that is predominantly produced by medium to large farmers, they are usually not supported through existing extension services. They either hire their own technical support, or obtain advice through farmer associations or traders or from other commercial sources. However, implementation of activities, in partnership with local institutions and farmers' organizations (such as AIBA in Bahia) will guarantee local ownership over training and dissemination material and, therefore, sustainability after project interventions</p> <p>6- 1.2: Changes made on table b page 2 and on page 19. Improved environmental management of the Matopiba region 3: Change made on table b page 4 and on page 21. Outcome 3: Improved planning for expansion of production and conservation 4.2: change made on table b page 5 and on page 25. Outcome 4.2 Financial sector engaged in the promotion of sustainable soy ce</p> <p>7- Please see revised table on page 17. Theory of Change</p> |

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| | | | <p>The main hypothesis for this initiative is that expansion of soy production can be obtained with minimum negative impact on the native vegetation of the Cerrado biome or on the livelihoods of traditional peoples and communities.</p> <p>It is assumed that putting into practice an integrated approach along soy supply chain, by taking advantage of increasing responsible demand, commitment of traders and awareness of the market and end-consumers, it will provoke behavioural changes towards the production side.</p> <p>This can be achieved through improved environmental management, i.e. the implementation of the existing environmental legislation, a shared vision about how the region should absorb changes and better land-use planning to direct production to areas where the impact is relatively small in ecological and/or social terms. In addition, better management and production practices will reduce the impact of production itself on existing biodiversity and, hence, increase opportunities for the creation of sustainable production areas</p> <p>8- please see change on page 2 and 19: Output 1.1.1 - A forum (participation of women and men) created for dialogue and discussion about expansion of the production of agricultural commodities, conflicts over land,</p> |

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| | | | <p>socioeconomic impacts, deforestation and environmental impacts. The purpose of this forum is not to compete with the inter-ministerial committee of the Plan for the Development of MATOPIBA. Instead, this forum is expected to provide complementary views from government, the private sector and civil society and focus on the four focal areas around Balsas, Bom Jesus, Barreiras and Porto Nacional/Palmas and on avoiding potential negative impacts of expansion of production. Activities will include a consultancy to identify main stakeholders and to identify the objectives and agenda for this forum. The project will support three meetings of the forum.</p> <p>Output 1.1.2 - Proposals for public policies and actions prepared to avoid potential negative impacts of expansion of the production of agricultural commodities on livelihoods of local communities and/or native vegetation, biodiversity and ecosystem services</p> |
| | <p>3. Is the financing adequate and does the project demonstrate a cost-effective approach to meet the project objective?</p> | <p>August 11, 2016 The financing structure is adequate, however it is noted that a significant portion of the Outputs for this Outcome will be funded under the IAP Demand Project. Please clarify which Outputs are associated with the USD 386,364 allocation and specific the activity details.</p> <p>December 5, 2016</p> | <p>The activities in this component are covered by WWF Demand Project, IFC Transactions Project and the Brazil Child Project. We provided wording on table B to reference which activities are being funded by WWF in their respective demand child project, as well as in the text under component description and results framework. Below are the activities that are covered for the USD \$386,364.</p> <p>4.1.1.1 Participate in the Soy Traders Platforms biannual meeting (CI)</p> |

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| | | Clarifying information has been provided on the overlap of activities with other child projects. Please further explain if the \$386,364 indicated in Table B for supply chain integration is the amount of GEF financing dedicated to only those activities implemented under the Brazil Child project, and that this does not include financing for activities covered under other CIAP child projects. | <p>4.1.3.1 Evaluate existing certification of origin experiences and their potential for replication in MATOPIBA (CI)</p> <p>4.2.2.1 Conduct a feasibility study on the market for compensation of legal reserves (CI)</p> <p>4.2.2.2 Conduct A Study on the feasibility of a payment for environmental services system in the region (CI)</p> <p>4.2.2.3. Build multi-disciplinary teams with the skill sets to pull business case analysis together (modelers + economists + mappers), following the Moore Foundation approach on available area (biophysical mapping for soy suitability) for MATOPIBA; (CI);</p> <p>4.2.2.4 Engage experts (modelers + economists + mappers) to finalize business case proposals on available area (biophysical mapping for soy suitability for Matopiba (CI)</p> |
| | 4. Does the project take into account potential major risks, including the consequences of climate change, and describes sufficient risk response measures? (e.g., measures to enhance climate resilience) | <p>August 11, 2016 Potential risks are considered with risk response measures included except for risks related to climate change consequences. Please include potential climate related risks, and how these might affect the approach for project based on projected scenarios for the commodity and targeted geography.</p> <p>December 5, 2016 Climate change risks and response measures have been included. Cleared</p> | Please see page 42 on the last row highlighted in yellow for climate change affects. |
| | 5. Is co-financing confirmed and evidence provided? | August 11, 2016 Yes. However the total co-financing | This has now been fixed on table C on page 6. |

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| | | <p>figures in Table C do not match those in Tables A & B. Please correct.</p> <p>December 5, 2016 The figures now match. Cleared</p> | |
| | <p>6. Are relevant tracking tools completed?</p> | <p>August 11, 2016 The IAP TT sections for SFM and BD have been completed, but not CCM. Please revise the TT to include indicators for CCM. The estimates should be consistent with those in project documents.</p> <p>In addition, the Section II of the BD TT is not clear. Please only include one figure for each of the sections-project start, actual at mid-term and actual at end. Any notes should only be placed in the notes section. Please revise for clarity.</p> <p>December 5, 2016 CCM has now been included in the TT. Please ensure that the indicator estimates reflected in the TT are consistent with the responses provided in box one above within the tracking tool and across the CEO Endorsement and ProDoc. In addition, in box 4 the disaggregated number of women cannot be larger than the total number of users/farmers. Please revise.</p> <p>For BD objective box III, the</p> | <p>The CCM tracking tool had been done, but it was not included when it was pasted in the document. This is now fixed in the Prodoc.</p> |

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| | | <p>incremental reasoning for the estimate associated with 'Implementation of the Forest Code' is unclear. As written, the baseline for compliance with this government regulation without GEF support appears to be 1.2m or 1.3m ha (please indicate which number is correct), with specific practices resulting from GEF financing accelerating, widening, or enhancing this to 1.7m ha; thus apparently generating an incremental benefit of 400k ha of land where management practices will be shown to have integrated biodiversity considerations. 'Implementation of the forest code' is identified as the management practice that would achieve this, however, the agency may want to consider planned child project interventions that are more specific management practices, within the scope of the implementing agency to carry out independently, and that can be more clearly linked to the generating of biodiversity benefits (e.g. restoration of previously illegally deforested areas, the means employed to safeguard traditional lands, measures to implement sustainable agriculture production practices, etc.) to demonstrate the incremental reasoning associated with this indicator. Please clarify and revise the indicator estimate accordingly.</p> | |

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| | | Box IV in of the BD tracking tool is meant to measure progress along a series of sequential steps on mainstreaming biodiversity into policy and regulatory frameworks. As noted in the indicator description a "Yes" cannot come after a "No." Please revised accordingly. | |
| | 7. <i>Only for Non-Grant Instrument:</i> Has a reflow calendar been presented? | August 11, 2016 Not applicable | |
| | 8. Is the project coordinated with other related initiatives and national/regional plans in the country or in the region? | August 11, 2016 Coordination with other national, regional and international initiatives and plans are described adequately. With respect to the other GEF projects identified, please clarify how coordination will be achieved to promote synergies during implementation. December 5, 2016 Please provide further details on how this child project will align with other GEF projects including their names, descriptions and regions. | This request has been reflected in the CEO endorsement under other GEF projects on page 46, as follows: "Coordination with other relevant GEF initiatives will occur through the UNDP and Board members (the Brazilian Cooperation Agency, the Ministry of Environment and State Environment agencies). In addition, ISPNA, the execution agency for the GEF Small Grants is an active partner of Conservation International in several activities related to the conservation and sustainable use of the Cerrado biome." |
| | 9. Does the project include a budgeted M&E Plan that monitors and measures results with indicators and targets? | August 11, 2016 Yes. The M&E Plan is included. | |
| | 10. Does the project have descriptions of a knowledge management plan? | August 11, 2016 Yes. The project through Outcome 5 (Adaptive Management and Learning | |

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| | | and M&E) and in coordination with the Adaption and Learning Child project have been included to ensure information and lessons learned are documented and disseminated. | |
| Agency Responses | 11. Has the Agency adequately responded to comments at the PIF ³ stage from: | | |
| | • GEFSEC | August 11, 2016 Since there was no PIF stage, please do not include "upstream" comments in Annex B of the CEO endorsement. | |
| | • STAP | August 11, 2016 This project emerged during PPG phase and therefore did not have any comments to address. | |
| | • GEF Council | August 11, 2016 This project emerged during PPG phase and therefore did not have any comments to address. | |
| | • Convention Secretariat | | |
| Recommendation | 12. Is CEO endorsement recommended? | August 11, 2016 Not at this time. Please address the comments above and ensure consistency between the CEO endorsement and Prodoc. December 5, 2016 Not at this time. Please address the comments above and ensure consistency between the CEO endorsement and Prodoc. | |

³ If it is a child project under a program, assess if the components of the child project align with the program criteria set for selection of child projects.

CEO endorsement Review

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| Review Date | Review | August 11, 2016 | |
| | Additional Review (as necessary) | December 05, 2016 | |
| | Additional Review (as necessary) | | |