GEF-6 REQUEST FOR PROJECT ENDORSEMENT/APPROVAL

PROJECT TYPE: FULL-SIZED PROJECT
TYPE OF TRUST FUND: GEF TRUST FUND

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PART I: PROJECT INFORMATION

Project Title: Taking Deforestation out of the Soy Supply Chain			
Country(ies):	Brazil	GEF Project ID:[1]	9617
GEF Agency(ies):	UNDP	GEF Agency Project ID:	**5896 UNDP** 00110093
Other Executing Partner(s):	Conservation International, WWF, IFC	Submission Date: Resubmission Date:	2016-07-31 2016-10-25 2017-2-17
GEF Focal Area (s):	IAP Set Aside	Project Duration (Months)	48[2]
Integrated Approach Pilot	IAP-Cities ☐ IAP-Commodities ☒ IAP-Food Security ☐		Corporate Program: SGP ☐
Name of Parent Program	Taking Deforestation out of the Commodity Supply Chain	Agency Fee ($)	$ 594,000

A. FOCAL AREA STRATEGY FRAMEWORK AND OTHER PROGRAM STRATEGIES[3]

Focal Area Objectives/Programs	Focal Area Outcomes	Trust Fund	(in $) GEF Project Financing	(in $) Co-financing
IAP-Commodity Supply Chain	The present project is seeking to reduce the threat to biodiversity, pressures on high conservation value forests, and GHG emissions via restoration, that the advancing agricultural frontier is posing in the Matopiba region, located in the Southeast of Maranhão, the southwest of Piaui, the west of Bahia and central Tocantins. This is in line with the overall IAP, whose program goal is to implement a supply chain approach to solve underlying root causes of deforestation from agriculture commodities	GEFTF	6,600,000	$**28,204,678**
BD-4 Program 9	Outcome 9.1, by increasing the area of productive landscapes that integrate sustainability criteria into their management Outcome 9.2, by incorporating biodiversity and forest cover considerations into national and subnational agriculture commodity policies.	n/a	n/a	n/a
CCM-2 Program 4	Promote conservation and enhancement of carbon stocks in forests, and other land use, and support climate smart agriculture: contributing to both Outcome A and Outcome B by accelerating the adoption of management practices that reduce GHG emissions from land use change and deforestation, and supporting the development and implementation of model policy, planning and regulatory frameworks that	n/a	n/a	n/a

[1] Project ID number remains the same as the assigned PIF number.
[2] The project duration is three years. The fourth year has been added a cushion year, if activities cannot be completed during the three years to avoid a no cost extension with UNDP.
[3] When completing Table A, refer to the excerpts on *GEF 6 Results Frameworks for GETF, LDCF and SCCF*.

	foster low GHG development from agriculture commodities			
SFM-1	Program 1, Integrated land use planning; Program 2, Identification and maintenance of high conservation value forests; Program3, Identifying and monitoring forest loss: contributing to both Outcomes 1 and 2 on cross-sector policy and planning approaches at appropriate governance scales and innovative mechanisms to avoid the loss of high conservation value forest	n/a	n/a	n/a
	Total project costs		$6,600,000	**28,204,678**

B. PROJECT DESCRIPTION SUMMARY

Project Objective: To reduce the threat to biodiversity that the advancing agricultural frontier is posing in the Matopiba region, through a supply chain approach that solves the underlying root causes of deforestation from soy.

Project Components/ Programs	Financing Type[4]	Project Outcomes	Project Outputs	Trust Fund	(in $) GEF Project Financing	(in $) Confirmed Co-financing
1. Dialogue, policies and enforcement	TA	1.1. 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 *Number of policy recommendations taken up by policy makers*	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 impact 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	GEFTF	1,901,320	16,266,622
		1.2 - Improved environmental management in the Matopiba region *Area and percentage of productive area registered in the SICAR system* *Area under restoration*	1.2.1. The rural environmental registry (CAR) in 10 focal municipalities implemented, to increase compliance with the Forest Code and prevent deforestation; 1.2.2 The restoration-supply chain strengthened and structured in two of the four focal areas in Matopiba to enable reforestation of			

[4] Financing type can be either investment or technical assistance.

		Number and size of traditional lands protected through safeguards	protection areas rather than limiting to offset payments 2.1.3. Safeguards for critical socio-cultural lands in the MATOPIBA region developed and implemented, to protect and enhance the land use rights of traditional communities			
2. Farmer support systems	TA	2. A system of support in the four focal areas is helping soy farmers to adopt sustainable management of their properties and sustainable agricultural practices *Percentage of soy farmers (men and women) that have adopted sustainable management and practices* ***Proxy indicator:*** *Projects in the region financed by the ABC program (data from BNDES)*	2.1.1. Innovative techniques and practices for the restoration of degraded and deforested land developed and tested to enable the restoration of 25 ha and leverage additional restoration 2.1.2. Best agricultural and sustainable management practices disseminated, such as for soil management, amongst farmers (male and female) 2.1.3. Farmers trained in low carbon agricultural practices such as zero tillage, nitrogen fixation, through workshops and training of extension service staff	GEFTF	1,284,701	10,235,000
3. Land use planning	TA	3: Improved planning for expansion of production and conservation *Area under integrated management identified and agreed (proposals for conservation units submitted and management plans agreed)*	3.1.1. Forum for landscape management created in two focal areas for all stakeholder groups to encourage participation and more holistic development planning to ensure sustainability; 3.1.2. Priority Corridors for biodiversity conservation and restoration of native vegetation identified with key stakeholders, considering existing protected areas and other priority conservation areas, with alternative scenarios developed; 3.1.3. Zoning proposal for expansion of soy production developed and discussed with farmer organisations and local and state governments (funded by ICF); 3.1.4. Conservation areas proposed and implemented, including through management plans for indigenous lands and creation of conservation areas on private lands	GEFTF	1,675,345	556,476

4. Supply chain integration	TA	4.1. Outcome 4.1 increased market demand for responsibly sourced soy *# of companies that have increased capacity to make and implement commitments to source reduced deforestation commodities* *# of companies with increased capacity to use decision-relevant information developed by the Transparency portal to inform their strategies* *# Assessment conducted and successfully shared with relevant stakeholders*	4.1.1 Soy Traders Platform convened *(funded, implemented and monitored under the Demand Child Project in coordination with this project)* 4.1.2. Publically available commodity portal developed to increase transparency along the supply chain and raise awareness of supply chain actors' risk exposure in different production geographies [LATAM, BZ, PY] *(funded, implemented, and monitored under the Demand Child Project in coordination with this project)* 4.1.3. Assessment conducted of the feasibility of certification of origin for sustainable soy produced in the MATOPIBA region *(funded, implemented and monitored under this Brazil Child Project and included in the budget under component 4)*	GEFTF	386,364	
		4.2 The financial sector engaged in the promotion of sustainable soy *1 new long-term finance product developed based on findings from the business case analysis* *Identification of pilot landscapes or farmers to test the long-term finance product through workshops*	4.2.1 Commercial/blended finance transaction mechanisms identified and promoted through analysis of business case for Sustainability Standard adoption, trade finance. *Activities funded, implemented and monitored under the Brazil child Project (1.Engage experts (modelers + economists + mappers) to finalize business case proposals on available area (biophysical mapping for soy suitability for Matopiba and 2. A series of workshops in Matopiba will be undertaken to present findings of the various business case analysis. It is viewed that this would be done on a rolling basis when the business cases are available but it is assumed that 6 to 8 workshops will be organized through the course of the project). *All other activities under this output are funded under the Transactions Child project and reflected in their prodoc* 4.2.2 Introduction of tools to enhance capacity of financial			

			markets and institutions such as value-at-risk models Activities funded under the Brazil child Project (1. Conduct a feasibility study on the market for compensation of legal reserves, and 2, Conduct A Study on the feasibility of a payment for environmental services system in the region). *All other activities under this output are funded under the Transactions Child project and reflected in their prodoc*			
5. Adaptive Management, Learning and M&E	TA	5.1 Project coordinated and lessons learned and disseminated *Number of lessons learned and disseminated*	5.1.1 Coordination and execution arrangements structured (as per institutional and coordination arrangements) 5.1.2 Progress and impacts effectively monitored and lessons learned and disseminated, in coordination with the AM&L child project 5.1.3 Progress in environmental regularization and impacts on selected ecosystem services monitored, including the compliance of farmers with the Forest Code and changes in ecosystem health 5.1.4 Gender roles and impact on women monitored, starting with a comprehensive gender assessment and development of appropriate indicators 5.1.5 Project/GEF monitoring conducted, such as GEF Tracking Tool and participation in the IAP Steering Committee, Global Community of Practice and Study Tours	GEFTF	1,039,557	194,538
Subtotal					$6,287,287	27,252,636
Project Management Cost (PMC)[5]				GEFTF	$312,713	952,042
Total project costs					$6,600,000	28,204,678

C. CONFIRMED SOURCES OF CO-FINANCING FOR THE PROJECT BY NAME AND BY TYPE

Please include evidence for co-financing for the project with this form.

[5] For GEF Project Financing up to $2 million, PMC could be up to10% of the subtotal; above $2 million, PMC could be up to 5% of the subtotal. PMC should be charged proportionately to focal areas based on focal area project financing amount in Table D below.

Sources of Co-financing	Name of Co-financier	Type of Cofinancing	Amount ($)
CSO	Fundacao Brasileira de Desenvolvimento Sustentavel	In-kind	556,476
CSO	Conservation International	In cash	413,202
UN Agency	UNDP Brazil	In-kind	100,000
CSO	Sociedade Rural Brasileira (SRB)	In-kind	235,000
CSO/Beneficiaries	Sociedade Rural Brasileria (SRB) Farmer Investments/Beneficiaries	In-kind/In-cash	10,000,000
Recipient Government	Ministerio do Meio Ambiente (MMA)	In-kind	16,900,000
Total Co-financing			**28,204,678**

D. TRUST FUND RESOURCES REQUESTED BY AGENCY(IES), COUNTRY(IES) AND THE PROGRAMMING OF FUNDS

GEF Agency	Trust Fund	Country Name/Global	Focal Area	Programming of Funds	(in $)		
					GEF Project Financing (a)	Agency Fee a) (b)[2]	Total (c)=a+b
UNDP	GEF TF	Brazil Child Project	IAP Set Aside	IAP-Commodities	6,600,000	594,000	7,194,000
Total Grant Resources					6,600,000	594,000	7,194,000

a) Refer to the Fee Policy for GEF Partner Agencies

E. PROJECT'S TARGET CONTRIBUTIONS TO GLOBAL ENVIRONMENTAL BENEFITS[6]

Provide the expected project targets as appropriate.

Corporate Results	Replenishment Targets	Project Targets
1. Maintain globally significant biodiversity and the ecosystem goods and services that it provides to society	Improved management of landscapes and seascapes covering 300 million hectares	*6,000,000 hectares*
2. Sustainable land management in production systems (agriculture, rangelands, and forest landscapes)	120 million hectares under sustainable land management	*545,433 hectares*
3. Support to transformational shifts towards a low-emission and resilient development path	750 million tons of CO_{2e} mitigated (include both direct and indirect)	*1,804,049* metric tons-direct

F. DOES THE PROJECT INCLUDE A "NON-GRANT" INSTRUMENT? N/A

(If non-grant instruments are used, provide an indicative calendar of expected reflows to your Agency and to the GEF/LDCF/SCCF Trust Fund) in Annex D.

[6] Update the applicable indicators provided at PIF stage. Progress in programming against these targets for the projects per the *Corporate Results Framework* in the *GEF-6 Programming Directions*, will be aggregated and reported during mid-term and at the conclusion of the replenishment period.

PART II: PROJECT JUSTIFICATION

A. DESCRIBE ANY CHANGES IN ALIGNMENT WITH THE PROJECT DESIGN WITH THE ORIGINAL PIF[7]

Following Council approval of the PFD, the government of Brazil was re-engaged in the design process during the PPG phase. Through this engagement, the Brazilian government requested an explicit focus on the Soy supply chain, bringing together substantive aspects on Enabling Transactions, Responsible Demand and Support to Production into a single child project for Brazil with UNDP as the GEF Agency and Conservation International as executing partner. The government of Brazil proposed that the child project be formulated on baseline targeted on the MATOPIBA region (the abbreviation for the States of Maranhão, Tocantins, Piauí and Bahia), for which a proposal had been developed with the Brazilian government and approved by Grupo Técnico de Avaliacão de Projetos (GTAP).

The present project is seeking to reduce: the threat to biodiversity, pressures on high conservation value forests, and GHG emissions via restoration, that the advancing agricultural frontier is posing in the Matopiba region, located in the Southeast of Maranhão, the southwest of Piaui, the west of Bahia and central Tocantins. This is in line with the overall IAP, whose program goal is to implement a supply chain approach to solve underlying root causes of deforestation from agriculture commodities.

The Program's Theory of Change builds on the notion that if the right lands (agriculture lands, degraded lands, etc.) are available and accessible for production, and if forestlands are not accessible, agriculture expansion and growth can be achieved without contributing to deforestation.

A.1. *Project Description*.

Summary of IAP Program

This project, *Reducing Deforestation from Commodity Production*, is a child project under the UNDP-GEF 6 Integrated Approach Pilot (IAP) program, *Taking Deforestation out of Commodity Supply Chains.* The IAP program is advancing an integrated "supply chain" approach to tackling the underlying root causes of deforestation from agriculture commodities, specifically beef, oil palm, and soy that together account for nearly 70% of deforestation globally. To vastly reduce or take deforestation out of these commodity supply chains, production has to come from areas that do not contribute to further clearance of natural forests.

The Theory of Change for the program builds on the premise that the increased adoption of agricultural commodity production practices that are less destructive of forests is contingent on several factors. Firstly, enabling conditions including policies and land use/spatial plans must be in place to make the right lands available for production and to make high biodiversity value and high carbon stock forests less accessible. Secondly, producers need enhanced capacity to adopt good agricultural practices and improve yields. Thirdly, increased financial flows and economic incentives are necessary to support these good production practices in the right locations and less incentives must be provided in inappropriate locations. Fourthly, market awareness and demand for reduced deforestation supply are critical to promote more sustainable production. If these factors are addressed, agricultural production can be increased and growth achieved with sharp reductions in deforestation compared to business-as-usual scenarios.

The IAP program has been developed through a multi-agency consortium that builds on the strong baseline of work by UNDP, WWF, IFC, UNEP, and CI. The overall IAP program is designed through the supply chain lens for each of the three commodities, and in close consultation with four countries associated with their production: Brazil and Paraguay for soil palm and beef; and Indonesia and Liberia for oil palm. By applying the supply chain lens to the overall design, the IAP program engages all major actors to harness best practices and sustainability principles for production, generating responsible demand and enabling financial transactions. The Program will be carried out in an integrated, coordinated and synergistic fashion in order to foster sustainability and achieve transformational impact. The ultimate

[7] For questions A.1 –A.7 in Part II, if there are no changes since PIF , no need to respond, please enter "NA" after the respective question.

goal of the program is to make the drive for sustainable products associated with significantly reduced deforestation become standard industry practice.

The entire Program is organized into four major components that will be delivered through separate child projects as follows (see figure below):

a. Reduced Deforestation Production (led by UNDP): The focus is on promoting good practices and sustainability principles at the production end of the commodity supply chain. This component will enable supply and production in the right areas and location while conserving the forest and reducing deforestation in the targeted landscapes. Key geographies have been targeted for demonstration of best practices for sustainable production of oil palm (largest driver in Indonesia and Southeast Asia), and soy and beef (largest drivers in Latin America).

b. Generating responsible demand (led by WWF): This component seeks to strengthen the enabling environment for increased demand of reduced-deforestation commodities in priority markets. The focus in on targeted engagement with key buyers and key markets that have represented the majority of recent demand, domestic demand for these commodities within the production countries, and emerging economies where demand is increasing.

c. Enabling Transactions (led by World Bank/IFC): This component seeks to improve the resilience and competitiveness of financial institutions, enabling them to develop in a sustainable manner with improved risk management practices and innovative products to accelerate the production and supply of forest friendly commodities. The aim is to support the development of investment transactions either via banks, investors or companies that reduce deforestation in key commodity supply chains on a commercial or blended finance basis.

d. Adaptive Management and Learning (led by UNDP): In addition to overall coordination of the Program to ensure coherence and consistency, as well as communications and partnership building, this component will foster substantial knowledge management at the global level to advance the supply chain approach for beef, soy, and oil palm. This will include a Global Community of Practice to share best practices and promote learning, and a Global Research Impacts platform to develop robust and policy-relevant evidence base on the effectiveness of different voluntary sustainability standards for deforestation-free commodities.

Following Council approval of the PFD, the government of Brazil requested an explicit focus on the soy supply chain, bringing together substantive aspects on Enabling Transactions, Responsible Demand and Reduced Deforestation Production into a single child project for Brazil, with UNDP as the implementing agency and Conservation International as executing partner. The government of Brazil proposed that the child project be formulated on a baseline targeted on the MATOPIBA region (abbreviation for the States of Maranhão, Tocantins, Piauí and Bahia), for which a proposal had been developed with the Brazilian government and approved by the Grupo Técnico de Avaliacão de Projetos (GTAP).

The IAP Program is expected to generate multiple substantial global environmental benefits to the GEF replenishment targets, including reduced deforestation from agricultural commodity production, biodiversity conservation and sustainable forest management. This is shown in **Table 1** below.

Table 1: GEF Replenishment and IAP Indicative Targets

GEF Replenishment Targets	**IAP Indicative Targets (estimates to be refined at project inception based on information from the production child project)**[8]

[8] Since the Brazil Child project has revised the Carbon caculations, after a meeting with the GEF Sec and UNDP on Decemebr 22nd, the target stated below need to be revised to reflect the Brazil Child project information of lower CO2 mitigation

Improved management of landscapes and seascapes covering 300 million hectares	13.95 million ha
120 million hectares under sustainable land management	745,433 ha
750 million tons of CO_{2e} mitigated (include both direct and indirect)	72.2 million tons CO2e

The global environmental and/or adaptation problems, root causes and barriers that need to be addressed

Context and Problem

The projected growth of global population and the expected rise in per capita income are likely to increase, over the next decades, global demand for agricultural commodities. Brazil is one of the few countries in the world with the capacity to increase its production and satisfy this demand. It is among the largest producers of sugar cane, coffee, meat, orange and soybeans, due in part, to a significant expansion in recent years of the area under cultivation. For example, the area of soy under cultivation increased between 1990 and 2014 from 11.6 to 33 million hectares 9. It is unlikely, however, that future demand for commodities can be absorbed through increased productivity, as productivity rates in Brazil are already among the world's highest. Based on recent trends, it is more likely that growing demand will be absorbed through expansion of the area under production. As the processing sector[10] committed itself, in 2006, to a moratorium on expansion of soy through conversion of native vegetation in the Amazon, expansion in recent years largely concentrated in the south of the country (Paraná and Rio Grande do Sul), Mato Grosso state and the region known as MATOPIBA (the abbreviation of the states of Maranhão, Tocantins, Piauí and Bahia (see figure 1).

Particularly, uncontrolled expansion of agricultural commodity in this region may pose a serious threat to the remaining vegetation of the Cerrado biome - the second largest one in South America[11] - also extending into Bolivia and Paraguay, and the largest hotspot[12] in the Western Hemisphere, which originally covered more than 2 million km^2 of the national territory (Figure 1). About half of the Cerrado has already been converted, and ongoing expansion of soy, beef, sugarcane, eucalyptus and cotton threatens the remaining native vegetation. In the MATOPIBA, where Cerrado's largest remnants are still preserved, deforestation occurred mainly in native areas instead of abandoned and degraded pastures. During the periods between 2000 to 2007 and 2007 to 2014, respectively, total agricultural expansion in the states of the MATOPIBA increased 61%, from 1114 km²/year to 1800km²/year.

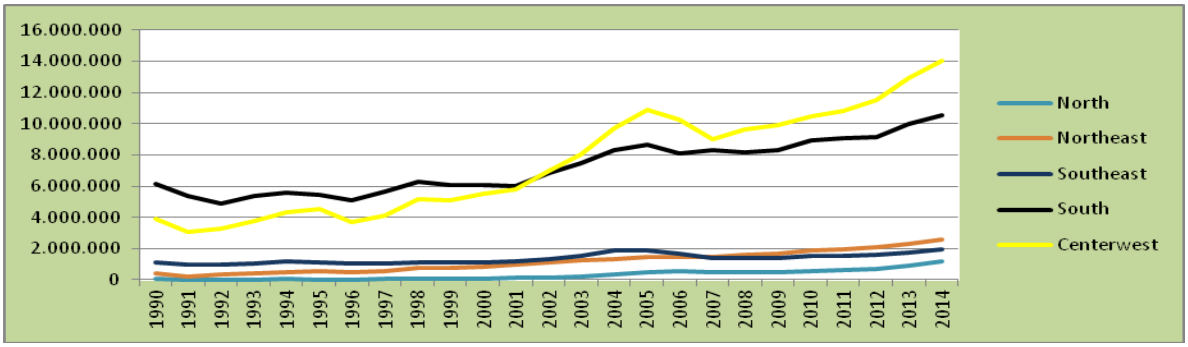


Figure 1: Area under cultivation of soy in the main geographical region in Brazil 1990 – 2014 (IBGE)

[9] http://www.sidra.ibge.gov.br

[10] Members of the Associação Brasileira das Indústrias de Óleos Vegetais - ABIOVE and the Associação Brasileira dos Exportadores de Cereais - ANEC

[11] Brazilian official sources differ about this figure. Both the Brazilian Institute of Geography and Statistics (IBGE) and the Brazilian Institute of Environment and Renewable Natural Resources (IBAMA) use the figure presented in this document

[12] A **biodiversity hotspot** is a biogeographic region with significant levels of biodiversity that is under threat from humans. To qualify as a biodiversity hotspot a region must meet two strict criteria: it must contain at least 0.5% or 1,500 species of vascular plants as endemics, and it has to have lost at least 70% of its primary vegetation.

The Cerrado is the largest biodiversity hotspot[13] in the Western Hemisphere (Mittermeier *et al.* 2004). This hotspot also includes the headwaters of three of South America's major river basins (Amazon/Tocantins, São Francisco and Plata). It is home to an abundance of endemic species. It has 12,070 catalogued native plants species, 251 species of mammals and a rich avifauna comprising 856 species. Fish (800 species), reptile (262 species) and amphibian (204 species) diversities are also high.

In addition to its unique environmental aspects, the Cerrado has great social importance. Over 20% of the region consists of public lands, including indigenous lands, conservation areas, land reform settlements and lands of former slaves' communities. Many people depend on its natural resources for their subsistence. More than 220 species have known medicinal use, and a wide variety of native fruits are regularly consumed by local people and sold in urban centres. At the same time, the socioeconomic situation in the Cerrado is far from equitable, inclusive or respectful of nature. For instance, the Cerrado (including the MATOPIBA region as well) currently produces 30% of Brazil's Gross Domestic Product (GDP), but its Human Development Index (HDI) is lower than the national average.

However, largely due the rapid expansion of agriculture and associated increase in deforestation rates, numerous species of plants and animals are threatened or at risk of extinction; only a small percentage of the Cerrado area is under legal protection (8.3% of its territory is legally protected). A considerable part of the remaining vegetation is fragmented, often in remnants that are unsustainable in terms of biodiversity conservation. Reliable data about deforestation and degradation are sparse. This region thus needs urgent action to ensure environmental sustainability and the well-being of its population.

[13] A **biodiversity hotspot** is a biogeographic region with significant levels of biodiversity that is under threat from humans. To qualify as a biodiversity hotspot a region must meet two strict criteria: it must contain at least 0.5% or 1,500 species of vascular plants as endemics, and it has to have lost at least 70% of its primary vegetation

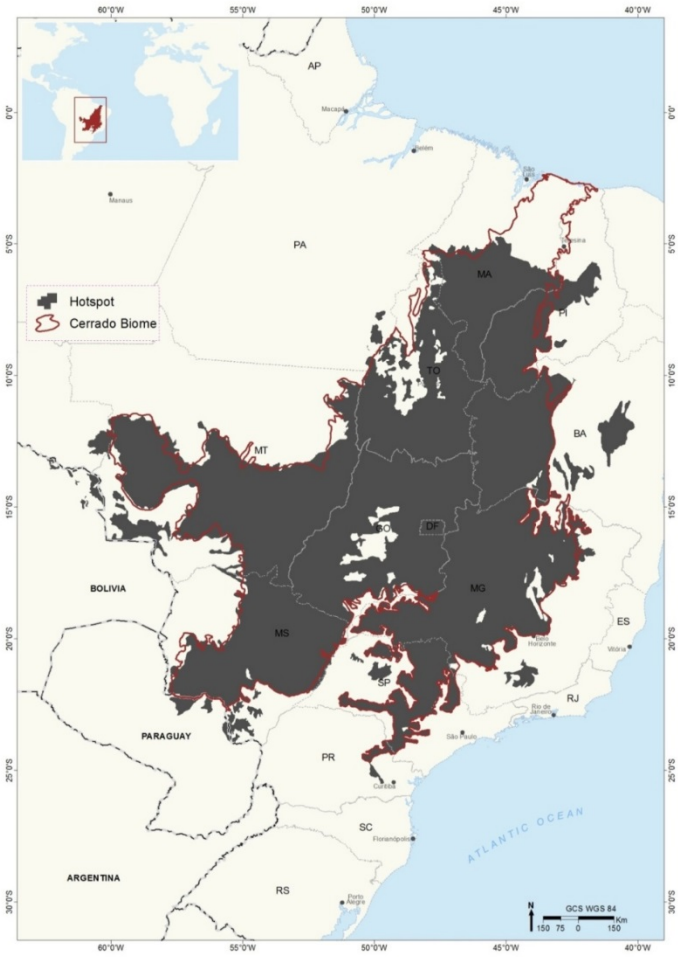


Figure 2: The Cerrado biome

The **root causes** of the advancing frontier challenge can be divided into four main clusters: market; production; planning; and environmental management. The market, for many years, did not consider the rest of the supply chain on how commodities were produced and what kind social and environmental impacts were in place. For the production side, farmers did not have appropriated incentives for sustainable production and legal enforcement to some extent has failed. Planning and environmental management, as well, until now proved to be insufficient to avoid uncontrolled expansion and did not put into practice (i.e.) measures to determine in the landscape go and no-go areas for soy expansion. The sparse vegetation in the region is easily cleared for agricultural production in cheap and available land, making the MATOPIBA a favoured place for expansion for farmers moving from southern to northern Brazil. Local governments have very little experience and institutional capacity with the planning of landscapes.

Unsustainable practices are common in many places where soy and beef are produced and sourced. The volatility inherent in commodity sectors, coupled with low barriers to entry and low start up investments, often results in expansion in locations where governance and technical capacity may already be limited and cannot match the demands arising from the rapid increase in commodity production. Impacts on natural resources and ecosystem services are therefore often overlooked or left unaddressed. As commodity expansion often outpaces clear analysis and careful planning, the lack of environmental, social, and food safety protections pose significant environmental, development, and business risks, the need for sustainability improvements along and across supply chains is therefore clear.

In 2012, Brazil approved a new Forest Code [(14)], which created the Environmental Compliance Program (PRA) [15]. This Program rescinds fines for illegal deforestation up to 22 July 2008 on the condition that the rural property is registered in the rural environmental registry (Cadastro Ambiental Rural – CAR), and the responsible farmer commits to restoration of illegally deforested areas. The CAR is an electronic registry of rural properties and information with respect to permanent preservation areas (Áreas de Preservação Permanente – APP) [(16)], so-called "Legal Reserves" [(17)] and forms the basis for monitoring and control and, hence, for combating illegal deforestation of native vegetation, as well as for the environmental and economic planning of rural properties [(18)].

In addition, in 2015, the Ministry of Agriculture (MAPA), launched the outline for a Plan for the Development of Matopiba, [(19)] which consists of three objectives: (i) improve efficiency of logistics and infrastructure related to agriculture and cattle ranching; (ii) support innovation and technological development, and; (iii) strengthen and increase a rural middle class through the implementation of policies that promote social mobility and improve income, employment and professional capacity of farmers. Implementation of the Plan is managed by an inter-ministerial committee and representatives of the states of Maranhão, Tocantins, Piauí, Bahia, and representatives of four municipal governments and representatives of the private sector and civil society. Recent environmental policies and programmes now also offer the opportunity to address in this development plan sustainability concerns.

Barriers

Brazil is a major agricultural commodities supplier, and is likely to play a significant role in fulfilling future global demands for commodities. In turn, this means that the agribusiness sector is likely to become increasingly important for national GDP. Therefore, the long term solution is to align the expansion of production with the conservation of native vegetation of the Cerrado biome and ensure minimum impact on the livelihoods of indigenous people and local communities, through sustainable production, defined here as production that is not only in compliance with social and environmental legislation but that also conserves soil and critical ecosystem services, supported by the new Forest Code and the MAPA Plan. However, in order to take full advantage of the opportunities and achieve the long term solution, there are several critical barriers which need to be overcome:

- **suboptimal capacity to implement the Forest Code.** As data for registration in the environmental registry is provided by property owners themselves, reliability of the data has been questioned (e.g. in Maranhão, more than 100% of private lands had been included in the SICAR, implying overlaps in properties registered). In addition, current capacity of state environment agencies to evaluate and approve deforestation-offsetting proposals and monitor their implementation is limited. Furthermore, compared to the monitoring of deforestation in the Amazon, the monitoring of deforestation in the Cerrado is less well developed and is therefore more difficult to regulate;

- **insufficient technical assistance and extension services** to support farmers in the adoption of better management and sustainable production practices. Farmers do not currently have the knowledge, skills or resources required to implement sustainable production practices;

14 Law 12.651 of 25 May 2012

15 The Forest Code of 2012 rescinds fines for illegal deforestation until June 2008 on the condition that farmers register their farms in a rural environmental registry – Cadastro Ambiental Rural – CAR. The Forest Code establishes that each farm needs to keep a part of its area under natural vegetation, the so-called "Legal Reserve": 50 to 80 percent of each farm in the Amazon, 35 percent of each farm in the Cerrado located in the Legal Amazon (the States of Acre, Amapá, Amazonas, part of Maranhão, Mato Grosso, Pará, Rondônia, Roraima and Tocantins) and 20 percent in all other regions and biomes. Farms also need to keep areas along streams and springs, as well as hill tops and steep hillsides under natural vegetation cover, so-called permanent protection areas or "Areas de Proteção Permanente – APP". Illegally converted APPs need to be restored, while illegally converted Legal Reserves may be restored or offset in areas outside the farm. These areas need to be identified in the registration in the CAR

16 riparian areas, springs, hilltops, mountain slopes, and mangroves

17 Legal Reserve (RLs) is parts of a rural property that must be set aside, depending on property size and location.

18 http://www.car.gov.br/#/sobre

19 Decree nº. 8.447 of 6 May, 2015

- **lack of transparency about land titles and land grabbing of public or communal lands.** Although the difficult land tenure situation in Brazil will not be resolved by this initiative, transparency about where conflicts exist may be a first step in resolving them and in helping agribusiness to avoid associated risks;

- **insufficient information** about the conditions under which production is taking place means that packers, traders and retailers have difficulty knowing whether their suppliers are in compliance. Increased awareness from the market is putting pressure, in particular on meat packers, soy traders and retailers in general, to guarantee that production occurs, at least, in compliance with existing legislation. In the case of soy, one of the challenges in raising awareness regarding the impact of soy production on deforestation is that, although soy is present in many products, it is relatively invisible to consumers, unlike, for example, coffee or bananas. In addition, the animal feed sector, which is one of the main soy processing industries, is highly fragmented, which makes it difficult to come to agreement on minimum production requirements or price incentives for sustainably sourced soy.

The baseline scenario and any associated baseline projects

Project target area:

The present initiative will focus on four so-called priority regions with a total size of almost 17 million hectares or 23% of the total Matopiba area, consisting of 29 municipalities with a total population of almost 1 million or 15% of the total Matopiba population. The selection of priority regions was based on concentration of production in the States of Maranhão, Bahia and Piauí. In Tocantins, the selection of the priority region was based on the level of production, as well as on potential for future growth in the Porto Nacional-region and because of the presence of a large trans-shipment complex in the municipality of Porto Nacional from where soy is loaded on trains to São Luis for export.

Table 1. Focal municipalities of the project

	REGION/MUNICIPALITY	**AREA (in hectares)**	**POPULATION (2015)**	**SOY AREA (in hectares - 2014)**
	MATOPIBA	**73,173,972**	**6,285,170**	**3,361,133**
MARANHÃO – BALSAS				
1	Alto Parnaíba	1,113,217.6	10,956	41,948
2	Balsas	1,314,173.3	92,144	168,274
3	Riachao	637,301.7	19,846	43,540
4	Tasso Fragoso	438,297.5	8,303	146,132
5	Loreto	35,684.0	11,871	31,404
6	Sambaiba	247,869.6	5,554	51,604
7	São Raimundo das Mangabeiras	352,152.5	18,406	15,162
TOCANTINS – PORTO NACIONAL				
8	Aparecida do Rio Negro	116,036.8	4,618	18,000
9	Chapada da Natividade	164,647.2	3,363	12,000
10	Monte do Carmo	361,667.4	7,535	27,000
11	Palmas	221,894.3	272,726	8,190
12	Porto Nacional	444,991.7	52,182	37,000
13	Santa Rosa do Tocantins	179,625.7	4,794	26,500
14	Silvanópolis	125,883.1	5,345	15,500
PIAUÍ – BOM JESUS				
15	Baixa Grande do Ribeiro	780,890.7	11,218	157,091
16	Ribeiro Gonçalves	397,896.2	7,151	65,820
17	Santa Filomena	528,543.8	6,153	48,485
18	Uruçui	841,190.8	21,011	111,407
19	Bom Jesus	546,918.1	24,327	66,401
20	Currais	315,665.8	4,845	44,770
21	Gilbués	349,495.8	10,514	37,131
22	Palmeira do Piaui	202,351.2	4,980	18,122
BAHIA – BARREIRAS				
23	Barreiras	753,815.2	153,918	143,743

24	Formosa do Rio Preto	1,590,175.0	25,372	372,020
25	Luis eduardo magalheas	424,504.6	79,162	167,322
26	Riachão das Neves	597,900.3	23,264	80,466
27	São desidério	1,511,639.7	32,640	279,158
28	Correntina	1,149,217.1	33,183	131,314
29	Jaborandi	999,459.3	9,225	59,092
	TOTAL	**16,743,106**	**964,6006**	**2,424,596**

The four priority regions still have 12 million hectares of native vegetation cover or 70% of the total area. However, over 70% of the area of soy production in the region is concentrated in these four areas. The whole MATOPIBA region has 77 conservation units, 32 of which (11 private reserves, 10 sustainable use areas and 11 full protection areas) are located in the focal areas with a total size of 2.2 million hectares.

The rapid expansion of agriculture is causing several conflicts over land. Of the more than 11,000 rural conflicts that occurred in Brazil between 2005 and 2014, almost 40% were in the Cerrado [(20)]. In 2014, there were 121 conflicts in the Matopiba region over land tenure (757 at the national level), involving over 9000 families [(21)].

The region is supported by a number of projects with goals similar to the present initiative. These include national and international projects to encourage registration of properties in the environmental registry and compliance with the forest code, as well as national and international initiatives to promote sustainable development in the region.

Several initiatives are under preparation or being implemented to improve monitoring of deforestation; for example, satellite-based monitoring of deforestation of Brazilian biomes (Projeto de Monitoramento do Desmatamento dos Biomas Brasileiros por Satélite -PMDBBS), an initiative of the government with support from UNDP, supports the strengthening of the government's capacity to monitor conversion of native vegetation in the Caatinga, Cerrado, Atlantic Forest, Pampa and Pantanal biomes.

Three of the four states receive support from the Amazon Fund financed until now by the Norwegian and German Governments and the national oil company Petrobrás and administered by the national development bank (BNDES). This fund supports actions to prevent and combat deforestation and to promote conservation and sustainable use, including the management of public forests and protected areas; command and control actions; zoning and land use planning; sustainable forestry.

In addition to these projects supported by the Fundo Amazônia, there are a number of World Bank loans with relevance to the present initiative, including The Brazil Cerrado Climate Change Mitigation Trust Fund, supported by the Department for Environment Food and Rural Affairs of the British Government. Of great relevance is also *the Reduction of Greenhouse Gases Emission in Agriculture- Program* **–** the ABC Program. This program administered by the national development bank (BNDES) seeks –among others objectives- to reduce greenhouse gas emissions from agriculture and cattle ranching and deforestation. Please see Annex M (of the project document) for more details on the protected land zones; Annex N for baseline maps of each focal area; and Annex Q for additional background on each target area.

[20] Gonçalves, Paulo Rogerio (). O Matopiba e o desenvolvimento "destrutivista do Cerrado. un-published paper, Associação Alternativa para Pequena Agricultura

[21] http://www.cptnacional.org.br/index.php/component/jdownloads/send/4-areas-em-conflito/2390-areas-em-conflito-2014

The proposed alternative scenario, GEF focal area[22] strategies, with a brief description of expected outcomes and components of the project

Proposed Alternative Scenario

If the baseline scenario continues, expansion of soy production is likely to threaten existing remnants of forest in the MATOPIBA region, including remnants that are priority areas in terms of biodiversity conservation or the continuation of ecosystem services. In addition, undirected expansion may also cause conflicts with traditional communities whose livelihoods depend on access to land and natural resources in the region. An alternative scenario is proposed, whereby the region could continuously be an important place for soy production in the country without damaging local biodiversity and populations.

The present project is seeking to reduce deforestation in the agricultural frontier and to promote sustainable soy production in the MATOPIBA region located in the Southeast of Maranhão, the southwest of Piaui, the west of Bahia and central Tocantins. To vastly reduce or take deforestation out of commodity agriculture supply chains, production has to come from areas that do not contribute to deforestation. The Integrated Approach Program's Theory of Change (of which this project forms a key part) builds on the notion that if the right lands (agriculture lands, degraded lands, etc.) are available and accessible for production, and if forestlands are not accessible, agriculture expansion and growth can be achieved without contributing to deforestation.

Project outcomes/Global environment benefits in the alternative scenario

The objective of the proposed project is as follows: **To reduce the threat to biodiversity that the advancing agricultural frontier is posing in the Matopiba region, through a supply chain approach that solves the underlying root causes of deforestation from soy**.

The successful completion of the project should lead to the following outcomes in contribution to the overall project outcome:

- 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
- All rural properties in 10 municipalities in compliance with the Forest Code and safeguards for traditional lands in the MATOPIBA developed
- 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
- Proposals for biodiversity conservation and soy expansion areas discussed and agreed
- Increased market demand for responsibly sourced soy
- Innovative long-term financial products developed and promoted, including risk management tools and mechanisms for sustainable production
- Project coordinated and lessons learned and disseminated

This project will contribute to the following Global Environmental Benefits:

- Promote sustainable land management in agricultural production systems for soy, which is an important global commodity
- Maintain the Cerrado Biome which has global significant biodiversity and ecosystem goods and services that it provides to society through the promotion of compliance with the Forest Code, conservation, better land-use planning

[22] For biodiversity projects, in addition to explaining the project's consistency with the biodiversity focal area strategy, objectives and programs, please also describe which Aichi Target(s) the project will directly contribute to achieving..

- And support a transformational shift towards a low-emission and resilient development path through better agricultural practices and restoration of degraded lands.

Global Environment Targets and Methodology

Improved management of landscapes and seascapes—Project target is 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 Magelhães, 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..

Sustainable Land Management—Project target 545,433. This is the incremental impact that the IAP project would have in assuring that land is sustainably managed, because the project will support knowledge sharing and access to technical support for the preparation of loans through capacity building of loan assessors, which will increase uptake of loans. This would be equivalent to an additional 611 more loans, which would impact about 100,000 hectares of the focal area. In addition, in our previous estimate for the sustainable land management contribution of this project, we had not included the land that would be sustainably managed under the Forest Code. According to the latest data from the SICAR system 15,410 properties in the ten focal municipalities have been registered. It is estimated that the total number of properties in our focal municipalities will not surpass 17,000. This project will support the registration of the remaining properties (1,590 properties) in the SICAR system; the analysis and validation of 70% and regularize 50% of all entries in the SICAR (17,000/2= 50% or 8,500 farmers); and support 10% of the 8,500 or 850 farmers with the preparation of restoration project proposals. Thus, 50% of the area under cultivation is roughly 1,970,000 hectares (1,617,900 hectares in the state of Bahia, and 348,152 hectares in the state of Tocantins). As the Forest code determines that in Tocantins 35% of properties need to be set aside, this means that 35% of 348,152 hectares or 121,853 hectares will need to be protected. In Bahia, the area that must be set aside is 20% or 323, 580 hectares (0.2*1,617,900). The total area to be set aside, if half of the cultivated area is in full compliance with the Forest Code would therefore be 348,152 +121,853 = 445,433 hectares. The total area that will be under sustainable land management therefore is 545,433 hectares. This is a combination of the area under the ABC loan (100,000 hectares), which this project will contribute to, and the area that will be set aside under the Forest Code (445,433 hectares).

Direct CO 2 Mitigation. Project target 1,804,049 tCO2eq[23]. The deforestation rate in 2011 for the whole Cerrado was 7,249 km^2/year (2011). In this period most of the deforestation was concentrated in the Matopiba region. Better monitoring and control and the implementation of the Forest Code is expected to reduce the annual deforestation rate. As no recent data on deforestation in the Cerrado or the Matopiba region are available we are estimating that a gradual reduction of 1000 km^2 to 6000km^2 per year in 2020 is feasible. We assume a reduction of 250km^2 in year one; a reduction of 350km^2 in year 2 and a reduction of 400km^2 in year 3 or a total accumulative reduction of 1000km^2 over three years[24]. Attribution of direct and indirect impacts is complicated. However, through working directly in frontier areas and providing support to the process through which farmers comply with the forest code (registration – analysis and validation of registered

[23] After meeting with the GEF Sec experts on December 22nd, we were asked to revise our carbon calculations and adopt a more conservative estimate of the direct impacts of the project. Instead of decreasing deforestation by 2,000 km2, we have now utilized 1,000 km2 as the estimate, which this project will contribute to. In addition, we have compared the CO2 in the forests from the FAO Exact tool to the paper upon which we had based our previous calculations. Using Zone 3 in the FAO exact tool, it seems that we were overestimating the amount of CO2 the Cerrado landscape can store. We have changed our assumption to Zone 4/Tier 2 upon GEF's recommendation.

[24] The C02 mitigation reflects the 3 years of the project implementation + the 4th year as a cushion. The project activities are aimed at being finalized in three years, however due to the magnitude of the project, the last year was added in case activities cannot be completed in this period.

properties and regularization) and consequently guaranteeing better monitoring and control of illegal deforestation, the conservative assumption is that 8.5% of the reduction and the mitigated CO_2 emission can be attributed to the present GEF initiative. There are 48,698,713 hectares of Cerrado remnants in the Matopiba area. Without interventions 2,174,700 hectares will be deforested over three years (3 x 7,249km^2[25]). With interventions of the Forest Code and the project in the Matopiba area, deforestation will still be: 7,249km2 – 250km2 in year 1 = 6,999km^2 or 699,900 hectares; in year 2: 7,249 – 350km^2 = 6,899 km^2 or 689,900 hectares; in year 3: 6849 km^2 or 684,900 hectares. With the project there will, therefore still be 699,900+689,000+684,900 hectares=2,074,700 hectares of deforestation in the whole Matopiba area. In accordance with the FAO EX-ACT tool, in Zone 4/ Tier 2 [26] which possibly resembles best the different phytophysionomies of the Cerrado, this is equivalent to a reduction of 11,961,769 tCO2eq. The area that the project is *directly* working in, covers 8.5% of the total area. We assume that 8.5% of the reduction in CO2 emissions from deforestation can be attributed to the project. This is equivalent to 1,016,750 tCO2eq. As this reduction should be obtained through working directly in frontier areas in the states of Tocantins and Bahia with farmers to support registration in the farm registration system and with environment agencies on analysis and validation of registered properties and regularization of farms with a deficit in protected areas and on better monitoring and control of illegal deforestation this impact can be considered "direct". The project will directly support the restoration of 2,500 hectares. According to the FAO EXACT, the net reduction of the restoration of 2500 hectares of Zone 4 Forest over three years is 571,028 tCO_2eq . ABC loans incremental benefits: The assumption is that better knowledge and access to technical support for the preparation of loan proposals as well as capacity building of loan assessors will increase the uptake of loan proposals. Data from Banco Central do Brasil shows that from 2013-2016 in the ten municipalities 611 ABC loans for agricultural production were contracted. It is assumed that without project intervention a similar number will be contracted over the next period of three years, but that with the above intervention it will be possible to double the uptake in the period 2017-2019. Hence by 2019/2020 a total of 1833 loans would have been contracted. Assuming further that the incremental 611 loans will affect at least 100,000 hectares in the focal areas and include improved agronomic practices, nutrient management, no till, and water management, according to FAO -EXACT this will translate into a positive balance of 216,270 tCO_2eq

Indirect CO2 mitigation target: 5,000,000 tCO2 : We expect that deforestation rates as a result of the indirect impact of this project would decrease across the Matopiba region as state environmental agencies would be trained and their knowledge would likely be shared beyond the 10 municipalities in the two states (Bahia and Tocantins). Since the Matopiba region comprises four states Maranhao, Tocantins, Piaui, and Bahia and we are working in two states, we expect that this project will indirectly contribute in mitigating half of the 11,961,769 tCo2eq[27] for the whole region for a total of 5,000,000 tCO2 eq.

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.

GEF Focal Area Strategies

This project is in line with the following GEF-6 focal area objectives:

Biodiversity Objective 4, Program 9, Mainstream biodiversity conservation and sustainable use into production landscapes and seascapes and production sectors: specifically, Outcome 9.1, by increasing the area of productive

[25] Deforestation rate as of 2011.
[26] According the paper Carbon Stock in cerrado sens stricto in the Federal District by Paiva, Rezende, and Pereira above ground biomass in the cerrado is estimated at 8.6 tons of carbon and below ground root biomass is 22 tons of carbon per hectare. Converting carbon to CO2 by using the conversion factor (44/12) is estimated at 110 tCO2.
[27] This is the total CO2 mitigated in the Matopiba region derived from the EXACT tool, which covers four states.

landscapes that integrate sustainability criteria into their management, and Outcome 9.2, by incorporating biodiversity and forest cover considerations into national and subnational agriculture commodity policies;

Climate Change Mitigation Objective 2, Program 4, Promote conservation and enhancement of carbon stocks in forests, and other land use, and support climate smart agriculture: contributing to both Outcome A and Outcome B by accelerating the adoption of management practices that reduce GHG emissions from land use change and deforestation, and supporting the development and implementation of model policy, planning and regulatory frameworks that foster low GHG development from agriculture commodities;

Sustainable Forest Management Objective 1, Program 1, Integrated landuse planning; Program 2, Identification and maintenance of high conservation value forests; Program 3, Identifying and monitoring forest loss: contributing to both Outcomes 1 and 2 on cross-sector policy and planning approaches at appropriate governance scales and innovative mechanisms to avoid the loss of high conservation value forest.
The project is in line with the overall IAP, whose program goal is to implement a supply chain approach to solve underlying root causes of deforestation from agriculture commodities. Focusing on a specific component of sustainability – deforestation – this project strengthens the effectiveness of the Program and allows for the Program's partners to find clear coordination points.

Theory of Change

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. 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.

To achieve that, an important first step will be the implementation of the existing environmental legislation, i.e. the Forest Code, which guarantees conservation of at least 20% of native vegetation on private properties in the States of Bahia and Piaui and 35% in the States of Maranhão and Tocantins.

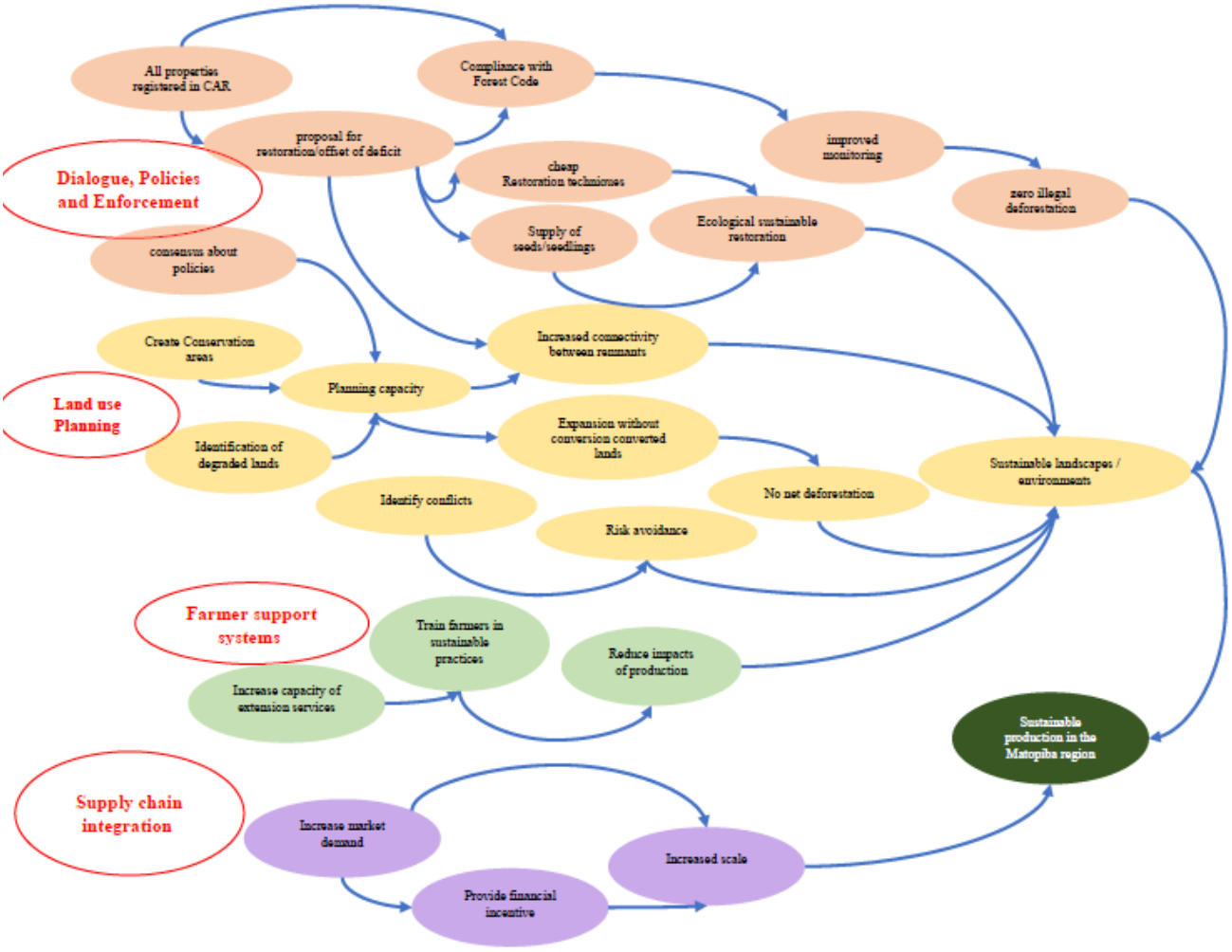
A second step is the creation of a local private-public vision about how the region should absorb changes and adapt to a new reality that includes the production of agricultural commodities. A vision, in combination with better land-use planning, should enable local governments to direct production to areas where the impact is relatively small in ecological and/or social terms. For example, if the production of commodities were directed to degraded areas, expansion of production could occur without additional deforestation. In addition, restoration of illegally cleared lands could be planned in such a way that it would connect existing remnants, thus increasing overall connectivity and ecological sustainability, or in order to protect strategic ecosystem services. Finally, 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.

Table 2. The Theory of Change and assumptions for the project

Theory of Change Scenario
If all properties are registered in the CAR, **then** they are, in principle, in compliance with the Forest Code on the condition that farmers submit a proposal for the restoration of illegally deforested riparian conservation areas or for the restoration or offset of illegally deforested legal reserves. (Forest Code, Law 12.651 of 25 May 2012) and subject to monitoring E.g.: Assunção, Juliano; Gandour, Clarissa; Rocha, Rudi, (2015). Deforestation slowdown in the Brazilian Amazon: prices or policies. In: Environment and Development EconomicsVolume 20 / Issue 06 / December 2015, pp 697-722. Cambridge University Press 2015
If supply of seeds and seedlings is secured and if better and cheaper restoration techniques are available, **then** farmers are more likely to invest in ecologically responsible restoration of illegally deforested areas. E.g.: IPEA (2015). Diagnóstico da Produção de Mudas Florestais Nativas no Brasil. Relatório de Pesquisa
If all properties –and native vegetation on them- are duly registered and mapped, **then** it is possible to plan restoration of illegally deforested areas or offset of legal reserves in such a way that remnants are connected and ecological corridors are created, thus increasing ecological sustainability, the protection of critical ecosystem services and resilience of the productive landscape against climate changes. E.g.: Silva, J.A.A.; Nobre, A.D.; Manzatto, C.V.; Joly, C.A.; Rodrigues, R.R. Skorupa, L.A.; Nobre, C.A.; Ahrens, S.; May, P.H.; Sá, T.D.A.; CUNHA, M.C.; RECH FILHO, E.L. (2011). O Código Florestal e a Ciência: Contribuições para o Diálogo. Sociedade Brasileira para o Progresso da Ciência / Academia Brasileira de Ciências – São Paulo SBPC; Beier, Paul & Noss, Reed F. (1998). Do Habitat Corridors provide connectivity? In: Conservation Biology, Volume 12, Issue 6, pp1241-1252
If public and private financial and credit institutions would create mechanisms that would provide better loan conditions for sustainable production, **then** farmers would have a tangible incentive to comply with sustainable production conditions E.g.: Tanentzap AJ, Lamb A, Walker S, Farmer A (2015) Resolving Conflicts between Agriculture and the Natural Environment. PLoS Biol 13(9): e1002242. doi:10.1371/journal.pbio.1002242
If farmers know about and are trained in better farm management and low-carbon techniques that will reduce costs and impacts, **then** they will apply them and reduce the impact of their production on the environment E.g.: Mônica S. S. de M. Costa; Laércio A. Pivetta; Luiz A. de M. Costa; Laerte G. Pivetta; Gustavo Castoldi; Fábio Steiner. (2011). Atributos físicos do solo e produtividade do milho sob sistemas de manejo e adubações/ Soil physical attributes and corn yield as affected by soil managements and fertilization. In Revista brasileira de Engenharia Agrpicola e Ambiental
Land conflicts, especially conflicts between soy farmers and communities or traditional peoples, are a potential corporate risk for traders. **If** those conflicts are identified and made transparent, **then** the private sector together with the local public sector, have an increased interest in resolving those conflicts E.g.: Swiss Peace (2015). Agribusinees: Risks and Impacts in Conflict-Affected Areas.Background Paper: on: http://www.swisspeace.ch/fileadmin/user_upload/Media/Publications/Journals_Articles/Economy
If degraded areas that are suitable for the production of agricultural production are properly identified, **then** expansion of production could be directed towards these areas and expansion could occur without additional deforestation or conversion of native vegetation E.g.: Lima, Rodrigo C.A.; Nasser, André; Harfuch, Leila; Chiodi, Luciane; Antoniassi, Laura; Moreirea, Marcelo. (2012). Agricultura de Baixo Impacto: Construindo a Economia Verde Brasileira. An example is the zoning and planning of sugar cane production. See https://www.embrapa.br/busca-de-produtos-processos-e-servicos/-/produto-servico/1249/zoneamento-agroecologico-da-cana-de-acucar
If public and private financial and credit institutions would create mechanisms (financial transactions) that would provide better loan conditions for sustainable production, **then** farmers would have a tangible incentive to comply with sustainable production conditions Assunção JC, Gandour C, Rocha R (2013). Does credit affect deforestation? Evidence from rural credit policy in the Brazilian Amazon. Climate Policy Initiative (CPI). PUC-Rio. 50p.
If sustainability of production in the Matopiba region would be recognized by the market (demand), **then** farmers in the region or in other regions have an incentive to apply low-impact sustainable production practices.
If these conditions are in place then we will be able to considerably reduce deforestation in the supply chains.

A diagram below describes the Theory of Change proposed in the previous table.

Figure 3: The Theory of Change diagram



Project Components, Outcomes and Outputs

To achieve the project's objective, the project is divided into five components: (i) Dialogue, policies and enforcement; (ii) Farmer support systems; (iii) Land use planning; (iv) Supply chain integration; and (v) Knowledge management and M&E. While the Commodities Integrated Approach Pilot in the other three participating countries (Indonesia, Liberia and Paraguay) is divided along the three sectors of the supply chains (production, demand and commercial and financial transactions), it was decided that for soy in Brazil, the project would include all sectors in one proposal.

COMPONENT 1: DIALOGUE, POLICIES AND ENFORCEMENT

This component will provide support for the mobilization and engagement of public and private partners in defining a vision for the development of the region and for the implementation of existing environmental legislation, in particular the Forest Code of 2012. It has two expected outcomes: (i) A shared vision for the sustainable development of the MATOPIBA region; and (ii) Forest Code in 10 focal municipalities implemented and safeguards for communal use of natural resources developed.

OUTCOME 1.1. - 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 PRODUCTIVE LANDSCAPES

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. 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.

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. Under this output, proposals from the above forum will be detailed and submitted to local, state and federal governments and the inter-ministerial committee of the Plan for the Development of Matopiba.

OUTCOME 1.2 – IMPROVED ENVIRONMENTAL MANAGEMENT IN THE MATOPIBA REGION

This outcome is divided into three outputs: (i) the rural environmental registry in 10 focal municipalities, located in two of the four focal areas implemented; (ii) the restoration-supply chain strengthened and structured in two focal areas in MATOPIBA; and (iii) safeguards for critical socio-cultural lands in the MATOPIBA region developed and implemented.

Output 1.2.1 - The rural Environmental Registry (CAR) in 10 focal municipalities implemented. In order to support the implementation of the environmental registry in 10 municipalities, located in Tocantins (Palmas, Porto Nacional, Monte do Carmo, Silvanópolis and Santa Rosa do Tocantins) and Bahia (Formosa do Rio Preto, Riachão das Neves, Barreiras, Luis Eduardo Magelhães, São Desidério) , the project will support the preparation of a reference base of permanent protection areas in private lands and land use (1:20:000) in the MATOPIBA region as a basis for assessment by environment agencies of compliance proposals and Barreiras and Palmas to assist farmers and in particular smallholders interested in the registration of their property. These "service points" will need to be established in centers known to and trusted by all farmers. The project will, therefore, collaborate with, AIBA in Barreiras and FAET in Tocantins. In addition to the establishment of the "service points", the project will support the organization of field campaigns to reach remote farms and smallholders, in order to inform them about the environmental legislation and help them to comply with the Forest Code, through the mapping and registration of their farms. .

Output 1.2.2 – The restoration-supply chain is strengthened and structured in two of the four focal areas in Matopiba. Farmers who need to restore permanent protection areas or the few farmers who might opt for restoration of their legal reserve -instead of seeking opportunities to offset their legal reserve deficit- will have difficulty to find native seeds and seedlings and technical assistance to help them to prepare and implement restoration plans. The project will, therefore, provide support and assistance to structure the supply chain, assist tree nurseries with the collection of seeds and the production and commercialization of seedlings. Support will be in compliance with national policies for the recovery of native vegetation, such as the proposed Plano Nacional de Recuperação da Vegetação Nativa (PLANAVEG)) and with the norms and regulations of the environmental compliance programme (PRA) and the rural environmental registry.

Output 1.2.3: *Safeguards for critical socio-cultural lands in the MATOPIBA region developed and implemented.* Brazil has robust legislation to protect communal lands. This includes indigenous lands, extractive reserves and lands for communities of former slaves (known as *quilombolas*). In the entire MATOPIBA region there are 4 extractive reserves; 28 indigenous lands, with a total area of 4.2 million hectares and 35 areas of *quilombolas* with a total area of 231,000

hectares [28]. In general, the rights of indigenous peoples in indigenous lands are well protected. That cannot always be said of former slaves' communities or other traditional peoples. There are reports about people who lost their lands as a result of land grabbing practices, intimidation and threats (see also under risks).

Conflicts over land are not limited to the Matopiba region or the agricultural frontier. Land conflicts –often violent- exist in the entire country. The project will not have the capacity to resolve this issue. It may, however, contribute to the management and even solution of some of the most critical conflicts in the region. To that end, the project will first identify areas where the rights or livelihoods of traditional communities are threatened. The identification of critical areas should consider the entire Matopiba region and not be limited to the focal areas. Based on the identification and assessment of critical areas, the project should provide and discuss recommendations for safeguards and their implementation. Where possible and if conflicts are identified in the focal municipalities, the project should actively provide support to broker agreements about land use rights for traditional communities or long-term occupants whose livelihoods depend on working the land. Besides the identification of most critical areas, the project includes support to discuss with all stakeholders safeguards and technical assistance for the development of procedures to implement those safeguards. An important partner in this activity is likely to be the public attorney office (Ministério Público Federal – MPF).

COMPONENT 2: FARMER SUPPORT SYSTEMS AND AGRI-INPUTS

OUTCOME 2: A SYSTEM OF SUPPORT IN THE FOUR FOCAL AREAS IS HELPING SOY FARMERS TO ADOPT SUSTAINABLE MANAGEMENT OF THEIR PROPERTIES AND SUSTAINABLE AGRICULTURAL PRACTICES.

To achieve this outcome, the component is divided in three outputs: (i) Innovative techniques and practices for the restoration of degraded and deforested land developed and tested; (ii) Best agricultural and sustainable management practices disseminated; (iii) Farmers trained in low carbon agricultural practices. Prior to the implementation of activities to support farmers in the adoption of 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 their specific needs.

Output 2.1.1 Innovative techniques and practices for the restoration of degraded and deforested land developed and tested. To develop innovative restoration practices and techniques, the project will support the selection of pilot areas in each focal area, based on farmers' interest, importance with respect to connectivity or other criteria, and test in each area new, low-cost restoration techniques. Restoration is the process of promoting or accelerating the recovering of ecological communities through direct and/or indirect actions: (i) reconstruction of species-rich functional communities capable of evolving; (ii) stimulating any potential for self-recovery still present in the area (resilience); and (iii) plan restoration actions in a landscape perspective. Within these principles, projects generally have the following site-level goals: remove or minimize human impact; create or protect a forest structure capable of providing permanent shade; keep or increase the number of woody species, and favor the insertion of new native species; provide shelter and food to permanently retain the local fauna; and manage invasive exotic species [29].

Depending on local conditions, 'restoration testing' may involve natural regeneration; the sowing of a carefully selected mix of seeds (known as "muvuca"); transposition of patches of the top soil of native vegetation areas (soil seed banks); covering of degraded areas with organic material from native vegetation areas; planting of nuclei of pioneer species that prepare the soil for succession with other species; or the planting of seedlings.

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28 The 35 former slaves' communities refer to the communities that have their land rights recognized or that are in the process of having their rights recognized. A more detailed assessment of former slaves' communities (at: http://www.palmares.gov.br/?page_id=88 identifies 178 communities, 5 of which in the focal areas (two in Chapada da Natividade; 1 in São Raimundo do Nonato; 1 in Redenção do Gurguéia; 1 in Barreiras

29 Ricardo R. Rodrigues, Renato A.F. Lima *, Sérgius Gandolfi, André G. Nave (2009). On the restoration of high diversity forests: 30 years of experience in the Brazilian Atlantic Forest. Laboratório de Ecologia e Restauração Florestal (LERF), Departamento de Ciências Biológicas, ESALQ - Universidade de São Paulo. In: Biological Conservation 142: 1242-1251

On the basis of the results of restoration testing, the project will support the preparation and dissemination of recommendations and training material on ecological restoration. Dissemination will be done through the organization of demonstration field days and through the development of folders and training materials. The project will provide direct support for the restoration of 25 hectares. This is expected, however, to leverage additional inputs from farmers and lead to field-testing of restoration in a total area of at least twice that size.

Output 2.1.2 - Best agricultural and sustainable management practices disseminated. To disseminate sustainable management practices, the project will support activities to raise awareness among farmers (women and men) about management models for their farms. As the demand for technical assistance is likely to depend on local conditions, the project will first engage with local farm organizations in order to identify specific technical co-operation needs . This is likely to include better soil management to reduce erosion and/or improve productivity through the use of more appropriate rotation models; resilience against rainfall oscillations; reduction of the use of agrochemicals; better management practices.

Based on this demand, the project will support the dissemination of existing practices and/or organize training courses together with farmer organizations, such as the national service for rural training (Serviço Nacional de Aprendizagem Rural –SENAR), to build resilience to climate change. Although primary intended beneficiaries are soy producers, relevant training courses may also include smallholders.

The project will also support farmers interested in obtaining certification of the Roundtable for Sustainable Soy through support for gap-analyses and the preparation of recommendations about how to comply with RTRS conditions.

Output 2.1.3 Farmers trained in low carbon agricultural practices. Low-carbon practices are an important element of sustainable practices overall. Low-carbon practices include: zero tillage; integration between agriculture, forestry and cattle ranching; nitrogen fixation and other soil improvement techniques. Some practices are already widely used by soy farmers (such as zero tillage), but there still is a demand for soil improvement and low carbon techniques. Dissemination of these techniques will take place via: workshops to inform farmers; training of extension service staff (women and men), to inform and train farmers (women and men), as well as provide training that will support the preparation of loan proposals for the low-carbon program of the national development bank (BNDES). This may also include the involvement of local bank staff in order to improve their capacity to assess loan proposals. Results from the field will also be discussed and/or disseminated to global levels through the traders working group and to the global community of practice workshop in the second year of implementation through the adaptive management and learning child project.

COMPONENT 3: LAND USE PLANS AND MAPS IN TARGETED LANDSCAPES

OUTCOME 3:IMPROVED PLANNING FOR EXPANSION OF PRODUCTION AND CONSERVATION

The expected outcome is the preparation and discussion of proposals for biodiversity conservation and for the expansion in appropriate areas of soy.

To achieve this outcome, four outputs are foreseen: (i) Forum for landscape management created in four local areas; (ii) Priority Corridors for biodiversity and restoration of native vegetation identified; (iii) Zoning proposal for expansion of soy production developed and discussed; (iv)Conservation areas proposed and implemented

Output 3.1.1 - Forums for landscape management created in two focal areas. In each of two regions (Tocantins and Bahia), the project will support the creation of a forum on landscape planning, which will involve municipal governments, private sector and civil society representatives. Landscape planning is a planning tool operating between existing land use planning tools (such as the “plano director” that all municipalities are required to have) and the planning of individual properties. Its main objective is to ensure that the planning of individual properties is integrated in a way that minimizes the trade-off between production and conservation of biodiversity, native vegetation and ecosystem services. This may

include better planning of dirt roads to minimize erosion; maximizing connectivity among conservation areas in private properties required by the Forest Code in order to ensure ecological sustainability, avoid silting of riverbeds or maximize infiltration of rainfall or other activities [30].

Output 3.1.2 - Priority corridors for biodiversity conservation and restoration of native vegetation identified. Under this output, the project will support efforts to identify corridors for biodiversity conservation and restoration of native vegetation. Depending on the focal areas selected, this may be limited to the selected municipalities or cover the larger area covering the four main soy production regions in Maranhão, Tocantins, Piaui and Bahia. It will include analysis of existing permanent protection areas, biodiversity priority conservation areas and the development of alternative scenarios for the establishment of priority corridors. Workshops will be organized to discuss the scenarios with key stakeholders, such as state environment agencies, municipal governments, and potentially affected local communities. Recommendations for follow-up will be delivered to by state and federal environment agencies.

Output 3.1.3 – Zoning proposal for expansion of soy production developed and discussed (to be funded by IFC). To recommend areas for the expansion of soy, the project will support the assessment of past tendencies of agricultural expansion in the region and the identification of characteristics such as soil fertility, sufficient rainfall, existing infrastructure; availability of already converted lands, including degraded pastures that may indicate opportunities for further expansion or characteristics that may impede expansion, such as existing conservation areas, priority biodiversity conservation areas, land conflicts with local communities, etc. The goal will be to find areas that are apt for the production of agricultural commodities, that are already converted but under-exploited and that do not have negative impacts on existing population. The project will support discussions with farmer organizations and municipal and state governments about possible scenarios for expansion. Furthermore, the project will provide assistance to municipalities and the four states to promote the implementation of land-use policies and planning procedures that are integrated with existing planning tools in support of expansion. Proposals for the expansion of the production of agricultural commodities will also be presented to and discussed with global or regional trader working groups.

Output 3.1.4 -Conservation areas proposed and implemented. This output will consist of three different activities. The first will identify gaps and challenges in the management of existing conservation units. This may also include the identification of opportunities for land tenure regularization of existing conservation areas through the off-set of legal reserves. Few conservation units in Brazil and in the region have resolved all land tenure issues, to a large extent because of the lack of funds to indemnify private properties within their borders. The Forest Code allows for offset of a deficit in legal reserves [31] through the acquisition of private properties in conservation areas and subsequently the donation of that area to the entity responsible for the management of the conservation unit in question, either ICMbio, one of the state agencies or a municipal government. The proposed activity will consist of the preparation of a summary of the relevant conservation units and their land tenure situation and discussions with the responsible management entities procedures for the implementation of this mechanism. This will include recommendations on implementation of a mechanism for off-setting legal reserve deficits.

The second activity will involve the preparation and implementation of management plans for indigenous lands and for the creation and establishment of conservation areas on private lands (reserva particular para do patrimonio particular-RPPN).

The third set of activities will consist of the gathering of lessons learned from the implementation of activities under this outcome and previous outcomes with respect to natural capital protection for sustainable agricultural landscapes and disseminating them to a wider public, including the productive sector and staff involved in planning and decision-making.

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30 For example, in the Balsas region, the headwaters of the river Balsas are a concern for many producers and communities close to the river. Should Balsas be selected as one of the ten focal municipalities, this may become the main landscape planning issue in this region. In the Barreiras region, it could involve the planning of conservation areas in private properties and in existing sustainable use conservation areas in order to ensure maximum infiltration of run-off from rainfall in order to maintain existing levels of the Urucuia aquifer.

31 Legal reserve is the part of private properties that need to be kept under native vegetation. In accordance with the Forest Code, properties on the Cerrado biome need to conserve 20% of their property as legal reserve. In the Cerrado biome located in the Legal Amazon which is the case of Tocantins and a large part of the State of Maranhão the reserve should add up to 35% of the property.

COMPONENT 4: SUPPLY CHAIN INTEGRATION

Component 4 aims to increase awareness of the market (processing industries, retailers and consumers) and banking sector regarding sustainable production of soy and ways to promote it. Although a considerable part of influencing market demand and financial support for production occurs at the global level, the size and diversity of the Brazilian soy supply chain requires that the national processing industry and banking sector also become part of this initiative. This component, therefore, seeks to integrate relevant actions at the global level into the Brazilian context

The component consists of two outcomes: (i) Increased market demand for responsibly sourced soy; and (ii) Innovative long-term financial products developed and promoted, including risk management tools and mechanisms for sustainable production.

OUTCOME 4.1 INCREASED MARKET DEMAND FOR RESPONSIBLY SOURCED SOY

In order to achieve this outcome two specific outputs were identified: (i) Soy Traders Platform convened; (ii) Transparency in the soy supply chain increased; and (iii) An assessment conducted of the feasibility of a certification of origin for sustainable soy produced in the Matopiba region.

The outcome with respect to demand will be led by WWF working in close coordination with the Brazil Matopiba Child Project. Activities will be largely implemented by WWF, with the exception of the assessment of the feasibility of a certification of origin for sustainable soy produced in the Matopiba region, which will be implemented by Conservation International of Brazil. The activities proposed here mirror some of the activities of the Demand child project.

Output 4.1.1. -Soy Traders Platform convened. Activities to achieve this output will include: *(funded under the Demand child project led by WWF)* with CI's participation

- Biannual meeting of key traders and other stakeholders representing 3 soy working groups
- Bi-monthly meetings of traders in working group on roadmap to reduced deforestation soy
- Vision and goal statement, timeline and implementation plan for sourcing reduced deforestation soy developed through Proforest-led working group in Soy Traders Platform.

Through Output 4.1.1 [32] the Responsible Demand Project will build on a nascent "Soy Traders Platform" proposed during the PPG phase of the IAP. The goal of the Platform is to create collective trader action to sourcing reduced-deforestation soy in Latin America, with additional commitments to sourcing reduced-deforestation soy expected as a result.

GEF funds will be used to support the following activities, to be implemented by Proforest:

- The Soy Traders Platform. The platform will be convened biannually. Participants to the biannual meeting include key traders — ADM, Bunge, Louis Dreyfus, Amaggi, Nidera, COFCO-Agri and Wilmar (with more participants able to join throughout the length of the project) — and a "steering committee" comprised of Proforest, WWF, IFC, CI and TNC.
- Traders roadmap to reduced deforestation soy. In addition to a biannual meeting, the Responsible Demand Project will deliver a trader's roadmap on sourcing reduced deforestation soy in Latin America. Proforest will implement the process to developing the roadmap. CI will contribute key information on Brazil including: collection of lessons learned from IAP Brazil site in Matopiba, for incorporation into the roadmap, in particular developing recommendations for producer support. The project will also prepare information to explain the Forest Code and show that this policy – when correctly implemented – may become a solid base for sustainable production of agricultural commodities.

[32] Please refer to output 1.1.3 of the IAP Demand Project ProDoc for complete output description

- Finally, when the roadmap is complete there will be engagement with key partners from processing industries, the retail sector and consumer organizations to promote commitments for responsible soy; maintain connection with global and regional platforms to ensure awareness on development in the Matopiba region.

Output 4.1.2: Platforms developed and introduced for enabling public access to information on supply chain actors and key territories (funded under the Demand child project led by WWF) Activities under this output will include:

- The identification of Supply chain actors for pilot regions to link commodity purchases from geographical origin to destination;
- Development of publicly available commodity portal to create transparency along the supply chain and raise awareness of supply chain actors' risk exposure in different production geographies.
- Completion of pilot geographical mapping on Brazilian soy and Paraguayan beef to validate the model used in the commodity portal.
- Preparation of a Pilot Transformative Transparency Year Book to present aggregate measures of risk and performance for both key territories and commodity traders.

Through output 4.1.2, [33] the Responsible Demand project will build out an open-access public platform called "Transformative Transparency" to increase supply chain transparency. The goal of the platform is to increase transparency on the production of soy and beef and the destination of export flows.

Activities under this output will be implemented by the Stockholm Environmental Institute and the Global Canopy Programme (GCP). GEF funds will be used to support the following activities (as relevant to Matopiba, Brazil project):

- Development of Transformative Transparency platform. This will include tracing soy flows from jurisdictions in Matopiba region in Brazil and assessing deforestation risk, linking these flows and risks to supply chain actors sourcing from these key areas. Mapping and risk assessment will be conducted for key IAP geographies, including Matopiba.
- Pilot mapping. SEI will conduct a comprehensive case-study on Brazilian soy (Matopiba) that includes in-depth mapping and identification of decision-relevant indicators of risk and performance for supply chain actors.

There will be a kickoff workshop in Brazil with all relevant stakeholders from the Matopiba region to develop the methodology for incorporating supply chain information, maps, and risk analysis into the tool. The Transformative Transparency platform will be adjusted to the Matopiba conditions and will detail and improve the data available.

Output 4.1.3 – Assessment conducted of the feasibility of certification of origin. This output will require a consultant to evaluate existing certification of origin experiences and their potential for replication in MATOPIBA (*funded under this Brazil Child Project and executed by CI. This is reflected in the budget for component 4)*

OUTCOME 4.2 THE FINANCIAL SECTOR IS ENGAGED IN THE PROMOTION OF SUSTAINABLE SOY

In line with the child project on Enabling Transactions, with specific aspects delivered by either CI or IFC . For the purpose of clarity at the end of each activity we have assigned either IFC (Enabling Transactions) or CI (Brazil-Matopiba) to indicate which team will take the lead on the work for resource allocation purposes although many of the activities will require close coordination between the two teams.

The specific objective of this work is to support the development of innovative financial instruments for both banks and companies leading to the adoption of sustainable practices. Activities proposed here mirror activities in the Financial transactions child project, but are organized under one outcome that reflects the original outcomes in the transaction child

[33] See output 4.1.3 and 4.1.4 of the IAP Demand Project ProDoc for complete output description

document: Innovative long-term financial products developed and promoted, including risk management tools and mechanisms for sustainable production.

Output 4.2.1 - Commercial/blended finance transaction mechanisms identified and promoted. This thesis analysis will consist of analysis of several business cases and the screening of region and country opportunities.

Business case analysis will include looking for potential opportunities for investment in Matopiba.

- Review and or build upon business case analysis for the beef intensification model (inclusive 1-3 stages) and its applicability to the Matopiba region; (*funded and implemented under the IFC Transactions Child Project*);
- Review and or build upon business case analysis degraded pasture to soy model and its applicability to the Matopiba region; (*funded and implemented under the IFC Transactions Child Project*);
- Lay out agricultural economics using respected Brazilian researchers, mapping against biophysical constraints (with availability of labor, logistics costs), conservation hot spots etc.(*funded and implemented under the IFC Transactions Child Project*) ;

A series of workshops in Matopiba will be undertaken to present findings of the various business case analysis. It is viewed that this would be done on a rolling basis when the business cases are available but it is assumed that 6 to 8 workshops will be organized through the course of the project. (*funded and implemented under this Brazil Child project and executed by CI. This activity is reflected in the budget under component 4*)

Engage experts (modelers + economists + mappers) to finalize business case proposals on available area (biophysical mapping for soy suitability) for Matopiba; (*funded and implemented under this Brazil Child project and executed by CI. This activity is reflected in the budget under component 4*);

Engage with the banks and private sector to cross check on financing feasibility and to ascertain future financing interest; (*funded and implemented under the IFC Transactions Child Project*)

Initial analysis was conducted in collaboration with the soy industry participants at a meeting held in January 2016 in Miami. The determination of commercial viability or whether blended finance would be required will be determined towards the end of this exercise. The team will continue to identify potential sources of blended finance during the first year of the program.

Business case for Sustainability Standard Adoption: IFC, IDH and WWF conducted the first business case analysis for soy standards adoption in 2011 using a framework developed by KPMG. At that time only a limited amount of farms (mainly larger farms) had certified and an update of that work incorporating other schemes (e.g. Proterra, ISCC) could be considered. Group certification was not assessed but has now been carried out by a number of groups (e.g Alianca da Terra & CAT Sorriso) which should also be assessed. (*funded and implemented under the IFC Transactions Child Project*)

On the beef standard adoption side, the GTPS standard (which links to the GRSB standard) will be finalized shortly. It is proposed to wait until this standard is adopted in a number of Brazilian farms and then conduct a business case analysis at a later stage. The purpose of both analyses would be to determine whether a potential financing product can be developed to support standards uptake. (*funded and implemented under the IFC Transactions Child Project*)

Trade Finance: Sustainable Shipment LC for the soy sector. The team would work on a complementary trade finance product for the soy sector similar to that already available for the palm oil sector. This would be done through the BEI and as a basis would use as a starting point the CGF's sustainable soy sourcing guidance as a starting point. The team could then promote such a product through established Sustainable Banking Network contacts with Febreban. This financial product would then be available for producers/traders participating in programs where eligibility criteria are met (e.g. verified/certified soy supply chains) some of which will be in the Matopiba area. (*funded and implemented under the IFC Transactions Child Project*)

Output 4.2.2 – Introduction of tools to enhance capacity of financial markets and institutions.

Bank/FI Training: To enhance awareness and capacity amongst financial institutions, the project will support the preparation of technical briefs, the organization of targeted workshops and of training program for financial institutions and risk managers. (*funded and implemented under the IFC Transactions Child Project*). The majority of this work will be undertaken where local commercial banks have their environmental and social risk departments, more likely to be Sao Paulo than in the Matopiba regions.

Specific Tools for ESG Screening: Under this output, the project will support the development of value at risk models that introduce the necessary tools to identify and quantify risks associated with investments in the production of targeted commodities. In addition, the project will support the preparation of a business case report that will articulate the opportunities created by the risk mitigation options identified in the value at risk methodologies. (*funded and implemented under the IFC Transactions Child Project*)

GMAP as a tool does not differentiate between the various regions in Brazil for either beef or soy. It is proposed for large countries such as Brazil that GMAP undergoes a regionalization process more aligned to the risks associated with the production areas.

There is interest from a number of major commercial banks in Brazil (both domestic and international) to develop a shared risk platform for due diligence at the farm level. Easily accessible data on a farm's legal compliance, deforestation, soil and water quality, labor practices, credit history, etc., can add significant value to the banking sector while simultaneously empowering FIs to help ensure implementation of the Forest Code and good E&S practices. WWF is currently in conversation with a leadership group of Brazilian FIs on development of this tool and if broad support amongst Brazilian banks can be agreed during the early stages of project execution the program will support this work stream.

GMAP, which at this stage does not differentiate between states/municipalities and the Agribusiness Technical Referential used by Banco de Brasil which has property based characteristics. Of these two tools the second offers more opportunity for deployment on a pilot base in the Matopiba regions and this will be explored during the course of the program. (*funded and implemented under the IFC Transactions Child Project*)

To ensure that financial system rules and regulations promote investment in deforestation free production, the project will prepare a study on the conduciveness of financial system regulations for the production of deforestation free commodities and prepare recommendations for the adoption of procedures. (*funded and implemented under the IFC Transactions Child Project*)

These will be undertaken in the context of Brazil in general rather than specifically for the Matopiba region per se.

Feasibility Studies
The project expects to produce two outputs: A feasibility study on market compensation for legal reserves – *Activity 4.2.2.1(funded and implemented under this Brazil Child project and executed by CI. This activity is reflected in the budget under component 4)* and a study on the feasibility of a payment for environmental services system in the region – *Activity 4.2.2.2. (funded and implemented under this Brazil Child project and executed by CI. This activity is reflected in the budget under component 4)*

These two studies will focus specifically on the Matopiba region as a potential pilot area for possible implementation if the feasibility studies for each study prove interesting.

5: ADAPTIVE MANAGEMENT, LEARNING AND M&E[34]

OUTCOME 5: PROJECT COORDINATED AND LESSONS LEARNED AND DISSEMINATED

The expected outcome of this component is the project effectively coordinated and monitored and lessons gathered and disseminated.

To achieve this outcome five outputs were defined:

5.1.1 Coordination and execution arrangements structured;

5.1.2 Progress and impacts effectively monitored and lessons learned and disseminated;

5.1.3 Progress in environmental regularization and impacts on selected ecosystem services monitored;

5.1.4 Gender roles and impact on women monitored;

5.1.5 Project/GEF monitoring conducted.

Details with respect to coordination and execution (output 1) are provided under institutional and coordination arrangements. Monitoring of progress and impacts refers to monitoring of progress in environmental regularization; of gender roles and impact on women and reporting of progress and impacts to GEF, including mid-term and terminal evaluations. To monitor progress in environmental regularization, the present initiative will support the monitoring of compliance of farmers with the Forest Code. In addition, the project will support the development and implementation of a monitoring protocol of selected ecosystem services in the region. The decision on which ecosystem service will be monitored will be taken on the basis of consultation with local partners. However, access to water is likely to be a strong candidate. The project will also support the application of the landscape accounting framework to monitor specific elements of selected landscapes.

Monitoring of gender roles will consist, first, of an assessment of the role and position of women in different areas of the agriculture sector: agro-business; smallholder-family-based agriculture and community-based agriculture and/or natural resources extraction. This assessment should not only provide a description and analysis of the role and position of women in these sectors but also recommendations for actions to improve the participation of women and of their position in general and with respect to indicators to monitor impacts of project interventions.

Monitoring and lessons learned will be closely coordinated with the Adaptive Management and Learning child project. This child project will be responsible for overall Program coordination among the different child projects. It will ensure a clear identity for the IAP, through the development of an IAP branding; program-level monitoring and evaluation; and joint knowledge management. Joint knowledge management will include the establishment of a Global Community of Practice to facilitate learning on effective interventions to address deforestation in supply chains and to provide a learning framework to explore cross-cutting themes such as gender and resilience. Knowledge management will include extensive learning from within the IAP, as well as learning from external partners through participation in events and fora. IAP publications will be produced, information disseminated through speaking events, and articles included through content sponsorship on the Guardian Sustainable Business website. Joint study tours funded by the production child project will also feed into this global-level knowledge management.

Incremental/additional cost reasoning and expected contributions from the baseline, the GEFTF, LDCF, SCCF, and co-financing

Incremental Cost Reasoning

[34] Referenced as Knowledge Management and M&E in Prodoc

Without the proposed intervention, expansion of soy production is likely to threaten existing remnants, including remnants that are priority areas in terms of biodiversity conservation or the continuation of ecosystem services. In addition, undirected expansion may also cause conflicts with traditional communities whose livelihoods depend on access to land and natural resources in the region.

The investment from GEF will support interventions that ensure that commodities production does not lead to deforestation and that it encourages conservation activities, in two focal landscapes ('areas') in the agricultural frontier in Brazil's Cerrado. Compared to the many isolated initiatives to promote more sustainable production, the present initiative will encourage sustainable production at landscape level, including the restoration of degraded lands, agricultural intensification and the creation of conservation corridors. In addition, this initiative will involve all parties in the soy supply chain and, hence link farmers, traders, processing industries and ultimately consumers in efforts to promote sustainable production and reduce conflict, with significant reduction of deforestation of native vegetation in the Cerrado.

Baseline Contribution

There are several relevant projects implemented in the MATOPIBA region which have similar goals to this project. These include national and international projects to encourage registration of properties in the environmental registry and compliance with the forest code, as well as national and international initiatives to promote sustainable development in the region. A summarized list of these initiatives are presented in Table 3.

Table 3. Incremental reasoning for the project and baseline contributions

Identification	**Total budget and source of funding**	**Description**	**Incremental reasoning for the proposed project**
CAR Tocantins Legal SEMARH/NATURATINS	BRL 43.6 M Amazon Fund BNDES	Implementation of the Rural Environmental Registry (CAR), decentralization of environmental management system of municipalities, and development of a sustainable forestry production pole.	This will be additional to obtain compliance with the Forest Code in the whole Tocantins state, beyond those targeted municipalities of the current project.
CAR Bahia SEMA/ INEMA.	BRL 31.7 M Amazon Fund BNDES	Implementation of the CAR (focus on small-scale farmers, reform settlements and traditional communities), and trainings to municipal governments.	This will be additional to obtain compliance with the Forest Code in the whole Bahia state, beyond those targeted municipalities of the current project.
Maranhão Sustentável SEMA	BRL 20.9 M Amazon Fund BNDES	Environmental regularization, mobilization of farmers and awareness on CAR, support to restoration plans, enhancement of the environmental management, and monitoring capacity of SEMA.	Although focused in the Amazon portion of The Maranhão state, this initiative will increment awareness on CAR along the whole state.
Sustainable Growth and Social Inclusion Development Policy Loan in Piaui	USD 200 M World Bank	Land tenure security, employment, income growth for subsistence and small-scale agriculture, sustainable agriculture, water resources management and rural fire prevention, control and combat, education and employment opportunities for vulnerable youth, health attention to the poorest and most vulnerable groups, increased efficiency in public expenditure management, and results-based monitoring.	This initiative meets the project expected outcome in developing safeguards for traditional lands in the MATOPIBA.
Cerrado Climate Change Mitigation Trust Fund:	£10 M Supported by DEFRA/UK	Divided into the five subprojects below: 1) Ministry of Environment's capacity (integrated management of forest fires and registration of rural properties), action plan for the prevention and	This initiative has synergies with one of the project global benefits to reduce GHG

Identification	Total budget and source of funding	Description	Incremental reasoning for the proposed project
1) ProCerrado Federal, 2nd phase 2) Rural Environmental Registry and Fire prevention in Bahia 3) Rural Environmental Registry and Fire prevention in Piauí 4) Development of Systems to Prevent Forest Fires and Monitor Vegetation Cover in the Brazilian Cerrado 5) Support for technical assistance for the World Bank	Administered by the World Bank	control of deforestation and forest fires in the Cerrado, legal compliance of small holders in Tocantins and Maranhão, prevention and combat to forest fires in conservation units. 2) Rural landholder's compliance with the Forest Code/CAR; promotion of sustainable productive activities; strengthening of municipal governments' capacity to prevent and control forest fires. 3) Rural landholder's compliance with the Forest Code/CAR; promotion of sustainable productive activities; strengthening of municipal governments' capacity to prevent and control forest fires. 4) Capacity of Brazil's institutional to monitor deforestation, provide information on fire risks and estimate related GHG emissions in the Cerrado. 5) Analytical work, technical assistance and training necessary for the Ministry of Environment and its partners to achieve the goal of mitigating Climate Change in the Cerrado.	emission from Cerrado deforestation, specifically through legal compliance with the Forest Code in Bahia and Piauí.
FIP. Environmental Regularization of Rural Lands in the Cerrado of Brazil	USD 49.98 M Strategic Climate Fund	Ministry of Environment and nine state environment agencies' capacities to receive, analyze and approve rural environmental registry entries in the Cerrado, and links to National Environmental Registry System (SICAR).	This initiative is in line with one of the project's main instruments to scale up the number of rural properties registered in the SICAR in the Matopiba region.
Sustainable Production in Areas Previously Converted to Agricultural Use Project for Brazil **SENAR** (*Serviço Nacional de Aprendizagem Rural*)	USD 11.3 M World Bank	Low carbon emissions agricultural technologies, training courses, and field technical assistance in Cerrado states.	This initiative will collaborate with the dissemination of low-carbon techniques in agriculture and other associated technologies.
Reduction of Greenhouse Gases Emission in Agriculture **(**ABC Program)	c.$130,000,000 (variable) BNDES	Loans to reduction of GHG emissions from agriculture, restoration of degraded lands, zero-tillage methodologies, integration between agriculture, forestry and cattle ranching, environmental compliance of rural properties.	This initiative will collaborate with the dissemination of low-carbon techniques in agriculture and how to access credit to do it.

Co-financing

Co-financing will be provided by the partner agencies as follows:

Table 4. Project co-financing

Co-financing source	Co-financing type	Co-financing amount	Planned Activities/Outputs	Risks	Risk Mitigation Measures
Fundação Brasileira de	In-kind	USD 556,476	For Component 3	None	None

Desenvolvimento Sustent.					
Conservation International	Cash	USD413,202	To support the operationalization of the project (PMC) and component 5 Knowledge Management and Monitoring and Evaluation through support to M&E	None	None
UNDP Brazil	In-Kind	USD 100,000	Support to the Steering Committee and technical backstopping. Component 5.	None	None
SRB	In-kind	USD 235,000	For component 2	None	None
SRB (Farmer Investments in Landscapes)	Cash	USD 10,000,000	For component 2	Farmers do not invest in the number if hectares estimated	Project will engage and monitor the farmers' investments closely to assure that it is on target.
Ministry of Environment (MMA)	In-kind	USD 16,900,000	For Component 1	None	None

Global environmental benefits (GEFTF) and/or adaptation benefits (LDCF/SCCF)

Global environmental benefits

The objective and rationale for pursuing this strategy for reduced-deforestation commodities is to maintain globally significant biological diversity and the benefits that brings such as ecosystem services of water, carbon sequestration, intact ecosystems and habitat for species diversity and health. While these strategies will lead to conservation of biological diversity, they also would lead to the reduction of forest loss, by promoting no new illegal deforestation.

The project will support the sustainable production of commodities in the MATOPIBA region, an area with a size of 73 million hectares. It is further estimated that activities of this project will provoke the restoration of up to 2,500 hectares, equivalent to 162,000 ton CO^2. Finally, the initiative seeks to leverage the creation of conservation areas on private and

public lands with a total combined size of 10,000 hectares. The MATOPIBA region is spread across three of South America's major river basins, and the conservation of the target forest habitats, and sustainable management of currently degraded land, will support the conservation and stability of these watersheds and ensure continued ecosystem services for all communities affected, ensuring long-term resilience to climate change. The MATOPIBA overlaps with the Cerrado biome which is a global biodiversity hotspot; therefore, supporting forest conservation and ecosystem services in this region will help to contribute to global biodiversity priorities.

One of the prime Sustainable Forest Management goals is to maintain globally significant biodiversity and the ecosystem goods and services that it provides to society, we aim to promote this result. The project also aims to directly reduce the pressures on high conservation value forests by addressing the drivers of deforestation. The project will promote sustainable land management in systems through driving demand for sustainable commodities, which maps to the SFM 3 goal to reverse the loss of ecosystem services within degraded forest landscapes.

Global Environmental Benefit- Brazil Project	**Project Target**
Improved management of landscapes	6,000,000 hectares
Hectares under sustainable land management	545, 433 hectares
Tons of CO_{2e} mitigated/sequestered (include both direct and indirect)	1,804,049 metric tons[35] Direct 5,000,000 metric tons Indirect

Mainstreaming Resilience in MATOPIBA—Adaptation Benefits

The current initiative is expected to increase socio-environmental resilience in the Matopiba region to projected growth of agricultural commodities production and to expected climate changes. It will support registration of rural properties and native vegetation on private lands in the rural environmental registry, which was created as part of the Forest Code of 2012.

A registry of properties –over 5 million in the entire country- and all the permanent protection areas (mainly along rivers) and legal reserves (20% of each property in the Cerrado and 35% of each property in the Cerrado located in the Legal Amazon) is an excellent basis for improved environmental management and in particular the monitoring of illegal deforestation. Once fully implemented, illegal deforestation should be vastly reduced.

Restoration and offset also creates an opportunity for planning productive landscapes in such a way that native vegetation guarantees protection against soil erosion and the sedimentation of riverbeds and maintenance of the hydrological balances through infiltration and storage of rainwater. In addition, it offers the opportunity to connect existing fragments thus increasing their ecological sustainability and the effectiveness of biodiversity conservation efforts. Landscape resilience is further supported by the dissemination and adoption of new low-impact agricultural practices and by the identification of new conservation areas, in particular conservation areas on private lands (RPPNs) and/or by the preparation of management plans for existing sustainable use conservation areas in line with the same principles.

In addition to the implementation of the Forest Code, the present initiative will also support the identification of high value conservation areas, regions of conflicts over land and degraded lands, mostly for extensive cattle ranching. This support will help to direct expansion of the production of agricultural commodities to already converted areas, without a need for clearance of native vegetation. Identification of existing conflicts over land between soy farmers and traditional communities or between soy farmers and smallholders is expected to expose those conflicts and potential risks for traders and markets and form a basis for their resolution.

Innovativeness, sustainability and potential for scaling up

[35] For details of this calculation, see p.15 above.

The innovative approach of the "Brazil child" project comes from linking the implementation of Brazil's Forest Code in targeted landscapes with a "whole supply chain approach" for soy production. This integration of the different stages will ensure that the success of the Forest Code interventions leads to impact further along the supply chain. Furthermore, rather than being an isolated project, the coordination and alignment of the Brazil project activities with the broader IAP (linking project-based production-related activities with the activities in the Production project, for example), is an innovative way to ensure real, long lasting and largescale impact on the sustainability of the soy supply chain. Specific actions within the project are also considered innovative, including the development of long-term financial products such as risk management tools and mechanisms for sustainable production.

The project's approach is considered highly sustainable. First, the project will generate greater awareness within the market about the impact that agricultural production in Brazil has had and may still have, combined with a commitment of traders to ensure that their suppliers are in compliance with existing legislation, which will incentivize more environmentally responsible practice in the long term; second, the registry of several thousand additional properties on the CAR will facilitate the control and prevention of illegal deforestation of native forest long into the future, under government policy and regulations, rather than just within the project. The project's investment to improve policy, develop and implement land use management plans, develop and institutionalize support systems and communications platforms, and establish conservation areas, will also help to ensure continued improved practices and conservation of priority forest beyond the project.

Testing and demonstrating sustainable agriculture production in two focal landscapes will provide the examples required for replication and scaling up of this project's interventions, both to other regions and within other agricultural commodity supply chains. Lessons learned will be disseminated to other relevant initiatives, including the other projects within the IAP, through the Adaptive Management and Learning child project.

A.2. Child Project? If this is a child project under a program, describe how the components contribute to the overall program impact.

This Child Project is fully in line with the goals of the overall IAP, and follows the same principles and theory of change. Components 1-3 are in line with the Production Child Project, while Component 4 is in line with both the Demand Child Project and the Enabling Transactions Child Project. In addition, Component 5 has been created to ensure adaptive management and learning through coordination, knowledge management, monitoring and sharing of lessons learned, which is in line with the Adaptive Management and Learning Child Project, which coordinates the lesson-learning of the entire IAP. Its integration with these other projects will ensure that the successful completion of this project will contribute to the overall impacts of the programme, including through both its own direct impact as well as through learning lessons and sharing information with the other projects to maximum the success of interventions.

Dissemination of the proposed integration of environmental management, the introduction of sustainability and conservation principles in the production of agricultural commodities and landscape planning and the building of a shared vision among private sector, civil society and government representatives should produce results in terms of conservation of ecosystem services, biodiversity and native vegetation should ensure wider impacts beyond the focal municipalities and possibly result in impacts at the level of the whole region.

A.3. *Stakeholders*. Identify key stakeholders and elaborate on how the key stakeholders engagement is incorporated in the preparation and implementation of the project. Do they include civil society organizations (yes ☒ /no☐)? and indigenous peoples (yes ☒ /no☐)? [36]

[36] As per the GEF-6 Corporate Results Framework in the GEF Programming Directions and GEF-6 Gender Core Indicators in the Gender Equality Action Plan, provide information on these specific indicators on stakeholders (including civil society organization and indigenous peoples) and gender.

As Executing Partner for the Child Project, Conservation International understands the importance of engaging with stakeholders, from the design phase through the implementation and closing out of a project. Our robust Rights-based Approach policies will assure that gender is integrated, that indigenous peoples have a voice at the table, and that vulnerable populations are protected. Respecting indigenous peoples rights is one piece of supporting CI's mission of empowering societies to responsibly and sustainably care for nature. We will use our Free, Prior and Informed Consent (FPIC) guidelines to assure that the rights of indigenous peoples and communities are respected and taken into consideration as this project is implemented.

During the project preparation stage, we had discussions with the Ministry of Environment which, in turn shared, and discussed a preliminary proposal with the Ministry of Agriculture (MAPA). Project preparation also included field visits to discuss the proposal and potential for cooperation with FAPCEN in Balsas, AIBA in Barreiras, the Federation of Farmers in the State of Tocantins (FAET), the state environment agencies in Bahia and Tocantins and a fair number of farmers. It also included a meeting with community organizations, organized by UNDP, including the Institute for Society, People and Nature (ISPN); Development Agency, Alternatives for Small-Scale Farming in Tocantins (APA - TO); State Coordination of *Quilombola* Communities from Tocantins (COEQTO); Central do Cerrado Cooperative/Cerrado Network; and International Institute of Education from Brazil (IIEB). The meeting presented the scope of the project and consulted with the representatives from the communities and CSOs that are affected by social and environmental issues in the Matopiba region. They were encouraged to present their views on the project, make contributions, discuss and review the pre-identified project risks and mitigation measures, and communicate the current problems, conflicts and key challenges in the region. In addition, the participants were engaged in a discussion with the aim to build social and environmental safeguards relevant to the project, including gender aspects. Lastly, participants were asked to indicate their willingness to be part of the Steering Committee of the project.

Stakeholder Description

Stakeholders can be divided in government organizations, private sector and civil society representatives. At the level of the federal government, the main stakeholders are: the Ministry of Agriculture (Ministério de Agricultura, Pecuária e Abastecimento -MAPA); the Ministry of Environment (Ministério do Meio Ambiente -MMA); and the Ministry of National Integration (Ministério de Integração Nacional -MI). All stakeholders are summarized in the table below. Please see Annex P of the project document for more information on each stakeholder.

Stakeholder	Stakeholder type	Anticipated involvement in the project and potential benefits
MMA	Government	The Ministry of Environment is responsible for the implementation of environmental management policies, the conservation of biodiversity and the sustainable use of natural resources and ecosystem services.
MI	Government	The Ministry of National Integration is responsible for regional development, including regional investment funds, for the North and the Center-East; for the management of watershed programs.
MAPA	Government	MAPA coordinates the preparation of a development plan for the MATOPIBA region with a focus on agriculture and infrastructure.
SFB	Government	The Forestry Service is responsible for the coordination and implementation of the Forest Code, in particular the Rural Environmental Registry (CAR).
EMBRAPA	Government	EMBRAPA's geographical intelligence group (GITE) is collecting baseline data for that development plan. In accordance with the objectives mentioned in the decree that established the committee responsible for the preparation of the development plan, sustainability is not a primary concern.
State government agencies	Government	Biodiversity conservation and the implementation of the Forest code; preparation and implementation of agriculture policies; and regional planning
AIBA	Civil society	*Associação de Agricultores e Irrigantes da Bahia*. The mission of AIBA is to promote agribusiness development in Bahia in a sustainable and socially responsible way.

Stakeholder	Stakeholder type	Anticipated involvement in the project and potential benefits
FAET	Civil society	*Federação da Agricultura e Pecuária do Estado do Tocantins*. The FAET mission is to represent towards the public authorities and their agents, the interests of the rural economic and affiliated rural unions, as well as collaborate with the authorities, as a technical and advisory body in the study and solution of the problems that relate to the agricultural economy in the country.
FAPCEN	Civil society	*Fundação de Apoio à Pesquisa do Corredor de Exportação Norte.* FAPCEN is an organization that supports businesses and farmers in Maranhão, Tocantins and Piauí with activities in the areas of research, rural extension, production and commercialization.
Financial institutions	Private Sector	Public, Private banks and cooperatives or through barters with traders. Public banks usually need to check the farmer's compliance with the Forest Code. Although several private banks check compliance as part of their corporate social responsibility procedures, it is likely that several private financing institutions do not apply this restriction.
Traders	Private Sector	The four big soy trading companies and national trading companies or intermediaries. Their interest is heterogeneous and depends, among other, elements, on their role in different stages in the supply chain. The biggest traders, in general, have corporate policies to promote compliance with the forest code and the use of sustainable production methods.
Processing industries	Private Sector	Basically chemical, food and cosmetics and animal feed industries. The feed industry in Brazil and in Europe consists of a large number of small, usually local industries. Although the European Feed Manufacturers Federation participates in discussions on sustainable (and/or certified) production, given the small scale of its members, there seems to be little room for them to offer prize incentives for sustainable production.
Rede Cerrado and member organizations	Community organization	This network consists of more than 300 organizations concerned with biodiversity conservation and the livelihoods of rural workers and traditional communities involved in subsistence farming or the extraction of natural resources.
Indigenous Organizations	Community organization	Coordination of Indigenous Organizations of the Brazilian Amazon (COIAB); Mobilization of Indigenous Peoples of the Cerrado (MOPIC); and NGOs that work closely with indigenous peoples, such as the Center of Indigenist Work (CTI), which works with indigenous communities in Maranhão and Tocantins
Others	Community organization	Carajás Forum; The Institute for Society, Population and Nature (ISPN), The Pro-Nature Foundation (FUNATURA); The Brazilian Agency for Environment and Information Technology (ECODATA); The National Confederation of Agricultural Workers (CONTAG), the National Federation of Men and Women Workers in Family Farming (FETRAF); the Pastoral Land Commission (CPT); the Landless Workers' Movement (MST); the Small Farmers' Movement (MPA); Inter-state movement of *Babaçu*-nut breakers (MIQCB), Alternatives for Small-Scale Farming in Tocantins (APA - TO), State Coordination of *Quilombola* Communities from Tocantins (COEQTO) *10senvolvimento* Agency (Barreiras, Bahia state), *Central do Cerrado* Cooperative/Cerrado Network; and International Institute of Education from Brazil (IIE Rural Workers' Movement (MTC).

A.4. Gender Equality and Women's Empowerment. Elaborate on how gender equality and women's empowerment issues are mainstreamed into the project implementation and monitoring, taking into account the differences, needs, roles and priorities of women and men. In addition, 1) did the project conduct a gender analysis during project preparation (yes ☒ *(an initial analysis has been conducted, but an in-depth assessment has been budgeted and will be conducted during implementation)*/no☐)?; 2) did the project incorporate a gender responsive project results framework, including sex-disaggregated indicators (yes ☒ /no☐)?; and 3) what is the share of women and men direct beneficiaries (women: 6,000, men: 6,000)? [37]

[37] Based on the assumption that a typical household (there being 3,000 target households), there are two males and two females (adults and young).

This project is part of the Integrated Approach Pilot (IAP) Programme, which has a full gender mainstreaming strategy and action plan. In alignment with the overall IAP strategy, gender equality and women's empowerment will be mainstreamed throughout the project. It has been categorized as GEN2: gender responsive. This means that project results are expected to address the differential needs of men and women and equitable distribution of benefits, resources, status and rights in the MATOPIBA region; however, they will not address the root causes of gender inequalities.

The gender analysis which was carried out in support of the IAP gender mainstreaming strategy led to an increased understanding of baseline gender differences, needs, priorities, challenges, and barriers in the Program context both at the national and global levels. For example, relevant to this project, female-led farms have reduced productivity due to lower access to resources and less time available.

An initial literature review-based gender assessment was also conducted specifically for the Brazil project during the PPG phase, which found that gender equality and the empowerment of women have generally been studied in the context of the livelihoods of smallholders and traditional communities, such as the babaçu-nut breakers and the former slaves' communities. Some existing programs, such as the Terra Legal Program which supports regularization of land titles for small holders in the "Legal Amazon" (including Maranhão and Tocantins) have included actions to empower the position of women through, for example, registration of the land titles in the name of both wife and husband (in that order). Less well studied is the relation between gender and agribusiness. Some studies have concluded that although agribusiness is often seen as a generator of wealth and local development, it is also responsible for the social exclusion of women from participation in the labor market [(38)].

With regards to the monitoring of project benefits for female producers, one of the challenges is to find gender disaggregated statistical data to analyze and understand the role and position of women in agribusiness and other agricultural sectors [(39)]. Therefore, the proposed project will support the implementation of a robust gender assessment in one or two of the focal areas early on in the project. The purpose of this assessment is to understand the participation of women in the sector, the identification of possible inequalities or processes that produce inequalities, actions to revert those processes and indicators to monitor impacts of the present initiative on gender equality. Some indicators may be already available in the national gender information system – for example, the relation between average income of women and average income of men per municipality – others may need specific data gathering.

However, even without objective data, it is clear that women form a minority in the soy production chain and that there are few female women-producers or managers (some sources estimate that women make up 10% of soy producers in Brazil [(40)]). The project will work to ensure that direct benefits are provided to women throughout the households and communities in target landscapes, not only to those directly involved in commercial agriculture. Therefore, the gender assessment will also produce information about the position or role of women in smallholder agricultural production communities and traditional economies, such as the earlier mentioned babaçu-nut breakers and provide information about how women can be empowered.

Independent from this gender assessment, and the recommendations regarding the empowerment of women, the project will follow these principles:

i. Gender equality will be taken into consideration when sourcing staff and consultants
ii. Explore gender issues in general and ensure that project staff and partners recognize that the needs of women and men may not be the same and that the impact of the project on them may therefore be different;
iii. Training courses will be gender sensitive in terms of participation, instructional design, and use of language(in line with output 1.2.1,1.2.3,2.1.2 and 2.1.3)

38 See for example: Campos, Christiane Senhorinha Soares (2009). "Pobreza e exclusão feminina nos territórios do agronegócio – o caso de Cruz Alta/RS" PhD-thesis on: http://www.lume.ufrgs.br/handle/10183/21080 and ROSSINI, R. A modernidade tecnológica no campo exclui a mulher e acelera as masculinidades na agricultura, anais do XIII Encontro da Associação Brasileira de Estudos Populacionais, Ouro Preto/MG, novembro de 2002.

39 FAO: Gender and Land Statistics http://www.fao.org/3/a-i5488e.pdf/

40 WWF Blog--Women are the future of responsible soy

iv. Participation in meetings, training courses and other events will be documented using gender disaggregated data (in line with output 1.1.1, 3.1.1, and 3.1.4)
v. Promote the role that women do and can play in project activities and remove possible barriers to their full participation through consultation with women and women's groups and the preparation and dissemination of information targeted to women (in line with 5.1.1)
vi. Support women's groups with technical advice (in line with 2.1.3)

Annual workplans will include the above specific actions related to gender mainstreaming, and an international consultant will be hired to provide support for these activities across all the IAP projects. As part of Component 5, the project will monitor the effects of project impacts on empowering women specifically.

A.5 Risk.

The project has identified several risks to the successful achievement of the objective and has incorporated mitigation measures into the strategy accordingly. These are described in the table below:

Description	Type	Impact & Probability	Mitigation Measures	Owner	Status
Information registered in CAR will be unreliable.	Regulatory	Reliable data on private properties and on remnants of native vegetation on private properties would make landscape planning much easier. **Medium** I = 3 P = 3	One of the project partners, *Fundação Brasileira de Desenvolvimento Sustentável* (FBDS), is mapping natural vegetation cover of municipalities in the MATOPIBA region. This should serve as a proxy for compliance with the environmental legislation and, therefore, a control tool for the reliability of data in the CAR registry.	*Fundação Brasileira de Desenvolvimento Sustentável* (FBDS)	This risk was updated from high to medium after the Consultancy Meeting with Community representatives from MATOPIBA (10 May 2016).
OEMAs will not have full capacity to "validate" data.	Organizational	Without capacity of environment agencies to check and monitor individual properties, the credibility of the Forest Code would be seriously undermined. As compliance with the Forest Code underpins concepts and strategies, this may affect project assumptions and theory of change. **Medium** I = 3 P = 4	If the procedure is to check all properties registered, the current capacity of OEMAs is insufficient. However, if a system of random checks is adopted and if the chance to get caught is considered real, the lack of capacity to check all registers may not be a great risk.	*Fundação Brasileira de Desenvolvimento Sustentável* (FBDS)	This risk was updated from high to medium after the Consultancy Meeting with Community representatives from MATOPIBA (10 May 2016).

Description	Type	Impact & Probability	Mitigation Measures	Owner	Status
Conflicts over access to water will occur.	Environmental	Conflicts over access to natural resources may actually stress the relevance of the current initiative. **Medium** I = 3 P = 2	This risk is higher in Bahia and Piaui, where also most of the region's irrigation installations are located. The planned mapping and assessment of conflicts should help to identify possible conflicts over water in these or other regions. In case there indeed exist conflicts, the project should involve partners, such as the national water agency (ANA), The Nature Conservancy (with support for a study on water availability in Western Bahia); water basin committees or other relevant partners and promote dialogue.	Conservation International	This risk was maintained as medium after the Consultancy Meeting with Community representatives from MATOPIBA (10 May 2016).
The project will be used as a palliative for possible negative impacts of the MATOPIBA development strategy on environment and livelihoods.	Environmental	If this initiative is perceived by one class of stakeholders as a palliative for the negative impacts of the proposed development strategy for the MATOPIBA region, it would lose its potential role as a forum for intermediation between all key stakeholders. **High** I = 4 P = 3 CRITICAL RISK	To avoid or to reduce this risk, it will be important to involve all stakeholders and guarantee to all of them the opportunity to engage in the dialogue about the sustainable development of the region.	UNDP Brazil	This risk was listed during the Consultancy Meeting with Community representatives from MATOPIBA (10 May 2016).
Conflicts over lands will become increasingly intense.	Regulatory	Land grabbing practices and violent conflicts would jeopardize efforts to show that expansion of soy production can take place in a way that respects environmental and social legislation and the rights and stakes of other farmers or communities. **High**	It is not a specific risk that is specific to this project. Land tenure is polemic issue in Brazil in general, which causes conflicts all over Brazil and in particular in areas where modern agriculture is expanding. The mapping of potential conflicts of interest between commodity production and private and communal land users, as well as the zoning and land use planning exercises should help to avoid conflicts with traditional communities. However, these	UNDP Brazil	This risk was updated from medium to high during the Consultancy Meeting with Community representatives from MATOPIBA (10 May 2016).

Description	Type	Impact & Probability	Mitigation Measures	Owner	Status
		I = 4 P = 3 CRITICAL RISK	activities are unlikely to resolve the general lack of transparency with respect to land titles and land grabbing practices.		
Loss of local knowledge and traditions.	Other	This risk is unlikely to affect the project. In the longer term, it may, however, affect livelihoods of community members and/or biodiversity conservation efforts. **Medium** I = 3 P = 3	This risk was listed during the consultation with community member representatives. It is not a risk specifically related to this project but rather to the expansion of the production of agricultural commodities in general. One of the pre-conditions for the conservation of local cultures and the continuation of traditions is security with respect to land rights. This project will not be able to guarantee these land rights but may play an important role in making demands from local communities more transparent and support dialogue about how to protect the livelihoods of local communities.	UNDP Brazil	This risk was listed during the Consultancy Meeting with Community representatives from MATOPIBA (10 May 2016).
Leakage of illegal deforestation through clearing will take place in other regions.	Environmental	This would not directly affect the current initiative. **Medium** I = 2 P = 3	Implementation of the Forest Code and the Rural Environmental Registry (CAR) will make illegal deforestation more difficult. In addition, MATOPIBA is called the “last frontier”. Within Brazil it is unlikely that there exist other new frontiers.	Conservation International	This risk was maintained medium after the Consultancy Meeting with Community representatives from MATOPIBA (10 May 2016).
Lack of buy-in/commitment of traders	Organizational	A lack of buy-in from traders would seriously affect the theory of change and the project assumptions **Medium** I = 4 P = 2	As the tools for tracking and monitoring of production become more sophisticated and as ignoring the conditions under which production is taking place, is becoming a more significant risk, the expectation is that traders will commit to the principles of sustainable production.	Conservation International	This risk was updated from small to medium after the Consultancy Meeting with Community representatives from MATOPIBA (10 May 2016).
Lack of interest of the market in sustainably produced soy	Organizational	As soy is almost invisible to the end-consumer, as a significant part of the processing industry is relatively fragmented and	The integrated whole supply-chain approach should help to overcome the risk of lack of interest of the market.	Conservation International	This risk was updated from medium to small after the Consultancy

Description	Type	Impact & Probability	Mitigation Measures	Owner	Status
		as part of the production is exported to markets with traditionally limited interest in sustainability issues, the risk that the market does not show much interest is real. The impact on the project is probably however relative small, because the main driver for sustainable production is probably avoiding corporate risks, rather than market opportunities for sustainable soy. **Small** I = 2 P = 3			Meeting with Community representatives from MATOPIBA (10 May 2016).
Climate change affects the sustainability of production	Environmental	Some projections on climate change foresee that an increase in temperature in combination with changes in rain fall patterns will make the production of agricultural commodities in this region impossible. Small I=2 P=2	Climate change is unlikely to have an impact during the duration of the project. If projections are correct, production will be affected by the changes in rain fall patterns and reduced access to water (see conflicts over access to water). Conservation of native vegetation and biodiversity and ecosystem services as proposed by the present initiative will up to a certain level mitigate changes in rain fall patterns and increased temperature through the creation of microclimates and regulation of hydrological fluctuations	Conservation International	

A.6. Institutional Arrangement and Coordination. Describe the institutional arrangement for project implementation. Elaborate on the planned coordination with other relevant GEF-financed projects and other initiatives.

Institutional arrangements

Roles and responsibilities of the project's governance mechanism

The project will be implemented following UNDP's Civil Society Organization (CSO) implementation modality, according to the Standard Basic Assistance Agreement between UNDP and the Government of Brazil, and the Country Programme. The UNDP-CI Project Cooperation Agreement is Annexed to this document (Annex E).

UNDP is the GEF Agency for this project. The lead Implementing Partner for this project is CI, selected under the method of collaborative advantage and the capacity assessment (see project document, Annex J). The agreement on the project document will be made between CI, UNDP and the Brazilian government. CI will be responsible and accountable for managing this project, including for the monitoring and evaluation of project interventions, achieving project outcomes, and for the effective use of UNDP resources, including coordination of the implementation by both WWF and the International Finance Corporation (IFC), both responsible parties for particular activities within this project and within their own respective projects.

CI will be responsible for the direct execution of components 1 through 3, specific activities within component 4 and component 5 (coordination, KM and M&E). WWF will be responsible for the execution of outcome 4.1 (responsible demand) and IFC for outcome 4.2 (commercial transactions). The WWF and IFC interventions will be monitored under their respective M&E plans.

The role of both WWF and IFC follow logically from their involvement in the global initiative of which the present project is a part. WWF is the implementing agency for the global component on demand, while the IFC is the implementing agency for the global component on commercial and financial transactions. Given their roles in the global initiative, their responsibility is to translate global issues with respect to demand and to commercial transactions to the local Brazilian reality.

At the beginning of the project, Conservation International will issue a sub-grant agreement to 2 agencies (Sociedade Rural Brasileira (SRB); Fundação Brasileira para o Desenvolvimento Sustentável (FBDS). In addition, during implementation of this project, CI will collaborate with partners: Fundação de Apoio a Pesquisa para o Corredor de Exportação Norte (FAPCEN); Associação de Agricultores e Irrigantes de Bahia (AIBA) e Federação da Agricultura e da Pecuária do Estado do Tocantins (FAET). The partners selected for the execution of this project have a clear comparative advantage to support the implementation of this complex project. CI will conduct a capacity assessment of the partners to assure their financial abilities to implement the project. SRB and FDBS will be responsible to CI and follow CI procurement policies as long as they are in line with those of UNDP. They will provide support by (i) jointly coordinating with CI on the planning and monitoring of the technical aspects of the Project, including regular visits to project intervention areas and monitoring progress in achieving project outcomes and outputs; (ii) support CI in the preparation of periodic progress and technical reports, and regular consultations with beneficiaries and contractors; (iii) support CI in the development of the Annual Workplan and detailed Budget (AWP/B) with inputs from local stakeholders participating in project execution; and (iv) mobilization and coordination of baseline and co-financing resources as contemplated in the project document. CI will be responsible for the day-to-day monitoring and financial management in accordance with its own policies and procedures, UNDP rules as applicable and GEF required fiduciary standards for the partners.

The project organization structure is as follows[41]:

[41] Project structure was revised after meeting with UNDP and ABC on January 26th. This creates a Project Board composed of UNDP, ABC, and CI and the previous Project Board becomes the Steering Committee.

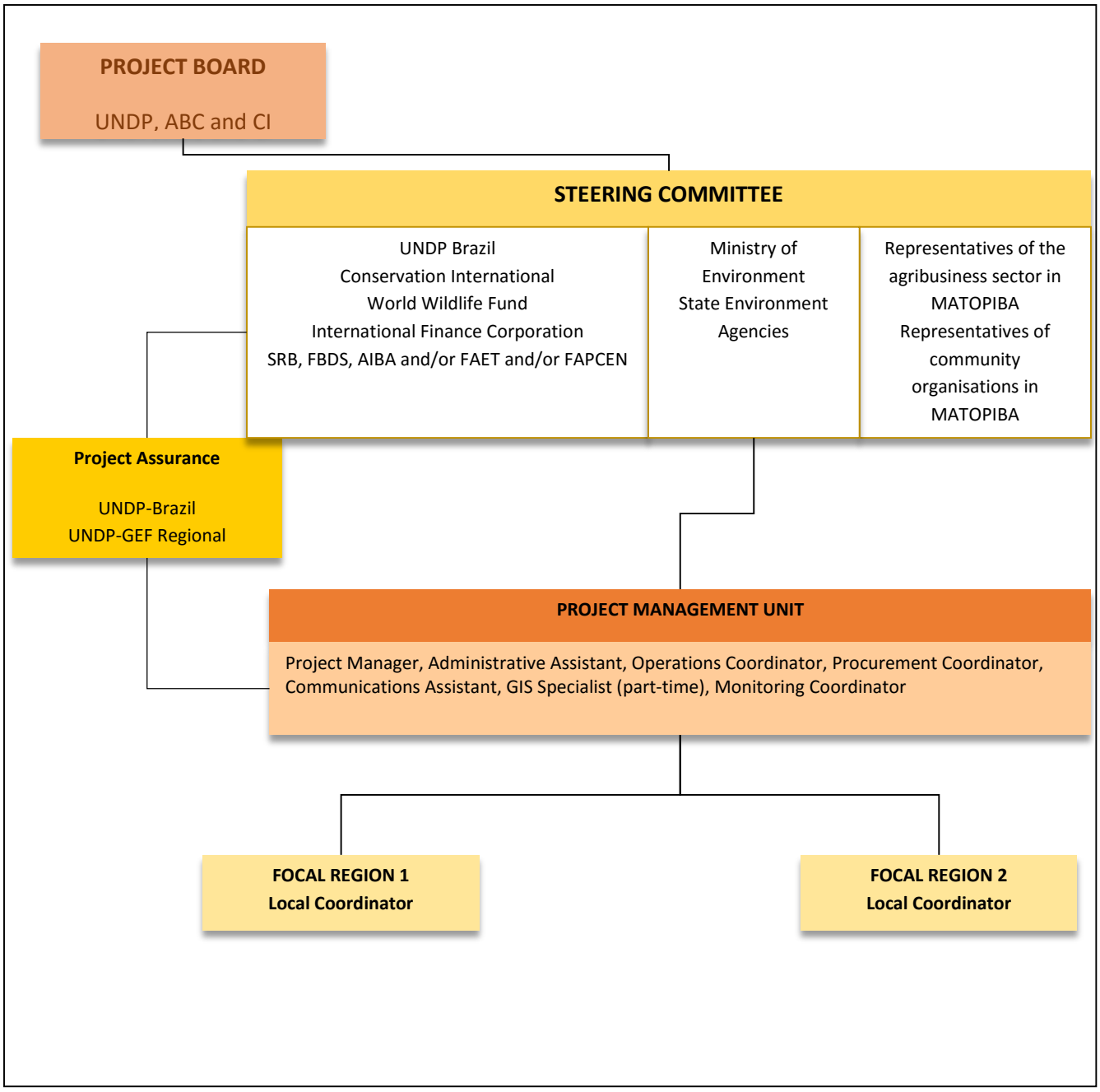

Figure 1. Project organisational structure

The **Project Board** is responsible for providing overall managerial guidance for project execution. As the Project Board members (ABC/MRE, UNDP and CI) are the official signatories of the project, they have in practice the power to veto decisions that require project revisions. The project Board will meet once a year.

The Steering Committee is responsible for providing technical coordination for the project, including recommendation for UNDP/Implementing Partner approval of project plans and revisions. The Steering Committee is comprised of the following members: UNDP; the Brazilian Cooperation Agency (ABC) of the Ministry of External Affairs (MRE); The Ministry of Environment; Conservation International; WWF; IFC; the state environment agencies of the states of

Maranhão, Tocantins, Piauí and Bahia; the executing agencies, SRB, FBDS and depending on the selection of focal areas AIBA and/or FAET and/or FAPCEN; representatives of the agribusiness sector also involved in the forum for dialogue and discussion about the sustainable development of the MATOPIBA region (output 3.1); representatives of the community organization also involved in the forum for dialogue and discussion about the sustainable development of the MATOPIBA region (output 3.1).

The Steering Committee will meet twice per year with the objective to discuss progress and impact reports and to provide guidance and recommendations to the execution of activities during the following months. In addition, the meeting should be a forum for exchange of experiences between the two focal areas and between the different components of the project. Furthermore, it is expected that the Board meetings of all the projects with the IAP will be coordinated so that during these meetings the implementing agencies share lessons of the global initiative that may be of relevance to the execution of the initiative in Brazil. Representatives of federal and state governments are expected to share with the Board information about initiatives or policies of relevance to the present initiative.

A Project Management Unit, will be responsible for overseeing the day-to-day execution of Project activities. The PMU will have responsibility for, among others (i) operational planning, managing and executing the project including the direct supervision of project activities sub-contracted to specialists and other institutions, (ii) coordinating the management of financial resources and procurement; (iii) reporting on the application of resources and results achieved; (iv) preparing reports, and any proposals for the adaptive management of the Project, if required, and based on inputs from the Project M&E plan; (v) promoting inter-institutional linkages and (vi) disseminating project results. The PMU will consist of a core group of the main proponents of the Brazil-initiative (CI, FBDS and SRB), as well as other key staff that are supporting other components of the project. Its core-group will consist of:

- Project Manager
- Administrative Assistant
- Operations Coordinator
- Procurement Coordinator
- Communications Assistant
- Part-time time GIS Specialist.
- Two local coordinators (one in each focal region).

The Project Manager and two local coordinators will be selected by CI in coordination with FDBS and SRB. The Project Manager will manage the project on a day-to-day basis and provide technical support as a full-time staff of the Implementing Partner and will be based in the CI office in Brasilia. All other positions will be selected and hired by CI following its rules and procedures. The Operations Coordinator, Procurement Coordinator and the Administrative Assistant will be based in the CI office in Brasília.. The local coordinators will work from the AIBA and FAET offices.

Detailed TORs for the key positions to be hired can be found in Annex E. Technical positions have also been added to this project and are described in the budget notes, but they are not 100% full-time, rather providing support to specific activities.

The **project assurance** role will be provided by the UNDP Country Office. Additional quality assurance will be provided by the UNDP Regional Technical Advisor as needed.

Governance role for project target groups

Project target groups and stakeholders (including the GEF Operational Focal Point) will be engaged as much as possible in decision making process. This will be enabled through the representation of community organisations and agribusinesses within the MATOPIBA region on the Project Board.

Use of logo on the project's deliverables and disclosure of information

In order to accord proper acknowledgement to the GEF for providing grant funding, the GEF logo will appear together with the UNDP logo on all promotional materials, other written materials like publications developed by the project, and project hardware. Any citation on publications regarding projects funded by the GEF will also accord proper acknowledgement to the GEF. Information will be disclosed in accordance with relevant policies notably the UNDP Disclosure Policy[42] and the GEF policy on public involvement[43].

Relevant GEF Projects

Coordination with other relevant GEF initiatives will occur through the UNDP and Project Steering Committee members (the Brazilian Cooperation Agency, the Ministry of Environment, Partner Agencies, and State Environment agencies). In addition, ISPN, 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. This project will also work in close cooperation with the other child projects under the Commodities IAP program through annual meetings and communities of practice.

- BRA/14/G334--The Mainstreaming Biodiversity Conservation and Sustainable Use into NTFP and AFS production practices in Multiple-Use Forest Landscapes of High Conservation Value project. The objective of this project is to ensure that the biodiversity of Brazilian multiple-use forest landscapes of high conservation value is conserved through a strengthened sustainable use management framework for non-timber forest products (NTFP) and agro-forestry systems (AFS). The project will conserve biodiversity in key forest landscapes - Amazon, Caatinga and Cerrado - all renowned for their outstanding global biodiversity significance but currently under threat from increasing land use pressures across production landscapes. It will address one of the key land use threats to these forests, which is 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, over-exploitation of resources, and poor fire management. The Brazil Child project will coordinate with this project through UNDP, as the GEF implementing agency, by providing us with lessons learned, especially related to their work in addressing the threats to the forests.
  .GEF Resources: $5,479,452 | Project Duration: 2014-2019
- 4578--The "Fifth Operational Phase of the GEF Small Grants Program in Brazil project. The objective of this project is to ensure that the conservation of the Cerrado and Caatinga biomes of Brazil through community initiatives on sustainable resource use, and actions that maintain or enhance carbon stocks and increase areas under sustainable land management. The project will enable a shift away from unsustainable practices by ensuring (i) Biodiversity conservation in the production landscape through community-based sustainable resource use and management of natural resources; (ii) Maintenance of carbon stocks through avoidance of land use change and improved agriculture and forest management at the community level; (iii) Implementation of sustainable land management techniques that prevent land degradation, restore agro-ecosystem services, and improve livelihoods of local communities; (iv) Capacity development and knowledge management to help communities deliver global environmental benefits. The Brazil child project will coordinate with this project through UNDP, as the GEF implementing agency in assuring that lessons learned from this project are shared with the Brazil Child Project as to utilize information that is available and has been generated already, especially as it relates to the capacity building of communities in assuring that they are utilizing sustainable land management practices. GEF Resources: $5,000,000 | Project Duration: 2013-2016
- BRA/08/012 – Support for Traditional Communities: It supports agro-extractive activities, policy formulation, production and commercialization of non-timber forest products. With more than 84 projects implemented, the project has reached more than 10,300 families throughout the Brazilian biomes. The beneficiaries are traditional

[42] See http://www.undp.org/content/undp/en/home/operations/transparency/information_disclosurepolicy/
[43] See https://www.thegef.org/gef/policies_guidelines

populations from the forests and other native environments. The project amounts to 9.6M and has 7 years of execution, with a disbursement of USD 9 M to date. The main source of funds are from the Government of Brazil. In 2016/17, the project is supporting 8 Territorial and Environmental Management Plans in the state of Maranhão with Indigenous Communities. The Brazil Child project will coordinate with the UNDP led project to learn lessons from their engagement with traditional communities in the Matopiba region, as this project will also be engaging traditional communities.

The Brazil Child project will coordinate closely with all commodity child projects as follows:

- 9182: Generating Responsible Demand for Reduced-Deforestation Commodities. The Responsible Demand Child Project's objective contributes to the IAP by strengthening the enabling environment and public and private sector demand for reduced-deforestation commodities in priority commodity markets. By generating reduced deforestation demand, the Demand Child Project contributes to GEF strategies for biodiversity, climate change and sustainable forestry management . This is a four-year project that will be implemented in Latin America, Asia and Africa. This project will coordinate with the responsible demand child project by having members of the CI project as members of the Steering Committee under the Demand Child project, in addition to working with WWF on the Soy Trade Platform
- 9179: Adaptive Management and Learning: The A&L child project will support the overall coordination of the program to ensure coherence and consistency, as well as communication and partnership building. This is a four-year project, which will take place in Latin America, Asia and Africa. This project will coordinate with A&L, as members of this project will be part of the IAP Steering Committee at the Program level. Lessons learned from the Brazil experience will be shared as the A&L project document has as its outcome knowledge management, partnerships and communication, which will ensure that knowledge generated at the Program is shared at the national, child project and global levels. Please find this information on page 8 of the CEO endorsement.
- ID_ Enabling Transactions. The Enabling Transactions Child Project will strengthen the enabling environment and public and private sector demand for reduced-deforestation commodities in priority markets. This is a four-year project, which will take place in Latin America, Asia and Africa. This project will coordinate with the Enabling transactions child project through the linked activities such as leading workshops to present business case analysis conducted under the transactions child project.
- 9180: Reducing Deforestation from Commodity Production. The Production child project will encourage sustainable practices for oil palm and beef production while conserving forests and safeguarding the rights of smallholder farmers and forest-dependent communities. This is a four-year project that will be implemented in Latin America, Asia and Africa. This project will coordinate with the production child project through the Community of Practice and exchanges. In addition, CI Liberia and CI Indonesia will be part of the Production child project, which will encourage sharing of information between the countries and child projects.

Additional Information not well elaborated at PIF Stage:

A.7 *Benefits.*

The MATOPIBA region is important not only to Brazil, but to the world economy in their capacity of producing agricultural commodities that are crucial to food security. Soy, due to their high protein content as well as healthy unsaturated fats and carbohydrates fibres is one of the least expensive sources of protein to both human consumption and animal feed. The Brazil child project will enhance production of soy through a sustainable landscape approach that safeguard ecosystem services, important for long-term productivity, resulting in yields that are sustainable and that can contribute to long-term nutrition as well as higher incomes and new employment opportunities in rural areas for approximately 3,000 agricultural households (which results in an assumed total number of beneficiaries of 6,000 females and 6,000 males (both adults and young people).

In addition, the Brazil Child Project will provide training and capacity building for 200 farmers (180 men and 20 women)[44] through outcome 2.1 farmers to mainstream sustainable and climate resilient practices. Socioeconomic benefits to farmers and communities will be delivered through training and extension services in sustainable practices.

A.8 *Knowledge Management.*

This project has a component (5) dedicated to adaptive management and learning. The objective of this component is to focus on knowledge management and monitoring. It will monitor progress and impacts and to gather potential lessons that can be shared with a wider audience. This work will work in conjunction with the other child projects, but in particular the child project dedicated to Learning (Adaptive Management and Learning) child project. Project lead and members of the Steering Committee will participate in the Global Community of Practice, Learning Visits, Climate CoPs, as well as in the Face-to-Face Steering Committee meetings to assure knowledge and learning are being cross-fertilized through the other geographies that are part of this Program--Paraguay, Liberia and Indonesia.

- B. Description of the consistency of the project with:

B.1 *Consistency with National Priorities.* Describe the consistency of the project with national strategies and plans or reports and assessements under relevant conventions such as NAPAs, NAPs, ASGM NAPs, MIAs, NBSAPs, NCs, TNAs, NCSAs, NIPs, PRSPs, NPFE, BURs, etc.:

This project will contribute to several CBD Aichi Targets; the following targets in particular:

- **4:** By 2020, at the latest, Governments, business and stakeholders at all levels have taken steps to achieve or have implemented plans for sustainable production and consumption and have kept the impacts of use of natural resources well within safe ecological limits.
- **5:** By 2020, the rate of loss of all natural habitats, including forests, is at least halved and where feasible brought close to zero, and degradation and fragmentation is significantly reduced.
- **7:** By 2020, areas under agriculture, aquaculture and forestry are managed sustainably, ensuring conservation of biodiversity.
- **11:** By 2020, at least 17 per cent of terrestrial and inland water, and 10 per cent of coastal and marine areas, especially areas of particular importance for biodiversity and ecosystem services, are conserved through effectively and equitably managed, ecologically representative and well connected systems of protected areas and other effective area-based conservation measures, and integrated into the wider landscapes and seascapes.
- **14:** By 2020, ecosystems that provide essential services, including services related to water, and contribute to health, livelihoods and well-being, are restored and safeguarded, taking into account the needs of women, indigenous and local communities, and the poor and vulnerable.
- **15:** By 2020, ecosystem resilience and the contribution of biodiversity to carbon stocks has been enhanced, through conservation and restoration, including restoration of at least 15 per cent of degraded ecosystems, thereby contributing to climate change mitigation and adaptation and to combating desertification.

In line with the above, the project will support Brazil with the successful implementation of their National Biodiversity Strategy and Action Plans, in particular with targets:

- 4. By 2020, at the latest, governments, private sector and stakeholders at all levels have taken steps to achieve or have implemented plans for sustainable production and consumption to mitigate or prevent negative impacts from the use of natural resources
- **5.** By 2020, the rate of loss of native habitats is reduced by at least 50% (in comparison with the 2009 rate) and, as much as possible, brought close to zero, and degradation and fragmentation is significantly reduced in all biomes.

[44] Estimate is that 10% of soy farmers are women.

- **7.** By 2020, the incorporation of sustainable management practices is disseminated and promoted in agriculture, livestock production, aquaculture, silviculture, extractive activities, and forest and fauna management, ensuring conservation of biodiversity
- **11.** By 2020, at least 30% of the Amazon, 17% of each of the other terrestrial biomes, and 10% of the marine and coastal areas, especially areas of particular importance for biodiversity and ecosystem services, are conserved through protected areas foreseen under the SNUC Law and other categories of officially protected areas such as Permanent Protection Areas, legal reserves, and indigenous lands with native vegetation, ensuring and respecting the demarcation, regularization, and effective and equitable management, so as to ensure ecological interconnection, integration and representation in broader landscapes and seascapes.
- **14.** By 2020, ecosystems that provide essential services, including services related to water, and contribute to health, livelihoods and well-being, are restored and safeguarded, taking into account the needs of women, traditional peoples and communities, indigenous peoples and local communities, and the poor and vulnerable.
- **15.** By 2020, ecosystem resilience and the contribution of biodiversity to carbon stocks has been enhanced through conservation and restoration actions, including restoration of at least 15% of degraded ecosystems, prioritizing the most degraded biomes, hydrographic regions and ecoregions, thereby contributing to climate change mitigation and adaptation and to combatting desertification.

The project will also support the achievement of several Sustainable Development Goals, such as the following:

- **2.3:** By 2030, double the agricultural productivity and incomes of small-scale food producers, in particular women, indigenous peoples, family farmers, pastoralists and fishers, including through secure and equal access to land, other productive resources and inputs, knowledge, financial services, markets and opportunities for value addition and non-farm employment
- **2.4:** By 2030, ensure sustainable food production systems and implement resilient agricultural practices that increase productivity and production, that help maintain ecosystems, that strengthen capacity for adaptation to climate change, extreme weather, drought, flooding and other disasters and that progressively improve land and soil quality
- **5.a:** Undertake reforms to give women equal rights to economic resources, as well as access to ownership and control over land and other forms of property, financial services, inheritance and natural resources, in accordance with national laws
- **12.2:** By 2030, achieve the sustainable management and efficient use of natural resources
- **12.6:** Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle
- **12.a:** Support developing countries to strengthen their scientific and technological capacity to move towards more sustainable patterns of consumption and production
- **15.2:** By 2020, promote the implementation of sustainable management of all types of forests, halt deforestation, restore degraded forests and substantially increase afforestation and reforestation globally
- **15.9:** By 2020, integrate ecosystem and biodiversity values into national and local planning, development processes, poverty reduction strategies and accounts.

The Project is also consistent with the national climate change policy (law 12.187 of 29 December 2009) and the National Climate Change Plan (1 December 2008), in particular with the objectives to: Seek sustained reduction of deforestation rates in all biomes, including a reduction of 80% in the deforestation rates in the Amazon; and the elimination of net loss of the forest cover;

The present initiative is well aligned with the national REDD+ strategy (act MMA, no. 370 of 2 December 2015) which seeks to contribute to climate change mitigation through the elimination of illegal deforestation, conservation and the restoration of forest ecosystems and the development of a sustainable low-carbon forest economy capable of generating economic, social and environmental benefits.

The current initiative is furthermore in line with the Sustainable Cerrado Initiative which is supported by GEF and implemented by the World Bank. Its objective is to promote the conservation of the biome's biodiversity and improve the

management of its environmental resources, through: (i) the creation of 2 million hectares in conservation areas; (ii) support for the sustainable use of its natural resources through training of farmers and the implementation of 12 initiatives based on traditional knowledge; (iii) institutional strengthening and the formulation of new policies.
It is also in line with the earlier mentioned Plan of action for the Prevention and Control of Deforestation and Forest Fires in the Cerrado (PPCerrado) and with the proposed amendment in the national Constitution to include the Cerrado and Caatinga biomes as national patrimony.

C. DESCRIBE THE BUDGETED M &E PLAN:

Monitoring and Evaluation plan

The M&E Plan is part of Component 5 to monitor progress in environmental regularization; the present initiative will support the monitoring of compliance of farmers with the Forest Code. In addition, the project will support the development and implementation of a monitoring protocol of selected ecosystem services in the region. The decision on which ecosystem service will be monitored will be taken on the basis of consultation with local partners. However, access to water is likely to be a strong candidate. The project will also support the application of the landscape accounting framework to monitor specific elements of selected landscapes.

Monitoring of gender roles (output 2) will consist, first, of an assessment of the role and position of women in different classes of the agriculture sector: agro-business; smallholder-family-based agriculture and community-based agriculture and/or natural resources extraction. This assessment should not only provide a description and analysis of the role and position of women in these sectors but also recommendations for actions to improve the participation of women and of their position in general and with respect to indicators to monitor impacts of project interventions. The final output (project/GEF monitoring) refers to project progress and impacts monitoring.

The project results as outlined in the project results framework will be monitored annually and evaluated periodically during project implementation to ensure the project effectively achieves these results. Supported by component seven (Knowledge Management, Coordination and M&E), the project monitoring and evaluation plan will also facilitate learning and ensure knowledge is shared and widely disseminated to support the scaling up and replication of project results.

Project-level monitoring and evaluation will be undertaken in compliance with standard UNDP requirements as outlined in the UNDP Programme and Operations Policies and Procedures (UNDP POPP) and UNDP Evaluation Policy and GEF requirements. Though these UNDP requirements are not detailed in this section of the project document, the UNDP Country Office will ensure UNDP monitoring and evaluation (M&E) requirements are met in a timely fashion and to high quality standards. The additional and mandatory GEF-specific M&E requirements as outlined in this section will be undertaken in accordance with the GEF M&E policy and GEF guidance materials. In addition to these mandatory UNDP and GEF M&E requirements, other M&E activities deemed necessary to support project-level adaptive management, and the exact role of project target groups and other stakeholders in project M&E activities, will be finalized during the Inception Workshop and will be detailed in the Inception Report.

Oversight and Monitoring Responsibilities

The primary responsibility for day-to-day project implementation and regular monitoring rests with the Project Manager. The Project Manager will develop annual work plans based on the multi-year work plan, including annual targets at the output level to ensure the efficient implementation of the project. The Project Manager will ensure that the standard UNDP and GEF M&E requirements are fulfilled to the highest quality. This includes, but is not limited to, ensuring the results framework indicators are monitored annually in time for reporting (i.e. GEF PIR), and reporting to the Project Board and Steering Committee at least once a year on project progress. The Project Manager will inform the Project Board and Steering Committee and the UNDP Country Office of any delays or difficulties as they arise during implementation, including the implementation of the M&E plan, so that the appropriate support and corrective measures can be adopted.

The Project Manager will also ensure that all project staff maintains a high level of transparency, responsibility and accountability in monitoring and reporting project results.

The UNDP Country Office will support the Project Manager as needed, including through annual supervision missions. The UNDP Country Office is responsible for complying with all UNDP project-level M&E requirements as outlined in the UNDP POPP. This includes ensuring the UNDP Quality Assurance Assessment during implementation is undertaken annually; that annual targets at the output level are developed, and monitored and reported using UNDP corporate systems; and, updating the UNDP gender marker on an annual basis based on progress reported in the GEF PIR and UNDP Results Oriented Annual Report (ROAR) reporting. Any quality concerns flagged by the process must be addressed by project management. Additional M&E and implementation quality assurance and troubleshooting support will be provided by the UNDP-GEF Regional Technical Advisor and the UNDP-GEF Unit as needed. The project target groups and stakeholders including the GEF Operational Focal Point will be involved as much as possible in project-level M&E

Audit clause
The project will be audited according to UNDP Financial Regulations and Rules and applicable audit policies on National Implementation Modality (NIM) implemented projects

Additional GEF monitoring and reporting requirements
Inception Workshop and Report: A project inception workshop will be held after the project document has been signed by all relevant parties to: a) re-orient project stakeholders to the project strategy and discuss any changes in the overall context that influence project implementation; b) discuss the roles and responsibilities of the project team, including reporting and communication lines and conflict resolution mechanisms; c) review the results framework and discuss reporting, monitoring and evaluation roles and responsibilities and finalize the M&E plan; d) review financial reporting procedures and mandatory requirements, and agree on the arrangements for the annual audit; e) plan and schedule Project Steering Committee, and Board meetings and finalize the first year annual work plan. The Project Manager will prepare the inception report no later than one month after the inception workshop. The final inception report will be cleared by the UNDP Country Office and the UNDP-GEF Regional Technical Adviser, and will be approved by the Steering Committee.

GEF Project Implementation Report (PIR): The Project Manager, the UNDP Country Office, and the UNDP-GEF Regional Technical Advisor will provide objective input to the annual GEF PIR covering the reporting period July (previous year) to June (current year) for each year of project implementation. The Project Manager will ensure that the indicators included in the project results framework are monitored annually well in advance of the PIR submission deadline and are reported on accordingly in the PIR. The PIR that is submitted to the GEF each year must also be submitted in English and shared with the Steering Committee and Board. The UNDP Country Office will coordinate the input of the GEF Operational Focal Point and other stakeholders to the PIR. The quality rating of the previous year's PIR will be used to inform the preparation of the subsequent PIR. The project's terminal PIR along with the terminal evaluation (TE) report and corresponding management response will serve as the final project report package. The final project report package shall be discussed during an end-of-project review meeting to discuss lessons learned and opportunities for scaling up.

GEF Focal Area Tracking Tools: As part of the Commodities Integrated Approach Pilot programme, this project will implement the Tracking Tool specifically tailored for the programme, which includes aspects on Biodiversity, Sustainable Forest Management and Climate Change Mitigation. The baseline/CEO Endorsement GEF Focal Area Tracking Tool – submitted as Annex D to the project document – was carried out during the PPG phase and will be updated by the Project Manager/team with a support from a consultant) and shared with the mid-term review consultants and terminal evaluation consultants before the required review/evaluation missions take place. The updated GEF Tracking Tool will be submitted to the GEF along with the completed Mid-term Review report and Terminal Evaluation report.

Mid-term Review (MTR): An independent mid-term review process will begin after the second PIR has been submitted to the GEF, and the final MTR report will be submitted to the GEF in the same year as the 3rd PIR. The MTR findings and responses outlined in the management response will be incorporated as recommendations for enhanced

implementation during the final half of the project's duration. The terms of reference, the review process and the final MTR report will follow the standard templates and guidance available on the UNDP Evaluation Resource Center (ERC). Additional quality assurance support is available from the UNDP-GEF Directorate. The final MTR report will be available in English and will be cleared by the UNDP Country Office and the UNDP-GEF Regional Technical Adviser, and approved by the Project Board.

Terminal Evaluation (TE): An independent terminal evaluation (TE) will take place before operational closure of the project. The Project Manager will remain on contract until the TE report and management response have been finalized. The terms of reference, the evaluation process and the final TE report will follow the standard templates and guidance available on the UNDP Evaluation Resource Centre. Additional quality assurance support is available from the UNDP-GEF Directorate. The final TE report will be cleared by the UNDP Country Office and the UNDP-GEF Regional Technical Adviser, and will be approved by the Steering Committee and Project Board. The TE report will be publicly available in English on the UNDP ERC.

The UNDP Country Office will include the planned project terminal evaluation in the UNDP Country Office evaluation plan, and will upload the final terminal evaluation report in English and the corresponding management response to the UNDP Evaluation Resource Centre (ERC). Once uploaded to the ERC, the UNDP Independent Evaluation Office will undertake a quality assessment and validate the findings and ratings in the TE report, and rate the quality of the TE report. The UNDP Independent Evaluation Office (IEO) assessment report will be sent to the GEF Independent Evaluation Office along with the project terminal evaluation report.

The UNDP Country Office will retain all M&E records for this project for up to seven years after project financial closure in order to support ex-post evaluations undertaken by the UNDP Independent Evaluation Office and/or the GEF Independent Evaluation Office.

Mandatory GEF M&E requirements and M&E Budget

GEF M&E requirements	Primary responsibility	Indicative costs to be charged to the Project Budget[45] (USD)		Time frame
		GEF grant	Co-financing	
Inception Workshop	UNDP Country Office	USD 11,000	None	Within two months of project document signature
Inception Report	Project Manager	None	None	Within 1 month of inception workshop
Standard UNDP monitoring and reporting requirements as outlined in the UNDP POPP	UNDP Country Office	None	None	Quarterly, annually
Monitoring of indicators in project results framework	Project Manager	Per year: USD 4,000 =USD12,000	None	Annually
GEF Project Implementation Report (PIR)	Project Manager and UNDP Country	None	None	Annually

[45] Excluding project team staff time and UNDP staff time and travel expenses.

GEF M&E requirements	Primary responsibility	Indicative costs to be charged to the Project Budget[45] (USD)		Time frame
		GEF grant	Co-financing	
	Office and UNDP-GEF team			
Audit as per UNDP audit policies	UNDP Country Office	Per year: USD 8,000 =USD24,000[46]	None	Annually or other frequency as per UNDP Audit policies
Supervision missions	UNDP Country Office	None[47]	n/a (GEF Agency fee)	Annually
Oversight missions	UNDP-GEF team	None	n/a (GEF Agency fee)	Troubleshooting as needed
Adaptive Management, Learning and M&E as outlined in component 5	Project Manager	Please see budget	None	On-going
GEF Secretariat learning missions /site visits	Project Manager and UNDP-GEF team	None	n/a (GEF Agency fee)	To be determined.
Mid-term GEF Tracking Tool to be updated by consultant	Project Manager	USD 10,000	None	Before mid-term review mission takes place.
Independent Mid-term Review (MTR)	UNDP Country Office and Project team and UNDP-GEF team	USD 30,000	None	Between 2nd and 3rd PIR.
Final GEF Tracking Tool to be updated by consultant	Project Manager	USD 10,000	None	Before terminal evaluation mission takes place
Independent Terminal Evaluation (TE) included in UNDP evaluation plan	UNDP Country Office and Project team and UNDP-GEF team	USD 40,000	None	At least three months before operational closure
Translation of MTR and TE reports into English	UNDP Country Office	USD 5,000	None	As required. GEF will only accept reports in English.

[46] Excludes indirect costs, which is shown in the budget notes

[47] The costs of UNDP Country Office and UNDP-GEF's participation and time are charged to the GEF Agency Fee.

GEF M&E requirements	Primary responsibility	Indicative costs to be charged to the Project Budget[45] (USD)		Time frame
		GEF grant	Co-financing	
TOTAL indicative COST Excluding project team staff time, UNDP staff and travel expenses for project team as well as other project M&E (i.e. gender, Monitoring of CAR), and Global community of Practice, Study Tours and SC participation.		$142,000[48]		

PART III: CERTIFICATION BY GEF PARTNER AGENCY(IES)GEF Agency(ies) certification

This request has been prepared in accordance with GEF policies[49] and procedures and meets the GEF criteria for CEO en GEF-6.

Agency Coordinator, Agency name	Signature	Date (MM/dd/yyyy)	Project Contact Person	Telephone	Email Address
Adriana Dinu, UNDP-GEF Executive Coordinator.		2/17/2017	Andrew Bovarnick, Global Head - Green Commodities Programme	+507 302 4589	andrew.bovarnick @undp.org

ANNEX A: PROJECT RESULTS FRAMEWORK

[48] Other M&E costs such as workshops form part of Component 5 project technical costs

[49] GEF policies encompass all managed trust funds, namely: GEFTF, LDCF, and SCCF

ANNEX A: PROJECT RESULTS FRAMEWORK

This project will contribute to the following Sustainable Development Goal (s): End hunger, achieve food security and improved nutrition and promote sustainable agriculture.					
This project will contribute to the following country outcome included in the UNDAF/Country Programme Document: *copy relevant outcome here*					
This project will be linked to the following output of the UNDP Strategic Plan: Output 2.5: Legal and regulatory frameworks, policies and institutions enabled to ensure the conservation, sustainable use, and access and benefit sharing of natural resources, biodiversity and ecosystems, in line with international conventions and national legislation.					
	Objective and Outcome Indicators **(no more than a total of 15 -16 indicators)**	**Baseline[50]**	**Mid-term Target[51]**	**End of Project Target**	**Assumptions[52]**
Project Objective: To reduce the threat to biodiversity that the advancing agricultural frontier is posing in the Matopiba region, through a supply chain approach that solves the underlying root causes of deforestation from soy**.**	1: Extent to which legal or policy or institutional frameworks are in place for conservation, sustainable use, and access and benefit sharing of natural resources, biodiversity and ecosystems. Indicator: 1) Number of properties registered 2) Percentage of area analyzed/regularized: 3) Number of properties supported with the preparation of a proposal on how to restore or offset their deficit	Latest Baseline[53]: In the ten municipalities the SICAR has **15,410** properties registered as of (1/12/2016): The following provides number of properties registered in each of the 10 municipalities we are going to work in and the area analyzed[54]	1) All **17,000** properties have been registered 2) And 30% of the area of all registered properties have been analyzed	All 17,000 properties have been registered Through support to the environmental agencies, 50% of the total area of all registered properties	The assumption is that approximately 90% of all properties have been registered and that the total number of properties in the 10 municipalities is around 17,000 properties The analysis of the registered properties will provide information about

[50] Baseline, mid-term and end of project target levels must be expressed in the same neutral unit of analysis as the corresponding indicator. Baseline is the current/original status or condition and need to be quantified. The baseline must be established before the project document is submitted to the GEF for final approval. The baseline values will be used to measure the success of the project through implementation monitoring and evaluation.

[51] Target is the change in the baseline value that will be achieved by the mid-term review and then again by the terminal evaluation.

[52] Risks must be outlined in the Feasibility section of this project document.

[53] Per the phone call with the GEF SEC and UNDP on December 22nd, we have encountered new information regarding the registration of properties under the Forest Code, since it has been 1 year. We have included the latest baseline information on the number of properties registered above, and in addition, we had included before only indicators on the number of properties registered rather than the percentage of area that would be analyzed and regularized. This was always part of the project, but it was missing indicators here. Registration is only one of the steps in assuring that the Forest Code is implemented successfully, thus the analysis and regularization component that this project will support, will be crucial for the long-term sustainable development of this region.

[54] Analysis of the property: The registrations received by SiCAR will need to be validated by the competent environment agencies. the documents and information presented. Inconsistencies will be communicated to the person responsible for the registration, so that the declared information is revised,.. Source: http://www.brasil.gov.br/meio-ambiente/2014/05/conheca-o-passo-a-passo-para-efetuar-o-cadastro-ambiental-rural

		so far in percentages of the total area of private lands registered: Area below is in hectares **Palmas** Properties: 877 Total area: 82,594 Analyzed: 4,885 (6%) **Porto Nacional** Properties: 989 Area: 216,894 Analyzed: 17,385 (8%) **Monte do Carmo** Properties: 515 Area: 215,121 Analyzed: 5,995 (3%) **Silvanópolis** Properties: 289 Area: 77,322 Analyzed: 7,213 (9%) **Santa Rosa do TO** Properties: 288 Area: 109,372 Analyzed: 3,721 (4%) **Formosa do R.Preto** Properties: 3253 Area: 1,100,614 Analyzed: 453,131 (41%) **Riachão das Neves** Properties: 1742 Area: 308,589 Analyzed: 38,478 (12%) **Barreiras** Properties: 2416 Area: 499,786 Analyzed: 30,565 (7%)		have been analyzed and validated; Through support for farmers, 25% of all the properties (0,25% *3,400 = 850 properties, see assumption) with a deficit in Permanent Protection Areas or Legal Reserves have been supported with the preparation of a proposal on how to restore or offset their deficit	the deficit in permanent protection areas and legal reserves. However, it is assumed that at least 20%, of all properties, or 3,400 properties have a deficit in either or both.

		Luis Eduardo Magelhães Properties: 736 Area: 296,853 Analyzed: 14,618 (5%) **São Desidèrio** Properties: 4305 Area: 1,079,962 Analyzed 81,562 (8%) **Total** Properties: 15,410 Area: 3,987,107 Analyzed: 657,553 (16,5%)			
	2: Number of direct project beneficiaries (women and men)	Base line: 0 beneficiaries have formally regularized their properties	25% of farms analyzed and validated, benefitting 17,000 farmers/family members (8500 men and 8500 women). Project Indicator: It is estimated that 10% of soy farmers are women; however, it is assumed that per property there are four members, with 50% males, 50% females	50% of farms analyzed and validated. 34,000 farmers and their family members (17,000 men and 17,000 women) are directly beneficiaries in having their properties regularized.	All properties are registered in the SICAR and 50% of all area are analyzed and validated and for those that show a deficit in permanent protection areas and legal reserves a proposal for regularization submitted.
	3: Deforestation rates in Matopiba region.	7,249 km^2/year (2011) (waiting for 2013 figures to be established in Year 1	Reduction to rates below 2013 figures As no recent data on deforestation in the	Reduction to rates around 6000km^2	The assumption is that the rural environmental registry (CAR) will prove to be an effective monitoring tool and that deforestation rates

		The deforestation rates refer to the whole Cerrado. In the baseline period, most of the deforestation was concentrated in the Matopiba area. An overall reduction with 1000 km2 over a three-year period as a result of improved environmental management is feasible, but it is difficult to attribute the indirect and direct impact. As the project is working around 8.5% of the Matopiba region., the rationale is that we may claim as a direct impact of this project 8.5% of the reduction in deforestation .	Cerrado or the Matopiba region are available it is estimated that a gradual reduction with 1000 km2 by 2020 is feasible, which would change the deforestation rate to 6000km^2. .	Reduction by 1000km2 over three years. Better monitoring and control and the implementation of the Forest Code is expected to reduce the annual deforestation rate by 1000 km2 at the end of the project.	will regularly be monitored[55] .
Component/Outcome 1.1: A shared vision on expansion of the production of agricultural commodities in the Matopiba	4: Number of policy recommendations taken up by policy makers including gender sensitive proposal	0 (zero)	Proposals/ recommendations prepared	4 significant proposals taken up (turned into policy or operational	

[55] In accordance with the FAO EX-ACT, in Forest Zone 4[55] which possible resembles best the different phytophysiomies of the Cerrado, this is equivalent to a reduction of 11,961,769 tCO2eq. The area that the project is *directly* working in, covers 8.5% of the total area. We assume that 8.5% of the reduction in CO2 emissions from deforestation can be attributed to the project. This is equivalent to 1,016,750 tCO2eq

region in combination with the conservation of biodiversity and ecosystem services through sustainable land management and the creation of sustainable productive landscapes.				instructions) by municipal, state or federal governments	
Component/Outcome 1.2: Improved environmental management.	5: Percentage of productive area registered in the SICAR system, analyzed, validated and regularized	Base line Analyzed: (16,5%) Validated 0% Regularized 0% Indicator: Percentage of properties Note: 15,410 properties have been registered out of 17,000.	. Analyzed: 30% Validated: 20% Regularized 15%	. With support from the GEF, the goal is: Analyzed: 70% of area Validated: 50% Regularized[56] 50% 10% or 850 properties with some deficit in permanent protection areas or legal reserves have been supported to prepare and submit proposals for restoration or offset;	Most large properties with an interest in registration in the SICAR (to avoid fines) would have registered before the May 2016 deadline. Most of the properties not registered by May 2016 will be smallholder properties that are more difficult to mobilize and reach.[57] The assumption is that under the Business as Usual scenario, the environmental agencies would be able to have only 30% of the total area analyzed

[56] Regularized: This means they have gone through the registration, validation, and they have been found compliant with the program.

[57] 50% of the total area under cultivation is roughly 1,970,000 hectares (1,617,900 in Bahia and 348,152 hectares in Tocantins). Of this, it is estimated -based on the Forest Code- that 20% of the private lands in Bahia (or 323,580 hectares) and 35% of the private lands in Tocantins (or 121,853) hectares should have been set aside. This amounts to a total of 445,433 hectares consisting of legal reserves and permanent protection areas (along rivers and on hilltops). Based on current data it is impossible to know how much of these 445,433 hectares is indeed still covered by native forest. There is also no way to be certain that avoided deforestation as a result of the environmental regularization process has not already been included in the calculations with respect to the reduction of deforestation rate, thus we are not estimating carbon for this area, but rather looking at deforestation rates for the area where this project will intervene.

	6: Area under restoration	The total deficit in Permanent Preservation Areas in Tocantins is 241,233 hectares. Extrapolating from this, results in an estimate of 648,612 hectares for the Matopiba region and 50,000 hectares in the 10 focal municipalities.	2.5% of the total APP deficit under restoration (1,250 hectares).	5% of the total APP deficit under restoration (2,500 hectares).	The assumption is that strengthening of the restoration supply chain will make different forms of restoration cheaper and more feasible.

	7: Number and size of traditional lands protected through safeguards	See annex M for baseline about recognized/ regulated and unrecognized lands. In the whole Matopiba area this amounts to 28 indigenous lands (4.16 million hectares) and 35 communities of former slaves (231,438 hectares)	Established in assessment about critical lands in Year 1.	Final targets will be established based on the assessment of critical lands.	The assumption is that there are traditional communities living in the focal area that are being affected by the expansion of soy production and that the project will be able to establish with local governments, farmers and trading organizations ways to limit the impacts on the livelihoods of these communities.
Component/Outcome 2.1: A system of support in the four focal areas prepared and implemented that will help farmers to adopt sustainable management of their properties	8*:* Proxy Indicators: Projects in the ten municipalities financed by the ABC program to finance among others: no-till; biological fixation of nitrogen; restoration of degraded areas, and others	In 10 municipalities, the ABC[58] program supported between January 2013 and	Mid-term: 1222 loans	Final target: In 10 municipalities, our goal is to triple the participation in the ABC program (for	The assumption is that better knowledge and access to technical support for the preparation of loan proposals as well as capacity building of loan assessors

[58] The ABC Plan is a credit initiative that provides low-interest loans to farmers who want to implement sustainable agriculture practices. These include no-till agriculture, the restoration of degraded pasture, the planting of commercial forests, biological nitrogen fixation, treatment of animal wastes and the integration of crops, livestock and forest. The programme's ambitious goals include rehabilitating 15 million hectares of degraded pastures and increasing the area under zero tillage from 25 million hectares to 33 million hectares by 2020. It also intends to reduce greenhouse gas emissions by 160 million tonnes of CO2 equivalent annually, before 2020. Initial uptake was slow, with only 5 projects approved in the first year, representing USD 1.7 million in loans (Neate 2013).

and sustainable agricultural practices.		December 2016 611 loans to farmers for agricultural crops Baseline: 611 loans to farmers[59]		agricultural crops), in three years, to 1833 loans to farmers With the above intervention it will be possible to double the uptake in the period 2017-2019. Hence by 2019/2020 a total of 1833 loans would have been contracted.	will increase the uptake of loan proposals.

Component/Outcome 3.1: Improved planning for expansion of production and conservation.	9: Area under integrated management identified and agreed (proposals for conservation units submitted and management plans agreed) Goal is to protect 10,000 hectares of Cerrado Forest. No carbon calculation was prepared, first because it is not expected to involve land use change and second because part of the balance may already be included in the reduction of deforestation calculations	0 (zero)	3,500 hectares	10,000 hectares	Integrated management includes APPs in restoration, conservation areas on private lands (RPPNs) and other conservation units; sustainable use conservation areas for which management plans were agreed).

[59] Data from Banco Central do Brasil shows that from 2013-2016 in the ten municipalities 611 ABC loans for agricultural production were contracted. It is assumed that without project intervention a similar number will be contracted over the next period of three years

	10: Area under legal protection as percentage of total area of the Matopiba region (including indigenous lands, conservation areas, lands of quilombolas and forest code preservation areas).	Baseline: Forest code preservation areas to be defined in the first year of the project. Currently the Conservation areas are: 3,725,752 hectares (full protection), 5,158,138 hectares (sustainable use), 20,364 hectares (on private lands), 231,438 hectares (quilombolas lands) and 4,158,962 hectares (indigenous lands. The first-year goal is to identify the forest code preservation areas and to find out the total percentage of areas that are under legal protection as a percentage of the whole Matopiba area. Above, we have the public and private land that are currently under protection. Once the project starts we will define the forest code preservation areas to calculate total percentage of areas that are under protection.	Mid-term: Area in compliance with the forest code (regularized) in the whole Matopiba area (XXX) + conservation areas (13.294.654 hectares) / 73.173.972 hectares * 100%	Goal is to have 40% of all the total Matopiba area covered with native vegetation and, hence protected as: either conservation area; indigenous or former slaves' areas or under the forest code. As the current area of protected areas adds up to 13.294.654, in order to have 40% of the total area under legal protection 15.974.935 hectares of native vegetation need to be protected on private lands and should therefore be formally regularized. The project itself will not achieve this, but will rather contribute indirectly.	It is assumed that project activities will substantially contribute to efforts to achieve zero illegal deforestation and to reduce legal deforestation. As the project will only directly intervene in 10 municipalities it is assumed that project activities will be brought to scale and indirectly influence the whole region

Component/Outcome 4.1: Increased market demand for responsibly sourced soy	11: From WWF ProDoc: *# of companies that have increased capacity to make and implement commitments to source reduced deforestation commodities* *Note that this will be implemented and monitored under WWF's demand child project*	0 (to be measured during project implementation)	Y2 30	Y4 60	
	12 From WWF ProDoc # companies with increased capacity to use decision-relevant information developed by the Transparency portal to inform their strategies *Note that this will be implemented and monitored under WWF's demand child project*	0 (portal not yet developed)	Y26 (3 for each commodity)	Y4 6 (3 for each commodity)	
	13: From WWF Prodoc: *# assessments conducted and successfully shared with relevant stakeholders*	2016: 0 jurisdictions where beef/soy is mapped from origin to destination	5570 (soy), 17 (beef)	5570 (soy), 17 (beef)	

	Note that this will be implemented and monitored under WWF's demand child project				
Component/Outcome 4.2: Financial sector engaged in the promotion of sustainable soy	14: # of new long-term finance products developed based on findings from the business base analysis *Note that this will be implemented and monitored under IFC's transactions child project*	0	0	1 new long-term finance product developed based on findings from the business case analysis	
	15: Identification of pilot landscapes or farmers to test the long-term finance product through workshops	0	4	6-8 workshops	
Component/Outcome 5.1: Project coordinated and lessons learned disseminated	16: Number of lessons learned and disseminated	0	2	4	Lessons learned in our focal areas are relevant for other areas in the Matopiba region

ANNEX B: RESPONSES TO PROJECT REVIEWS

Questions	Secretariat Comment (August 11, 2016)	Agency Response (CI) August 26th, 2016
1. If there are any changes from that presented in the PIF, have justification been provided	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: 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,	August 26th response 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. ii) The version used was an outdated one of the IAP summary. This is now fixed. iii) The version submitted of the ceo endorsement had not included the changes to table E as well. This is now updated. iv) We added notes here as well as updated this information under global environment benefits on page 15 of the CEO endorsement. 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 7,249km^2.[60] 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 km^2 per year in the Matopiba region. This roughly translates to 100,000 hectares per year. Above ground biomass in the cerrado is estimated at 8.6 tons per hectare and below ground root biomass 22 tons per hectares of carbon[61]. 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 tCO^2 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 tCO^2 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

[60] This project might have to revise the deforestation rate as 2013 data becomes available.
[61] Paiva, Pereira, and Rezende.

	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. December 5, 2016 Revisions of Tables A & E and other text in the narrative sections are now consistent. The Carbon Calculation information offers a detailed assessment of the child project carbon benefits. 1) However, we are challenged to make a determination on the validity of values provided without understanding the baseline and timeframes used as a basis. 2) 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. 3) Also make sure that the GEB information is consistent across all documents and the review sheet. Please also clarify whether the 500,000 hectares sustainable land management GEB is the total area	protect 10,000 hectares through the creation of conservation areas, we estimated CO^2 based on the study "*Carbon Stock in cerrado sens stricto in the Federal District*", by Paiva, Rezende and Pereira[2]. 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[62]. 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 CO^2 estimations are accurate. 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 Magelhães, 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. 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. 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.

[62] Since this area will be completely protected we can also include the soil compartment (2 meters depth), which corresponds to 90% of total carbon stock. This would in turn add **9.9 million of avoided tCO2e.** To be conservative for the BAU scenario we will assume a 25% of carbon would be lost.

	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 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. A phone conversation to clarify the above two points and others below may be helpful.	**Response: Carbon Calculations:** Summary: After meeting with the GEF Sec experts on December 22nd, we were asked to revise our carbon calculations and adopt a more conservative estimate of the direct impacts of the project. Instead of decreasing deforestation by 2,000 km2, we have now utilized 1,000 km2 as the estimate, which this project will contribute to. In addition, we have compared the CO2 in the forests from the FAO Exact tool to the paper upon which we had based our previous calculations. Using Zone 3 in the FAO exact tool, it seems that we were overestimating the amount of CO2 the Cerrado landscape can store. We have changed our assumption to Zone 4/Tier 2 upon GEF's recommendation. This has lowered the C02 mitigation significantly. Highlights: 1) Our revised numbers for CO2 have changed from 17 million tCO2 to approximately 1.8 million tCO2. 2) These figures reflect the direct impact of the project in the 6,000,000 hectares where we will be working. 3) The C02 mitigation reflects the 3 years of the project implementation + the 4th year as a cushion. The project activities are aimed at being finalized in three years, however due to the magnitude of the project, the last year was added in case activities cannot be completed in this period. Using this tool, our estimate is that the total emissions mitigated is: 1,016,750 tCO_2eq + 571,028 tCO_2eq + 216,270 tCO_2eq = 1,804,049 tCO_2eq The reasoning is as follows: 1. The deforestation rate in 2011 for the whole Cerrado was 7,249 km^2/year (2011). In this period most of the deforestation was concentrated in the Matopiba region. Better monitoring and control and the implementation of the Forest Code is expected to reduce the annual deforestation rate. As no recent data on deforestation in the Cerrado or the Matopiba region are available we are estimating that a gradual reduction of 1000 km^2 to 6000km^2 per year in 2020 is feasible. We assume a

		reduction of 250km^2 in year one; a reduction of 350km^2 in year 2 and a reduction of 400km^2 in year 3 or a total accumulative reduction of 1000km^2 over three years. Attribution of direct and indirect impacts is complicated. However, through working directly in frontier areas and providing support to the process through which farmers comply with the forest code (registration – analysis and validation of registered properties and regularization) and consequently guaranteeing better monitoring and control of illegal deforestation, the conservative assumption is that 8.5% of the reduction and the mitigated CO_2 emission can be attributed to the present GEF initiative. In accordance with the FAO EX-ACT: 1. There are 48,698,713 hectares of Cerrado remnants in the Matopiba area. Without interventions 2,174,700 hectares will be deforested over three years (3 x 7,249km^2[63]) + the fourth year for mitigation[64]. With interventions of the Forest Code and the project in the Matopiba area, deforestation will still be: 7,249km2 – 250km2 in year 1 = 6,999km^2 or 699,900 hectares; in year 2: 7,249 – 350km^2 = 6,899 km^2 or 689,900 hectares; in year 3: 6849 km^2 or 684,900 hectares. With the project there will, therefore still be 699,900+689,000+684,900 hectares=2,074,700 hectares of deforestation in the whole Matopiba area. In accordance with the FAO EX-ACT tool, in Zone 4/ Tier 2[65] which possibly resembles best the different phytophysionomies of the Cerrado, this is equivalent to a reduction of 11,961,769 tCO2eq. The area that the project is *directly* working in, covers 8.5% of the total area. We assume that 8.5% of the reduction in CO2 emissions from deforestation can be attributed to the project. This is equivalent to 1,016,750 tCO2eq As this reduction should be obtained through working directly in frontier areas in the states of Tocantins and Bahia with farmers to support registration in the farm registration system and with environment agencies on analysis and validation of registered properties and regularization of farms with a deficit in protected areas

[63] Deforestation rate as of 2011.

[64] We are only using a decrease in deforestation over three years as the project may end in three, rather than four years. The whole decrease in deforestation therefore is 1,000 km2 over the whole duration of the project.

[65] According the paper Carbon Stock in cerrado sens stricto in the Federal District by Paiva, Rezende, and Pereira above ground biomass in the cerrado is estimated at 8.6 tons of carbon and below ground root biomass is 22 tons of carbon per hectare. Converting carbon to CO2 by using the conversion factor (44/12) is estimated at 110 tCO2.

		and on better monitoring and control of illegal deforestation this impact can be considered “direct”. Indirect: We expect the indirect impact of this project is that deforestation rates would decrease across the Matopiba region as state environmental agencies would be trained and their knowledge would likely be shared beyond the 10 municipalities in the two states (Bahia and Tocantins). Since the Matopiba region comprises four states Maranhao, Tocantins, Piaui, and Bahia and we are working in two states, we expect that this project will indirectly contribute in mitigating half of the 11,961,769 tCo2eq[66] for the whole region for a total of 5,000,000 tCO2 eq. 2. The project will directly support the restoration of 2,500 hectares. According to the FAO EXACT, the net reduction of the restoration of 2500 hectares of Zone 4 Forest over three years + the additional year for mitigation is 571,028 tCO_2eq The project will not directly implement restoration areas but will, instead, support extension services and farmers to implement restoration areas. 3. ABC loans incremental benefits: The assumption is that better knowledge and access to technical support for the preparation of loan proposals as well as capacity building of loan assessors will increase the uptake of loan proposals. Data from Banco Central do Brasil shows that from 2013-2016 in the ten municipalities 611 ABC loans for agricultural production were contracted. It is assumed that without project intervention a similar number will be contracted over the next period of three years, but that with the above intervention it will be possible to double the uptake in the period 2017-2019. Hence by 2019/2020 a total of 1833 loans would have been contracted. Assuming further that the incremental 611 loans will affect at least 100,000 hectares in the focal areas and include improved agronomic practices, nutrient management, no till, and water management, according to FAO -EXACT this will translate into a positive balance of 216,270,tCO_2eq

[66] This is the total CO2 mitigated in the Matopiba region derived from the EXACT tool, which covers four states.

		Revised estimate for Sustainable Land Management: In our initial response from July, we had calculated total land that would be sustainably managed under the ABC loans program in the region where this project will take place. This meant that about 500,000 hectares would be under the ABC loan program for biological nitrogen fixation. This has been revised to reflect only 100,000 hectares. This is the incremental impact that the IAP project would have in assuring that land is sustainably managed, because the project will support knowledge sharing and access to technical support for the preparation of loans through capacity building of loan assessors, which will increase uptake of loans. This would be equivalent to an additional 611 more loans, which would impact about 100,000 hectares of the focal area. In addition, in our previous estimate for the sustainable land management contribution of this project, we had not included the land that would be sustainably managed under the Forest Code. According to the latest data from the SICAR system 15,410 properties in the ten focal municipalities have been registered. It is estimated that the total number of properties in our focal municipalities will not surpass 17,000. Our goal is: to support the registration of the remaining properties (1,590 properties) in the SICAR system; the analysis and validation of 70% and regularize 50% of all entries in the SICAR (17,000/2= 50% or 8,500 farmers); and support 10% of the 8,500 or 850 farmers with the preparation of restoration project proposals. Thus, 50% of the area under cultivation is roughly 1,970,000 hectares (1,617,900 hectares in the state of Bahia, and 348,152 hectares in the state of Tocantins). As the Forest code determines that in Tocantins 35% of properties need to be set aside, this means that 35% of 348,152 hectares or 121,853 hectares will need to be protected. In Bahia, the area that must be set aside is 20% or 323, 580 hectares (0.2*1,617,900). The total area to be set aside, if half of the cultivated area is in full compliance with the Forest Code would therefore be 348,152 +121,853 = 445,433 hectares. The total area that will be under sustainable land management therefore is 545,433 hectares. This is a combination of the area under the ABC loan (100,000 hectares),

		which this project will contribute to, and the area that will be set aside under the Forest Code (445,433 hectares). Please see the summary of the corporate goals for this project in Annex 1 copied below this table.
2. Is the project structure/ design appropriate to achieve the expected outcomes and outputs?	August 11, 2016 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: 1-The project objective outlined in Table B is different from the objective outline in Annex A (Results Framework) 2-Table B - Outcome 1- i) The focus on Sustainable Development is very broad and does not zero in sufficiently on the issue at hand. 3- Please consider including outputs related to forums/dialogues	1- This is now fixed. Project Objective in table B on page 2 is the same now as the Results framework on page 55 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 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 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 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

	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) 4-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). 5- Will there be any 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). 6- Please check the wording of the	HELP FARMERS TO ADOPT SUSTAINABLE MANAGEMENT OF THEIR PROPERTIES AND SUSTAINABLE AGRICULTURAL PRACTICES. Added to page 20 that an assessment will be 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. 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 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 7- *Please see revised table on page 17. Theory of Change*

	Outcomes as a few are written as outputs (Ex. Outcomes 1.2, 3, 4.2). 7-The TOC is extensive. Please consider making it more concise and merging some of the points under the TOC scenarios. 8-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 December 5, 2016 Yes, the project structure is now appropriate. Cleared	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. 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. 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 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, 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.

		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 Ok. Noted.
3. Is the financing adequate and does the project demonstrate a cost-effective approach to meet the project objective?	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. December 5, 2016 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.	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. 4.1.1.1 Participate in the Soy Traders Platforms biannual meeting (CI) 4.1.3.1 Evaluate existing certification of origin experiences and their potential for replication in MATOPIBA (CI) 4.2.2.1 Conduct a feasibility study on the market for compensation of legal reserves (CI) 4.2.2.2 Conduct A Study on the feasibility of a payment for environmental services system in the region (CI) 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); 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)

		Response: Only the activities above, which are part of the Brazil child project, are financed with the $386,364 and these activities are not included in the budgets of any other child project. The activities which have WWF or IFC in parentheses are *not* covered under the $386,364. They are covered under their respective child project budgets, where they will implement and monitor their progress. Their activities were added to the Brazil child project to demonstrate that activities will be closely coordinated, but CI is only responsible for the activities above.
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)	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. December 5, 2016 Climate change risks and response measures have been included. Cleared	Please see page 42 on the last row highlighted in yellow for climate change affects. Ok. Noted
5. Is co-financing confirmed and	August 11, 2016 Yes. However the total co-financing	This has now been fixed on table C on page 6.

evidence provided?	figures in Table C do not match those in Tables A & B. Please correct. December 5, 2016 The figures now match. Cleared	Ok. Noted.
6. Are relevant tracking tools completed?	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. 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. 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	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. **Response**: Indicators estimates are now the same in the Results framework and the tracking tool Regarding box 4 or Indicator 4 this has now been updated reflecting total number of beneficiaries in the first column and number of women in the second column. Regarding biodiversity tracking tool. This has now been updated to show what the project intends to do, which is not only to register properties, but also analyze, validate and regularize them. Thus, we will look at the incremental impact this project will have in supporting the effective implementation of the Forest Code. The goal is to have 70% of the properties analyzed and validated and 50% of them regularized by the end of the project. **Response:** With regard to the comment on how the project will work with other GEF projects, please see the list below: 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, ISPN, the execution agency for the GEF Small Grants Program is an active partner of Conservation International in several activities related to the conservation and sustainable use of the Cerrado biome. This project will also work in close cooperation with the other child projects

	than the total number of users/farmers. Please revise. For BD objective box III, the 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	under the Commodities IAP program through annual meetings and communities of practice BRA/08/012 – Support for Traditional Communities: It supports agro-extractive activities, policy formulation, production and commercialization of non-timber forest products. With more than 84 projects implemented, the project has reached more than 10,300 families throughout the Brazilian biomes. The beneficiaries are traditional populations from the forests and other native environments. The project amounts to 9.6M and has 7 years of execution, with a disbursement of USD 9 M to date. The main source of funds are from the Government of Brazil. In 2016/17, the project is supporting 8 Territorial and Environmental Management Plans in the state of Maranhão with Indigenous Communities. The Brazil Child project will coordinate with the UNDP led project to learn lessons from their engagement with traditional communities in the Matopiba region, as this project will also be engaging traditional communities. 9182: Generating Responsible Demand for Reduced-Deforestation Commodities. The Responsible Demand Child Project's objective contributes to the IAP by strengthening the enabling environment and public and private sector demand for reduced-deforestation commodities in priority commodity markets. By generating reduced deforestation demand, the Demand Child Project contributes to GEF strategies for biodiversity, climate change and sustainable forestry management . This is a four-year project that will be implemented in Latin America, Asia and Africa. This project will coordinate with the responsible demand child project by having members of the CI project as members of the Steering Committee under the Demand Child project, in addition to working with WWF on the Soy Trade Platform 9179: Adaptive Management and Learning: The A&L child project will support the overall coordination of the program to ensure coherence and consistency, as well as communication and partnership building. This is a four-year project, which will take place in Latin America, Asia and Africa. This project will coordinate with A&L, as members of this project will be part of the IAP Steering Committee at the Program level. Lessons learned from the Brazil experience will be shared as the A&L project document has as its outcome knowledge management, partnerships and

	indicator. Please clarify and revise the indicator estimate accordingly. 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. December 5, 2016 Please provide further details on how this child project will align with other GEF projects including their names, descriptions and regions.	communication, which will ensure that knowledge generated at the Program is shared at the national, child project and global levels. Please find this information on page 8 of the CEO endorsement. ID_ Enabling Transactions. The Enabling Transactions Child Project will strengthen the enabling environment and public and private sector demand for reduced-deforestation commodities in priority markets. This is a four-year project, which will take place in Latin America, Asia and Africa. This project will coordinate with the Enabling transactions child project through the linked activities such as leading workshops to present business case analysis conducted under the transactions child project. 9180: Reducing Deforestation from Commodity Production. The Production child project will encourage sustainable practices for oil palm and beef production while conserving forests and safeguarding the rights of smallholder farmers and forest-dependent communities. This is a four-year project that will be implemented in Latin America, Asia and Africa. This project will coordinate with the production child project through the Community of Practice and exchanges. In addition, CI Liberia and CI Indonesia will be part of the Production child project, which will encourage sharing of information between the countries and child projects. The CEO endorsement and Prodoc had already two other projects. We have added information on how we will coordinate or learn from project that have just ended. This information is on page 45-46 of CEO endorsement.
8. Is the project coordinated with other related initiatives and national/regional plans in the	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	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, ISPN, 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.”

country or in the region?	implementation.	

Annex 1 To response sheet:
Summary Table for Corporate Goals

Corporate Results	**Project Intervention**	**Project targets**
Global Significant Biodiversity		
Maintain globally significant biodiversity and the ecosystem goods and services that it provides to society	**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 Magelhães, São Desidério). In these municipalities, the project will support activities to ensure that rural properties are included in the rural registry, analyzed, and validated, 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	6,000,000 hectares
Total		**6,000,000 hectares**
Sustainable land management in production systems		
Sustainable land management in production systems (agriculture, rangelands, and forest landscapes)	Forest Code Sustainable Land Management: 50% of the total area under cultivation is roughly 1,970,000 hectares (1,617,900 hectares in Bahia and 348,152 hectares in Tocantins).	445,433 hectares

	As the Forest Code determines that in Tocantins 35% of properties need to be set aside, this means that 35% of 348,152 hectares or 121,853 hectares will need to be protected. In Bahia this is 20% or 323,580 hectares (0.2*1,617,900). The total area to be set aside, assuming that half of the cultivated area is in full compliance with the Forest Code would therefore be 348,152+121,853=445,433 hectares.	
	ABC Loans incremental GEF impact: Assuming further that the incremental 611 loans will affect at least 100,000 hectares in the focal areas and include improved agronomic practices, nutrient management, no till, and water management	100,000 hectares
	Total Hectares for Sustainable Land Management	**545,433 hectares**
Carbon Calculations		
Support to transformational shifts towards a low-emission and resilient development path	Reduced deforestation	1,016,750 tCO_2eq
	Restoration	571,028 tCO_2eq[67]
	Low Carbon Agriculture	216,270 tCO_2eq
Total	**Total Direct CO2 mitigated :**	**1,804,049 tCO2eq**
	Total Indirect CO2	**5,000,000 tCO2eq**

[67] The restoration may not be counted as it is not necessarily mitigating.

ANNEX C: STATUS OF IMPLEMENTATION OF PROJECT PREPARATION ACTIVITIES AND THE USE OF FUNDS[68]

A. Provide detailed funding amount of the PPG activities financing status in the table below:

n/a. This Brazil Child project had no PPG.

ANNEX D: CALENDAR OF EXPECTED REFLOWS (if non-grant instrument is used**)**

Provide a calendar of expected reflows to the GEF/LDCF/SCCF Trust Funds or to your Agency (and/or revolving fund that will be set up) **N/A**

ANNEX E. Project Cooperation Agreement between UNDP and Conservation International

To be produced before the LPAC meeting.

[68] If at CEO Endorsement, the PPG activities have not been completed and there is a balance of unspent fund, Agencies can continue to undertake the activities up to one year of project start. No later than one year from start of project implementation, Agencies should report this table to the GEF Secretariat on the completion of PPG activities and the amount spent for the activities. Agencies should also report closing of PPG to Trustee in its Quarterly Report.