United Nations Development Programme
Country: Brazil
Project Document

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Project Title	Fifth Operational Phase of the GEF Small Grants Program in Brazil
UNDAF Outcome(s):	More efficient use of available resources is ensured to promote an equitable and environmentally sustainable economic development..
UNDP Strategic Plan Environment and Sustainable Development Primary Outcome:	Public policies with increased mainstreaming and crosscutting of the environmental dimension in their design, implementation, management, monitoring and evaluation.
UNDP Strategic Plan Secondary Outcome:	N/A
Expected CP Outcome(s):	5.21. Increased institutional capacities in design, implementation, monitoring and evaluations of policies on the use of available natural resources.
Expected CPAP Output(s):	N/A
Implementing Agency:	United Nations Development Programme (UNDP)
Implementing Partner:	Instituto Sociedade População e Natureza (ISPN)

Brief Description

The primary objective of the project is to ensure 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.

Programme Period:	2013 - 2016
Key Result Area (Strategic Plan):	_____
Atlas Award ID:	00070540
Atlas Project ID:	00084459
PIMS no:	4578
Start date:	1 January 2013
End Date	31 December 2016
PAC Meeting Date	9 October 2012
Management Arrangements	NGO Implementation

Total resources required:	$10,343,500
Total allocated resources:	$5,000,000
○ GEF	$5,000,000
Partner-managed funds:	
○ ISPN	$ 2,350,000
○ UNDP	$1,100,000
○ UNEP (COMDEKS)	$ 293,500
○ Other grant	$ 800,000
○ Other In-kind	$ 800.000

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I. SITUATION ANALYSIS

A. Context and global significance: Environmental, policy and institutional

Brazil is a Party to multiple multilateral environmental agreements, including the Convention on Biological Diversity, ratified in March 1998 (Decree nº 2,519), the Framework Convention on Climate Change, ratified in May 1994, and the Convention to Combat Desertification, ratified in 1997. The GEF-SGP is directly relevant to, supportive of, and consistent with Brazil's national priorities and policies related to these conventions and to national development priorities, in particular, policies and programs targeting biodiversity conservation and sustainable use in the **Cerrado** and **Caatinga** biomes (the geographical focus of this project), as well as those designed to maintain carbon stocks, improve land management and prevent land degradation. The following are the most relevant strategies and plans.

The global environmental benefits that will be delivered through this project are the following:

- 300,000 hectares of Cerrado and 100,000 hectares of Caatinga ecosystems with enhanced biodiversity conservation on community lands;
- 500 hectares of Caatinga forest ecosystem restored and 500 hectares restored in the Cerrado, equivalent to 37,400 tCO_2e sequestered in Cerrado and 18,200 tCO_2e in Caatinga;
- 80,000 hectares with sustainable agriculture and forest management avoiding conversion to pasture and monoculture and maintaining environmental services equivalent to 4,370,400 tCO_2e avoided;
- 200 hectares in Caatinga and 400 hectares in Cerrado with innovative soil management techniques adopted by communities;
- 2,000 hectares maintaining innovative sustainable water management techniques

Stakeholder and baseline analysis

Stakeholders

Key stakeholders are the communities who will design and implement small grants projects. GEF-SGP partners are associations, cooperatives and NGOs that represent or assist local communities from the Cerrado and Caatinga biomes. The Cerrado Network (Rede Cerrado) and the Semi-Arid Articulation (ASA) organization are special stakeholders because they congregate hundreds of CBOs and NGOs present in these biomes. They will be represented in the NSC and will contribute to disseminate information about GEF-SGP. Other important stakeholders are the Cerrado Central and the Budega da Caatinga, which are networks that congregate about 30 initiatives each, working with marketing of Cerrado and Caatinga products. Cerrado Central was created as a result of the GEF-SGP Brazil work, and was formalized as a cooperative in 2010, being able to access formal markets and new possibilities of financial support. The Budega da Caatinga is one of the main results of the Caatinga GEF FSP, which had actions in several regions involving more than 30 community groups. The Budega is helping these groups to improve their marketing capacity. It will have a special role in publicizing locally GEF-SGP calls for proposals and assisting the communities to prepare their project proposals, considering that GEF-SGP will be intervening in the Caatinga for the first time.

ISPN has a close relationship with the University of Brasília, which is especially important for GEF-SGP's knowledge management activities and products. Through the Florelos Project, supported by the European Commission, ISPN grants scholarships to students that are focusing their research on local communities and Cerrado conservation. Partnerships with the

private sector are being explored, especially in cosmetics. Cooperation with local and national government institutions is fundamental to turn pilot experiences into public policies.

Baseline analysis

Brazil is known worldwide as one of the most important countries in terms of biological diversity. The Amazon, the Atlantic Forest and, on a smaller scale, the Pantanal have received the most international attention. On the other hand, the Cerrado, the Caatinga and the Southern Grasslands have been practically ignored in Brazil and internationally until recently.

The **Cerrado** is the most biodiverse savannah in the world, with an area of more than 2 million square kilometers (some 21% of the Brazilian territory). It comprises a great variety of unique ecosystems that are particularly rich in species, and that are important for maintaining carbon stock and water resources. The Cerrado landscape is characterized by extensive savannah formations crossed by gallery forests and stream valleys. The number of vascular plants is estimated at around 10,000 species of which 44% are endemic, and herbaceous species are almost entirely endemic. Over 1,600 species of mammals, birds and reptiles have been recorded. The number of freshwater fish species is 800 of which 25% are endemic. Many large mammals that range widely throughout South America have the Cerrado as one of their principal habitats. One of the best known of these species is the maned wolf (*Chrysocyon brachyurus*), while two of the most unusual species are the giant armadillo (*Priodontes maximus*) and the giant anteater (*Myrmecophaga tridactyla*), which is the largest anteater in the world and can grow up to 1.9 meters in length. The Cerrado biome is still poorly represented in the protected areas system of Brazil with only 5.5% of the total land area protected, and only around 28,500 km² (1.4%) under IUCN categories I to IV.

The **Caatinga** – the only biome that is exclusively Brazilian, occupies 850,000 square kilometers in 10 states of northeast Brazil (over 10% of the national territory). The Caatinga is the largest dry forest region in South America and certainly one of the richest dry forests in the world. Biotic interchange over evolutionary time with surrounding biomes – i.e, Cerrado, Atlantic Forest and Amazon, has led to significant biodiversity. Although Caatinga's biota is poorly known, studies so far have identified at least 1,200 species of vascular plants, 185 fish species, 44 lizards, 9 amphisbaenians (worm lizards), 47 snakes, 4 turtles, 3 crocodylia, 49 amphibians, 350 birds, and 80 mammals. The percentage of endemics is very high among vascular plants (around 30%). Two of the ten most threatened birds in the world, the indigo macaw (*Anodorhynchus leari*) and little blue macaw (*Cyanopsitta spixii*) are found here. Distinctive and endemic plant species include *Godmania dardanoi, Cordia globosa, Billbergia fosteriana, Cereus jamacaru, Melocactus oreas, Pilosocereus gounellei, Copernicia prunifera,* and *Ziziphus joazeiro*. Other examples of endemics include the spiny rat (*Proechimys yonenagae*), and several lizards, *Tropidurus amathites, Tropidurus divaricatus,* and *Tropidurus cocorobensis*.

In spite of its biodiversity significance, less than 1% of the Caatinga biome is protected. There are, however, some efforts underway to establish new protected areas such as the 26,715- hectare São Francisco Natural Monument in the Caatinga.

Threats and Root Causes

- Among the various threats faced by the Cerrado and Caatinga biomes, land use change - where native vegetation and traditionally community-managed areas are substituted by large-scale cropland, eucalyptus monoculture, and pasture - is the most serious. Land use change in the Cerrado is the biggest single source of GHG emissions in Brazil.
- The **Cerrado** is being cleared rapidly, with 47% of the area already deforested and about 14,000 square kilometers cleared per year, far more than the rate of deforestation in the Amazon. According to FAO 2005, the annual forest cover change in Brazil is 3,103,000 hectares, which means land use change in the Cerrado

accounts for almost 50%. The main driver of this deforestation is Brazilian public policies that have historically favored or stimulated the expansion of the agricultural frontier towards the center and north of the country. These policies have resulted in enormous crop production in the Cerrado region, mostly for export, from very large farms and ranches. In 2000, the Cerrado was responsible for 35% of all crop production in Brazil, including for 58% of the country's total soy production. In addition, there are nearly 40 million head of cattle in Cerrado. Steady growth in the agriculture and cattle sectors is projected. While agricultural expansion in the Cerrado has had a positive impact on the Brazilian economy, the negative effects on the environment and local communities are now significant. The land use change process of conversion to monoculture or pasture has lead to deforestation and landscape fragmentation, dislodging and isolating rural communities. Many traditional territories are surrounded by monocultures, such as Xingu Indigenous Park, which impedes community access to natural resources on which they traditionally depend. Several afro-descendent communities have lost their water courses or had them contaminated by agricultural inputs. In addition to the loss of biodiversity resulting from forest clearing and degradation, the agriculture system used by large-scale farms – which includes a period where the soil stays uncovered – causes soil erosion, increases rainwater runoff, carrying sediments and pollutants to water courses, and decreases soil infiltration capacity. The silting up of water courses aggravates water scarcity during the dry season and floods during the rainy season. Large-scale agriculture also causes loss of traditional crop seed varieties and genetic erosion. Local communities are emigrating and selling their lands. Cerrado communities cannot compete with large-scale farms and cattle ranches in national or international markets. According to the 2006 Brazilian Agriculture Census, 69% of all rural properties in the Cerrado are still owned by small farmers, representing 9% of the total area (some 180,000 square kilometers). Unless local communities receive support, concentration of land in large farms is likely to continue, increasing land use change.

- Land use change in the **Caatinga** is also quite significant with an estimated 56% of the area's native vegetation already destroyed or significantly altered by human activities. One of the most populated semi-arid areas in the world, Caatinga has 27 million inhabitants and is located in the poorest region of Brazil; only 4.6% of the municipalities have HDI equal to or higher than 0.5. The annual rainfall average of 600 mm characterizes a semi-arid climate, which makes most of the region unfit for large-scale agriculture and cattle ranching, except for areas with irrigation schemes. Irrigation policies are, however, concentrating land and water in the hands of major companies, while the small farmers who depend on agriculture for their basic subsistence are not profiting as much from it. As in the Cerrado, land property concentration is high, with 89% of the properties/farms owned by small farmers, but covering 37% of the total area only.
- Extensive goat and sheep raising, the main economic activity for local communities, has been practiced in the region for centuries with rudimentary management techniques, which means animals feed on the natural vegetation, eliminating new plants and shoots, affecting the natural regeneration of disturbed areas. A large area of the Caatinga is ranked today as highly threatened by desertification.
- Besides the reduction of their territories, communities are facing water scarcity, soil erosion, and impoverishment, which are the main reasons for rural exodus in the Caatinga and for unsustainable use of natural resources. Other threats to the biome are eucalyptus and crop plantations, wood extraction for charcoal and fuel, forest fires and hunting. At least 28 animal species in this threatened ecosystem are endangered. Many plant species from this biome are used both for commercial and subsistence purposes. For example, people from this area are greatly dependent on palms such as babaçu, carnaúba, tucum and macaúba, from which lauric and oleic oils are extracted. Many trees are also used for lumber, including species such as *Anadenanthera macrocarpa, Ziziphus joazeiro, Amburana cearensis, Astronium fraxinifolium, Astronium urundeuva, Tabebuia impetiginosa, Tabebuia caraiba,* and

Schinopsis brasiliensis, Cedrela odorata, Dalbergia variabilis, Didymopanax morototoni and *Pithecellobium polycephalum*.

- Besides deforestation, fire is a significant cause of GHG emission in Brazil. In the Cerrado and Caatinga, fire is traditionally used by local inhabitants to open new areas for small-scale agriculture and to promote pasture re-growth during the dry season. In some cases, it is also used to manage plants of economic interest, like golden grass. However, it is common for fire to go out of control and spread to other areas, causing loss of biomass and nutrients and the deaths of animals and trees. The use of fire is being intensified, so the frequency of fire in natural areas is also higher, increasing the scope for damage.

Long-term solution and Barriers to Achieving the Solution.

Long-Term Solution:

The long-term solution to the degradation of the Cerrado and Caatinga biomes is a combination of policies and strategies to ensure conservation of biodiversity and ecosystem function and services (including carbon sequestration) while achieving the economic development required to lift their inhabitants out of poverty. As part of these strategies, direct support to community groups provides a basis for on-the-ground experience of potential economic alternatives that offer incentives to conserve the ecological processes that sustain their livelihoods. The knowledge gained from these experiences provides input to adaptive management by communities for conservation, economic activity and food security. This knowledge can also be used to strengthen policy discussions and dialogue at local, municipal and higher levels. Direct support to community groups builds their capacities to participate effectively in resource management and knowledge dissemination to other communities in the biomes, thereby assisting in replication and upscaling for greater impact.

Barriers to achieving the Solution:

Multiple barriers need to be overcome if communities are to contribute to the preservation of the remaining areas of Cerrado and Caatinga and to take advantage of the enormous potential of these ecosystems to generate income and improve quality of life. GEF-SGP will support communities to address the following barriers:

Implementation challenges for alternative, environmentally friendly and economically viable community livelihood options: While traditional communities and local farmers know about the potential or actual uses of many wild species, there are significant challenges involved in establishing sustainable production practices that would also be economically viable. Sawyer (2009) identified more than 100 barriers to the sustainable use of biodiversity in Brazil of which some of the most critical are the following:

- *Policy and regulatory barriers*: Small farmers and traditional communities find it very difficult to comply with existing regulatory frameworks, including sanitary and fiscal legislation, which was designed for other products and in a different context. These regulatory frameworks impede community access to markets and credits for the harvesting and transformation of non-timber forest products. Despite this negative context, in the last 10 years several government policies, especially those from the Ministry of Environment, Ministry of Science and Technology, Ministry of Agrarian Development and Ministry of Agriculture are focusing on sustainable use of biodiversity by small farmers and local communities. Most of these policies, see section A.2 above, are relatively new instruments and are not yet consolidated. There is a need to help implement these policies and give feedback to the relevant entity to improve them and to enable their effective application at the community level.
- *Financial barriers and difficulties for production at scale*: Credit lines are not available in Brazil for small-scale non-timber forest products enterprises, and there is still little interest in the private sector in investing in sustainable harvesting and marketing of wild species and related products in the Caatinga and Cerrado regions. Remoteness

and dispersion of communities also create organizational, transport and other challenges to achieving sufficient quantities of products for certain markets.

- *Educational barriers*: The two regions where GEF-SGP Brazil is focusing have serious social problems, such as weak health and educational assistance. Most local communities are distant from urban centers and road conditions are correspondingly bad. This makes it difficult for small farmers and traditional communities to succeed in managing projects and marketing their production because they are not used to developing business plans, dealing with bureaucracy, accounting, reporting, etc. In rural Brazil it is uncommon to find people with entrepreneurial skills and there are few development practitioners who understand communities' specificities and are willing to live in remote places. Moreover, local communities cannot obtain certification for their products because they are unable to meet the required standards or they cannot cover the cost to obtain the certificates.

Community level constraints to sustainable land and forest management and maintenance of carbon stocks:

- *Insufficient data or access to existing data to methods for carbon stocks monitoring at the community level*: There is no adequate baseline data readily available for estimating, measuring, monitoring and reporting on changes to carbon stocks and greenhouse gas emissions from LULUCF in the Cerrado and Caatinga. It is necessary to extrapolate generic data to different sites and situations. There is a need to consolidate information from different sources to establish a better baseline for LULUCF and carbon in the Cerrado and Caatinga. Furthermore, communities may not have capacity to monitor carbon stocks, considering the basic educational problem in Brazil and the rather esoteric nature of quantifying carbon.
- *Lack of community access to information and training for agroecological production and sustainable land and water management*: Small farmers and communities in agrarian reform settlements do not receive agricultural extension support to implement environmentally friendly agricultural practices that are suitable to local climate and soil conditions. This leads to low productivity and high indebtedness. On the other hand, indigenous groups and traditional communities' production methods are no longer adapted to present conditions. Most of them live in smaller territories than the original ones, surrounded by deforested land, which causes changes in crop production and dietary tradition. They need to update their knowledge to adapt to the new reality. Agroecological techniques can help these groups improve their food production methods adapted to local conditions, aligned with ecosystem functions and increasing food security, but information and training on these techniques is not readily available to these communities.

II. STRATEGY

A. Project Rationale: Project objective, outcomes and outputs/activities

The project objective is to contribute to the conservation of the Cerrado and Caatinga biomes of Brazil through community initiatives promoting sustainable use of biodiversity, maintenance or enhancement of carbon stocks and an increase in area under sustainable land management. Land use change is the main cause of biodiversity loss, ecosystem fragmentation and degradation, and depletion of carbon stocks in community-managed areas in these two biomes. The project strategy is to address the main drivers of land use change on small farms and traditional community lands.

The project will focus on removing the principal barriers impeding sustainable land and resource use by local communities. During GEF-5 GEF-SGP-Brazil will consolidate and up-scale its previous work in the Cerrado and will expand its coverage to the Caatinga biome, one of the poorest regions of Brazil, where it expects to replicate successful techniques and approaches.

***<u>Component 1</u>* – *Biodiversity conservation in the production landscape through community-based sustainable resource use and management of natural resources* –**

This component fosters biodiversity conservation in the production landscape mosaic by enabling families to make a living from the sustainable community-based management of habitat and ecosystems that would otherwise be converted to crop or eucalyptus monocultures or pasture. GEF-SGP will work with community-based organizations in the Cerrado and Caatinga biomes to develop land and resource use management plans, which will be the foundation for establishing a mosaic of legal sustainable resource use practices on community-owned as well as government lands that still harbor significant biodiversity but have no protected status. More than 800 families will receive training and support in sustainable harvesting techniques for a variety of wild species; this may provide significant economic benefits which will act as an incentive to manage the harvest process sustainably and thus guarantee the continuity of the species and that of the ecosystems where they are found. To optimize economic benefits, GEF-SGP will strengthen existing or establish new commercial networks for Cerrado and Caatinga bio-products. It will also deliver an entrepreneurship training program to community grantees with partner organizations specialized in business management and marketing of bio-products as a means of developing community business skills. Such business skills are essential to ensure sustainability of project outcomes. GEF-SGP will also support in-situ conservation initiatives for endangered and other native species. The number of species - 50 plant and 25 animal species - has been established taking into consideration successful past experience, available financial resources and the large number of threatened or near threatened plant and animal species in both biomes. The National Steering Committee will develop specific criteria at project inception to facilitate the selection of the species by communities and will ensure that relevant proposals by communities are appropriately designed and monitored to ensure sustainable management.

<u>Outcome 1.1</u> - ***Biodiversity conservation enhanced on > 300,000 ha of community lands in the Cerrado and 100,000 ha of the Caatinga biomes***

Community projects under Outcome 1.1 will focus on enabling and supporting the sustainable use of native species in the Cerrado and Caatinga biomes. This approach is based on conserving biodiversity through improvements to livelihoods and income, a strategy that has been proven to work over the last 16 years of GEF-SGP in Brazil. The outputs will be achieved through community-based initiatives for the sustainable management and conservation of endangered and other species considered important for livelihoods.

Baseline:

The Cerrado biome is poorly represented with officially established protected areas - only 5.5% of the total land area is protected, of which only around 28,500 km² (1.4%) under IUCN categories I to IV, and less than 1% of the Caatinga area is protected. Nonetheless, both biomes contain an abundance of areas that conserve endangered species, for example, in Indigenous and Community Conserved Areas (ICCAs), in land reform settlements and on legal reserves on small farms. There is almost no information on effective strategies and methods of conserving endangered and other species in-situ, and even less so with regard to sustainable use. Community capacity to manage species sustainably is weak or mixed, at best. Moreover, communities and the public at large lack awareness about the conservation and livelihoods value of many species as well as the financial, fiscal and legal incentives for conserving species.

While Brazil government policy has promoted the design of national and state level land planning instruments such as *Agroecological Zoning* and *Ecological and Economic Zoning*, as well as zoning guidelines for specific crops such as sugarcane, these instruments are difficult to implement and enforce in practice, particularly at the community or landscape levels. What's more, landscape or community-level resource management plans, especially for non-timber forest products (NTFP), are quite rare since they can be expensive and technically demanding

processes considered inaccessible to the vast majority of smallholder and traditional communities. In the Caatinga, forest management plans for wood and charcoal, involving both small and large scale farmers, are more common, but they generally consist of vegetation suppression, not management of standing forest. In the Cerrado there is almost no experience of forest management. Despite these obstacles, GEF-SGP Brazil's experience thus far has shown that reconciling conservation with sustainable livelihoods is facilitated by development of a mosaic approach to land and resource use planning that enables sufficient production to at least meet basic needs while also conserving biodiversity and creating potential synergies between agricultural zones and conservation areas. Land use planning at the community, sub-watershed or landscape level can provide an important decision making framework for optimizing resource use and enabling these synergies.

Many local communities both from the Cerrado and Caatinga biomes have ancestral knowledge regarding the use and management of native species. Only recently, though, have some of these groups begun harvesting and managing these species on a wider scale, especially pequi (*Caryocar brasiliense*), babaçu (*Orbignia phalerata*), buriti (*Mauritia flexuosa*) and baru (*Dipteryx alata*) in the Cerrado and carnaúba (*Copernicia prunifera*), umbu (*Spondias tuberosa*) and licuri (*Syagrus coronata*) in the Caatinga. In the Cerrado, GEF-SGP has been supporting and contributing to improve native species management practices over the past 16 years through more than 150 grants. More recently, with European Commission co-financing, SGP Brazil published good management practices booklets for six species of the Cerrado and Caatinga and two guides for the full use of two species of the Cerrado.

Marketing products based on native Caatinga and Cerrado species has proven to be a crucial piece of the strategy for improving livelihoods and conserving ecosystems. Smallholders in both the Cerrado and Caatinga face daunting challenges to access markets for products made from wild resources, due to logistical constraints, regulatory hurdles and a lack of marketing capacity. There are currently two legally established networks committed to helping local communities market their Cerrado and Caatinga products. The Caatinga-based Bodega network was founded by the NGO Agendha, which was the implementing agency of the World Bank-GEF Caatinga project and also receives support from the Brazilian Service of Support to Very Small and Small Entreprises (SEBRAE) and the Ministries of Environment and Agrarian Development. The Cerrado Central is a cooperative of cooperatives initially supported by the GEF-SGP Brazil starting in 2008 and now supported by the Banco do Brasil Foundation. Together, these two networks benefit 75 small-scale enterprises, many of which are GEF-SGP Brazil grantees, involving 6,000 families (3,000 through Caatinga Bodega and 3,000 through Cerrado Central). Their main role has been to seek out markets for member communities by promoting products in fairs and events, although they have also helped to enhance communities' production and marketing skills through capacity development activities such as workshops and seminars. These networks also play a central role in policy debates and in raising awareness about the shortcomings of the Brazilian fiscal and sanitary legislation, which are not suited to the reality of small-scale entrepreneurs and difficult to comply with. Supporting Caatinga Bodega and Cerrado Central will therefore contribute to overcoming some of these regulatory barriers while also helping smallholders access markets and increase the scale of their green businesses. Besides enabling small-scale enterprises in the Cerrado and Caatinga to draw together in finding solutions for common problems, these networks also play an important role in publicizing products made from native Cerrado and Caatinga plants that are not well known by the public at large.

Communities lack skills in basic business development, including commercialization of production, and thus may fail to achieve the best prices and resulting income needed to most effectively motivate them to practice sustainable management. Value-added processes are equally rare and as a result, full market value is not realized. As well, individual community production may be insufficient to supply emerging local or sub-regional markets on a consistent basis, and the commercialization of particular products by many communities may result in destructive competition, resulting in lower prices.

To upscale sustainable harvest and marketing, the regulatory framework needs to be more attuned to smallholder conditions and interests, and the government needs to create incentives to enable smallholders to legally harvest, process, and market their goods. Sustainable harvest of these species also entails adopting practices and technologies that are seldom part of approaches used by official extension services, thus smallholder communities generally lack access to innovative technologies. Moreover, there are only a few legal instruments defining sustainable management practices for species of economic interest in the Cerrado and Caatinga.

Alternative:
GEF-SGP Brazil will support community initiatives that integrate biodiversity conservation into community-level planning and production of non-timber forest products. It will stimulate the development of economic incentives for sustainable biodiversity management by assisting communities to develop species management plans for in situ conservation, including sustainable harvest rates, identify and develop value-added processing of key products, strengthen commercialization networks for NTFPs, and train community entrepreneurs in business skills and strategy.

Initiatives funded under this Outcome will also assist in overcoming the barriers to up-scaling sustainable use of native species by contributing to the formulation of guidelines to manage native species based on traditional and scientific knowledge and successful experiences supported by GEF-SGP, coupled with innovative technologies developed or adapted by the communities themselves. Project experiences will provide key inputs and knowledge that could significantly influence the legal framework to render it more suitable to smallholder conditions and interests.

Achievement of this Outcome will be defined by the following indicators:

- Over 15 community land/resource use management plans
- USD 900 generated per family per annum for 800 families from sustainable use and marketing of wild resources
- In situ conservation of 50 plant and 25 animal species
- Commercial networks for bioproducts for 15,000 families
- Entrepreneurship training program operational with 120 trainees graduated

Outputs envisaged to achieve this outcome include:

1.1.1 Sustainable land/resource use management plans developed and under implementation

The community initiatives to be supported under this output will focus on the participatory drafting and implementing of no fewer than 15 community land/resource use plans. Projects will use innovative tools and methods to facilitate participation of key stakeholders, map critical resources and processes in the landscape, identify and agree on landscape outcomes, identify and agree on measures and priorities for action and determine barriers to implementation and steps to overcome them. A fundamental part of this process is the participatory definition of landscape and/or other indicators to determine progress, as part of community monitoring and evaluation of the implementation of the management plans.

1.1.2 Sustainable management, harvesting and marketing of wild resources

Community initiatives supported under this output will develop, improve or adopt best management practices for species important to local livelihoods through the implementation of at least 18 community based initiatives on approximately 80,000 hectares of certified production landscape. At least 800 families will obtain approximately US$ 900 in income annually through the management of species such as pequi (Caryocar brasiliense), babaçu (Orbignia phalerata), buriti (Mauritia flexuosa) and baru (Dipteryx alata) in the Cerrado and carnaúba (Copernicia prunifera), umbu (Spondias tuberosa) and licuri (Syagrus coronata) among many others used by the local communities. Key partners under this output include academic institutions and researchers who will provide essential information regarding species biology and ecosystem function.

1.1.3 - In-situ conservation initiatives for endangered native species or others considered important for livelihoods implemented in the Cerrado and Caatinga biomes

To address these barriers, the projects supported under this output will generate specific information about the importance of endangered and other species important to livelihoods which are found outside official protected areas. Community initatives will contribute to the conservation of 50 plant and 25 animal species in situ in the Caatinga and Cerrado with tailored management and conservation plans. The selection of the specific species to be conserved will be made at the community level as part of proposal development and validated by the National Steering Committee with expert assistance, as appropriate.

Community projects will also support the establishment of ICCAs, local level areas under conservation that are not officially recognized as such. The formal designation of appropriate areas as ICCAs will provide incentives for communities to protect the natural vegetation and fauna there – this will increase potential community access to public and international funding mechanisms for biodiversity conservation.

Each of the community initiatives supported under this output will define clear targets and indicators to be monitored through community-based surveys designed in collaboration with academic and other specialists; these surveys will provide information on the maintenance of species' populations or resurgence of species that were previously considered rare in a particular micro-region where the project is taking place.

1.1.4 - Commercial network for Cerrado and Caatinga bio-products strengthened and

1.1.5 – Entrepreneurship training program including business management and marketing implemented

Outputs 1.1.4 and 1.1.5 are closely integrated and are thus described together here.

GEF-SGP support will help to build the capacities of local entrepreneurs, improving the quality of their products and increasing market access. By involving new entrepreneurs with new products, it will strengthen the commercial networks in both biomes by helping them to expand their membership base and secure new partners. GEF-SGP support for these two networks will benefit more than 15,000 families and the training program will directly benefit around 120 leaders of green businesses.

Initiatives supported under this output will build the capacities of the two networks – Cerrado Central and Caatinga Bodega to more effectively support sustainable, community-generated products from wild resources: participate in events and fairs to market and promote goods; provide support for exporting and certifying products; design and purchase packaging and labels; improve communication and organize meetings and assemblies, as well as provide support for general organizational strengthening.

The *entrepreneurship training program* will be supported through three projects, which will carry out capacity development activities focusing on sales skills, marketing, accounting, good production practices, product development, and improving production processes for entrepreneurs, associations, cooperatives, and small-scale enterprises working with native species from the Cerrado and Caatinga biomes that participate in these networks or have the potential for doing so. Training manuals aimed at strengthening the capacity of entrepreneurs in these networks will be drafted and widely circulated.

Component 2: Maintenance of carbon stocks through avoidance of land use change and improved agriculture and forest management at the community level.

This component will involve implementation of community based initiatives involving: *a) community reforestation with native species and/or farmer managed natural regeneration*. The main techniques to be applied by GEF-SGP grantees are direct seed planting - a

cheaper and more effective technique because it does not require establishing nurseries - and assisted natural regeneration of degraded areas, through planting seedlings in strategic spots or sowing seeds, and fencing the area to avoid cattle damage. Conventional seedling production in large nurseries will not be promoted by GEF-SGP Brazil because past experiences have been negative. On the other hand, family seedling production has been successful. b) *Sustainable forest management on community lands*. GEF-SGP will explore the application of national or international certification standards to community based forest management. *c) Fire prevention training and implementation programs.* Despite its enormous negative effects, in many places, fire is the only option for managing biomass and is less damaging and less expensive than using heavy machinery. Local communities are interested in improving their capacity to control fire and minimize its negative effects, but there are few initiatives aiming in this direction. d*) Sustainable agriculture techniques such as conservation agriculture, zero-tillage, and agro-forestry* that improve vegetation cover and reduce use of fire will be determined on the basis of soil and climatic conditions, and community preferences. The NSC will also develop criteria for grant selection at the inception of the Full Size Project.

For estimating carbon emission reductions GEF-SGP used as a reference the Second National Communication and the IPCC 2006 Best Practice Guidance. GEF-SGP will work with specialized organizations to validate this data at the local level at the inception of the project and to determine a method by which it will be able to monitor carbon stocks throughout the life of the project. An option that is being explored is to use the tool set being developed by the GEF Carbon Benefits Project. If successful, GEF-SGP may also be able to monitor carbon emissions reduction resulting from its biodiversity and land management initiatives (components 1 and 3). Below is a table presenting the data used for estimating CO2e benefits.

Location	Ecosystem	Activity	Hectares	Actual stocks tCO2e/ha	Potential Total tCO2e at Forest Maturity
Caatinga	Dry forest <600mm rainfall	Reforestation	500	54.63	27,317
Cerrado	Savannah	Reforestation	500	172.70	86,350
Caatinga	Dry forest (<600 mm rainfall)	Avoided conversion	80,000	54.63	4,370,400

Location	Ecosystem	Activity	Hectares	Annual tCO2e/ha/yr	Source	Four Year Total tCO2e
Caatinga	Dry forest (<600 mm rainfall)	Reforestation	500	9.10	IPCC	18,200
Cerrado	Savannah	Reforestation	500	18.70	National Commu-nication	37,400

<u>Outcome 2.1</u> - *Carbon stocks increased through ecosystem restoration - 500 ha restored in the Caatinga and 500 ha restored in the Cerrado, equivalent to 18,200 and 37,400 tCO2e sequestered respectively*

Projects and activities under Outcome 2.1 will focus on the ecosystem restoration of 1,000ha to increase carbon stocks and ensure their sustainability by benefiting local communities through improved livelihoods. It will aim at dissemination of low-cost technologies and the corresponding capacity-building for their application. GEF-SGP Brazil used estimates of above ground carbon based on the Second National Communication and the IPCC 2006 Best Practice Guidance. For GEF5, GEF-SGP will partner with specialized organizations to validate this data at the local level and to determine methods by which it will be able to monitor supported projects. One means of achieving this goal might be the GEF Carbon

Benefits Project. If carbon monitoring is successful under this Outcome, GEF-SGP Brazil may consider monitoring carbon emissions reductions resulting from its biodiversity and land management initiatives (Components 1 and 3).

Baseline:

One of the main causes of carbon emissions in Brazil is deforestation. 47% of the Cerrado and 56% of the Caatinga are already deforested, and the annual rate of deforestation has remained high in both biomes. Forests in many communities are already deforested or degraded from the expansion of monocultures, which has left less land available for smallholders. While there are policies and programs such as agricultural extension and rural credit designed to encourage more sustainable agricultural practices and recovery of degraded lands, particularly among smallholders, most traditional communities and smallholders lack access to such programs and do not have adequate technical assistance.

High quality information about LULUCF and the measurement and monitoring of carbon stocks in the Cerrado and Caatinga biomes is not available. These ecosystems were not deemed a priority for government climate change policies until 2010, when the Cerrado was included in the national goals for reducing emissions by 2020. The Caatinga has still not been considered a priority. The Cerrado biome comprises a mix of ecosystems ranging from savanna, forests, human-managed pastures and croplands, which makes it difficult to determine or apply a single estimate of carbon amounts per hectare. Another obstacle is the lack of information about carbon dynamics, especially regarding belowground carbon. Some recent studies show that the largest portion of carbon in the Cerrado and Caatinga is found in the soil and not above ground, which sets these biomes apart from the Amazon, for instance, and entails adjustments to monitoring methods in Brazil.

Although SGP Brazil has not worked with a specific climate change focus with the aim of measuring carbon sequestration and emissions, it has, over 16 years of working in the Cerrado, supported many initiatives promoting the recovery of native vegetation and the implementation of best soil and water management practices. The results of these initiatives have benefited the accumulation and storage of both above and belowground carbon.

Alternative:

GEF-SGP Brazil will support traditional communities and smallholders to reforest degraded lands on their properties by planting native species among crops, thus increasing the provision of environmental services while also enhancing livelihood benefits. Moreover, supporting communities involved in low-impact extractive and production activities such as beekeeping, for instance, will encourage them to assist natural regeneration processes and purposefully protect species for their honey-producing properties that might otherwise be destroyed.

To address the lack of adequate technical assistance GEF-SGP supported projects will be highly encouraged to hire qualified technical assistance services and to involve technical staff from government agencies in training activities on sustainable farming and management of natural resources, for instance, as a means of making their extension services more suited to conservation-oriented practices and to the needs of traditional communities and smallholders. This approach will also enable extension agencies to work with farmers in developing locally adapted land use technologies that reconcile livelihoods strategies with conservation. For example, while some farmers employ conventional methods of tree planting, others may adopt simpler and cheaper technologies that oftentimes reap better results, as demonstrated in previous GEF-SGP projects in Brazil. Such technologies include: direct seed planting, as well as planting seedlings strategically and fencing off areas to keep the cattle out and assist natural regeneration (farmer-managed natural regeneration – FMNR). Replicating these

technologies will entail significant savings in scarce funding because they forego building nurseries and the high costs associated with planting and caring for thousands of seedlings, thus increasing the value-for-money of these projects and giving rise to numerous opportunities of innovative and locally adapted techniques that can be replicated in situations with similar conditions.

Local communities will also be assisted to overcome hurdles in the regulatory framework by enabling them to comply with environmental regulations under the National Forest Code, which requires permanent protection of sensitive areas such as riverbanks, springs, hilltops, and steep slopes, while also requiring that all rural properties set aside a certain percentage of their land (which varies according to the region) for protection as Legal Reserves.

The project will support the measurement of carbon stocks in areas designated by communities for reforestation and natural regeneration. It will support periodic monitoring of these forests to ensure stability of carbon stocks and to assist in generating more specific information on carbon accumulation over time.

Achievement of this Outcome will be defined by two key indicators:
a. At least 30 initiatives demonstrating innovative community based reforestation using native species, encompassing 500 hectares of Cerrado and 500 hectares of Caatinga biome.
b. Baseline LULUCF information collected; information from periodic monitoring of carbon stocks.

Outputs envisaged to achieve this outcome include:

2.1.1. Community-based reforestation program implemented based on native species using planting methods or assisted natural regeneration

The target of this output is to recover 1,000 ha of native vegetation (split between the two biomes) by supporting approximately 30 community initiatives. Community organizations will select lands to be reforested either through deliberate planting methods or through farmer-managed natural regeneration (FMNR). Special attention will be paid to community level processes of identification and application of low-cost technologies and capacity building of participating organizations. Awareness by communities of the relevant regulatory frameworks in the National Forest Code will also be addressed in the identification and design phase of each Project. While grants will go to CBOs, key partners will provide technical assistance and include NGOs and appropriate government agencies.

2.1.2 - Baseline information for LULUCF and carbon stocks collected and information from periodic monitoring compiled

This output aims to quantify the contribution of the supported projects to the maintenance of carbon stocks through avoidance of land use change and improved agriculture and forest management practices. As a result, communities will be positioned to seek out Payment for Ecosystem Services, particularly through mechanisms that recognize their role in mitigating the effects of climate change.

This output is closely related to the other outputs of Component 2 since it aims to improve the capacity for monitoring the effects on carbon stocks of other actions aimed at sustainable land and forest management. A limited number of targeted initiatives will be financed under this output and technically capable NGOs or other institutions. Initiatives will define parameters and methodologies for measuring carbon stocks and sequestration rates for main forest types in the Cerrado and Caatinga biomes. Capacity development activities will be financed to raise community awareness about climate change, climate change mitigation and carbon stocks, PES and linkages with sustainable land use practices. Key partners will be NGOs and other

institutions, including academia and potentially the private sector, as well as the GEF Carbon Benefits Project.

Outcome 2.2 - Sustainable agriculture and forest management avoiding conversion of forest to pasture and monoculture and maintaining environmental services > 80,000 ha equivalent to 4,370,400 tCO2e avoided

Close to 70% of greenhouse gas emissions in Brazil stem from land use change, mostly as a result of habitat conversion or degradation associated with agriculture, cattle ranching and forestry. Projects and activities under this Outcome will focus on overcoming information and capacity barriers to the sustainable management of forest and agricultural ecosystems. Projects and activities will motivate communities to adopt sustainable management practices, techniques and systems by ensuring that sustainable management leads to an increase in food security and/or income as well as to improved ecosystem functions and carbon stocks. Projects will revive, maintain and/or adapt traditional and indigenous practices that promote sustainable land use as well as integrate them with conventional scientific knowledge, particularly in regard to fire management. Project selection will be coherent with the land/resource use management plans developed under Output 1.1.1.

Baseline:

Throughout the dryland forests of the Caatinga and in many regions of the Cerrado, trees are harvested indiscriminately to make charcoal for domestic purposes or to fuel industries. While smallholder and traditional communities are increasingly seeking out ways of managing forests sustainably, they often lack knowledge of best management practices and legal requirements as well as the basic social organization needed to minimally process and store goods and access markets for non-timber forest products. Their low access to capital and technological alternatives also leads them to depend on slash and burn farming practices that further degrade already depleted soils and diminish biodiversity.

Technical assistance and rural extension services are generally inadequate and not suited to the reality of smallholders. Despite recent progress in government programs targeting smallholders, technological solutions and rural development policies are still mainly geared towards large-scale mono-crop systems and are generally incapable of working with small-scale farmers to develop innovative solutions locally that meet their needs while also enabling conservation of sensitive ecosystems.

Fire is widely used by large-scale farmers, ranchers and smallholders alike as a cheap, cost-effective way of clearing biomass from land for farming in the Caatinga and Cerrado. Farmers often fail to control such fires from spreading and consuming adjoining habitat. Many farmers resort to this practice because they do not have access to adequate resources (financial, technical, human) and are driven by the need for short-term returns. As well they lack the knowledge to enable them to adopt alternative methods. Additionally, the government does not provide enough support or incentives to replace the use of fire with more sustainable practices for managing croplands and pastures, and the capacity of local governments is also extremely limited.

GEF-SGP Brazil has over the past 16 years of working in the Cerrado supported many initiatives promoting sustainable forest management and agriculture based on the premise that communities will be motivated to conserve land and water resources if they can perceive some economic benefit from doing so. GEF-SGP has accumulated a great deal of experience in supporting communities to generate NTFPs and agricultural products sustainably and the knowledge it has developed is codified in a long series of publications.

Alternative:

The project will contribute to overcoming obstacles to sustainable forest management by

training communities and supporting them to implement appropriate forest management practices such as selective logging, harvesting of non-timber forest products, enriching secondary forests by replanting native species intercropped with high-value fruit trees and annual crops, as well as conserving primary forests. Projects may also support the construction and operation of processing and storage facilities that will enable communities to add value to forest products and empower them to continue these activities beyond the lifespan of the projects.

These initiatives will be implemented in tandem with sustainable agriculture activities and the sustainable management, harvesting and marketing of wild resources through integrated approaches to the sustainable use of land/resources that create synergies between agriculture, forest management and livelihoods by adopting practices such as agroforestry and ecological agriculture near forest areas. Some of these initiatives may implement the relevant portions of the land and resource use management plans supported under output 1.1.1 and the Satoyama Initiative. The project will support community initiatives that provide technical training and encourage the development of innovative agricultural techniques at the local level and replicate successful experiences from other farmers in similar situations, thus helping them to increase yields and production capacity sustainably. Ultimately, this will help farmers to remain on their lands and contribute to avoiding conversion of community lands to large-scale monocultures, thereby avoiding further carbon emissions. This output will also help to increase food security by reviving, maintaining and/or adapting traditional and indigenous practices considered environmentally friendly, while also generating income for poor families.

The project will also support initiatives that contribute to overcoming capacity and knowledge barriers to improved fire management. Projects will provide training on sustainable land management techniques that maintain soil fertility, thereby reducing the need to clear more habitat as is normally done when agricultural soils are exhausted. Where the use of fire may be unavoidable for economic or other reasons, farmer organizations will be trained on the use of fire to minimize risk of fire spreading to other habitat. Carbon in above ground biomass, as well as soil carbon, will be conserved as a result.

Achievement of this Outcome will be defined by the following indicator:

- Over 80,000 hectares of land brought under sustainable management, thus avoiding the emission of 4,370,400 tCO2e from land use change; this will include 40,000 hectares of land under sustainable forest management, 15,000 hectares of land under sustainable agriculture, and 25,000 hectares of land no longer subjected to burning

Outputs envisaged to achieve this outcome include:

2.2.1 – Sustainable forest management on community lands performed

The target for this output is to support approximately 20 initiatives aimed at managing 40,000 hectares of forests sustainably. Key partners will be NGOs and private sector entities that are knowledgeable and experienced in sustainable forest management, value-added processing and commercialization.

2.2.2 - Sustainable agriculture program designed and implemented

This output is closely related to *Output 3.1.1 – Replication of successful agroecological management techniques.* Projects will focus on the adoption and dissemination of agro-ecological principles and sustainable agriculture practices such as agroforestry, zero-tillage, crop rotation, crop-livestock integration, among others. Projects funded under this output will build capacities of farmer organizations through peer-to-peer exchanges and the dissemination of technologies and practices that enhance and conserve soil carbon. The target for this output is at least 15 initiatives covering 15,000 ha.

2.2.3 – Fire prevention training and implementation programs delivered.

This output will impact at least 25,000 ha through five initiatives. Community initiatives will build the capacity and awareness of local farmers regarding fire prevention and control, implement alternative agricultural technologies that forego the use of fire, and disseminate fire control and dissemination of alternative technologies.

Component 3: Implementation of sustainable land management techniques that prevent land degradation and restore agro-ecosystem services and that improve livelihoods of local communities.

Throughout the Cerrado and Caatinga, the vulnerability of smallholders and traditional communities is increasing due to water scarcity, soil erosion and impoverishment and loss of habitat for species that are important for local livelihoods. These vulnerabilities are aggravated by climate-related stresses such as extended droughts or flooding during the rainy season. Component 3 will focus on the implementation and replication of sustainable land management techniques that prevent land degradation and restore agro-ecosystem services while also improving livelihoods of local communities. GEF-SGP Brazil will promote replication of sustainable land and water management techniques that have been proven to work in the Cerrado. Production practices, such as agroforestry systems, organic practices, in-situ conservation of crop genetic resources and other agroecological techniques, will be supported. They are important to the maintenance of ecosystem services, food security and income generation. To avoid soil erosion GEF-SGP will support practices that improve rainfall water infiltration and reduce torrential water runoff and erosion. Water infiltration improves seasonal stability of water courses and consequently increases opportunities for small-scale irrigation. Other rainwater harvesting techniques will be demonstrated to improve community access to water, particularly in the Caatinga. GEF-SGP will also fund community initiatives that use native and adapted species for erosion control on their farmlands.

Outcome 3.1 - Innovative soil management techniques for sustainable land management adopted by communities > 200 ha in Caatinga and 400 ha in Cerrado

This outcome will focus on the replication of sustainable land management techniques that have proven to be successful in the Cerrado under previous SGP-supported projects. In OP5, the GEF-SGP will support projects that adopt and disseminate agro-ecological practices, such as agroforestry systems, organic practices, in-situ conservation of crop genetic resources and other techniques important to the maintenance of ecosystem services, food security and income generation. To reduce soil erosion, GEF-SGP will support locally adapted solutions that improve water infiltration, enhance groundwater recharge and reduce runoff and erosion, such as reforestation and use of native and adapted species for erosion control, cultivation along contour lines, ground cover, among others.

Baseline:

Indigenous groups and traditional communities' production methods are less and less adapted to present conditions, increasing their vulnerability to climate change as well as changes in ecosystem services brought about by massive transformations in land use. Small farmers and communities in agrarian reform settlements do not receive adequate technical assistance to implement environmentally friendly agricultural practices that are suitable to local climate and soil conditions. Community innovations are not systematized, codified or disseminated. Micro-financing for pilots, demonstrations or replication of successful practices is generally unavailable.

On the policy front, the Cerrado Network and the GEF-SGP Brazil are participating in the formulation of the National Policy for Agroecology and Organic Production Systems under the Ministry of Agriculture. This new policy will support replication of agroecological technologies among local communities, and GEF-SGP expects to continue feeding into this policy debate by drawing from lessons learned through projects in this outcome.

Alternative:

GEF-SGP Brazil will provide community organizations with technical assistance and financial resources to engage agroecological and soil conservation experts to guide and train them in identifying and adapting recommended techniques, practices and systems to their specific conditions. Communities will learn to document the innovations they produce and test them in the field. Information and knowledge generated by these experiences will be systematized and codified for subsequent dissemination to CSO networks throughout the two biomes.

Achievement of Outcome 3.1 will be defined by the following indicators:

- 200 hectares in the Caatinga and 400 hectares in the Cerrado under sustainable land management using a suite of agroecological and soil conservation techniques and practices

Outputs envisaged to achieve this outcome include:

3.1.1 – Agroecological management techniques replicated

Under this output, GEF-SGP will support initiatives that support the field replication and adaptation of appropriate practices and innovations; undertake peer to peer exchanges and training of smallholder organizations; inventory, compile and disseminate best agroecological management practices; and participate in policy dialogues regarding land degradation and agroecological systems. This output will benefit 1,200 families on 600 hectares of land in the Caatinga (200) and Cerrado (400) biomes. Key partners will be specialized NGOs with agroecological skills and abilities, as well as government extension agencies.

This output is closely related to output 2.2.2 - Sustainable agriculture program implemented.

3.1.2 - Soil erosion control implemented with native and adapted species

The projects and actions in this output, which is closely related with output 3.2.1 below, will focus on restoring degraded lands and providing ecosystem services in the two biomes as well as on preventing land degradation by supporting the adoption of technologies that increase rainfall water infiltration and reduce runoff and soil erosion. One such technology, increasing ground cover resulting from intercropping of wild and adapted species, generates multiple environmental benefits, such as carbon capture, soil conservation, habitat for wildlife, moisture retention and improved microclimates., will also help the maintenance of local communities in rural areas. The projects in this output will contribute to overcoming major barriers such as the low access to technical solutions among smallholders and extension workers as well as sources of funding and other incentives in public polices to help communities cope with the effects of land degradation and vulnerabilities associated with soil erosion. This output will consist of approximately 40 initiatives. Key partners for this initiative will be specialized NGOs and government extension agencies.

Outcome 3.2 - Adoption of innovative water management techniques at community level, benefiting 2,000 ha with improved ecosystem services

The outcome will focus on supporting projects that promote water management in order to maintain environmental services and improve livelihoods. GEF-SGP will support projects that implement rainwater harvesting techniques, such as the construction of above and below ground reservoirs. This technology promotes water infiltration improving seasonal stability of streams, creeks, and springs, thus improving community access to water particularly in the Caatinga and drier regions of the Cerrado.

Baseline:

Currently, the government provides little effective technical assistance regarding water management at the community or local landscape level. Accepted practices, technologies, techniques, methods – all must be locally adapted to the micro-conditions prevailing at the community or landscape levels. Financial resources are generally unavailable to cover the

costs of even the most straightforward of technologies, and the knowledge and capacities of how to construct simple water storage devices are weak.

Over the past 16 years, GEF-SGP has successfully promoted the development and adaptation of water management and harvesting programs at the community level in different areas and with different communities of the Cerrado. As a result, it has gained extensive experience and knowledge of what works, why and how.

Alternative:

The projects supported under this outcome will implement rainwater harvesting and infiltration strategies designed to reduce runoff and silting of water courses, improving the seasonal stability of rivers, thus increasing access to water and small-scale irrigation among smallholders. Water harvesting techniques tested and applied in GEF-SGP Brazil projects have proven to be successful in reviving springs and streams that had stopped flowing previously because of land degradation, compacted soils or overgrazing, among other factors. Such innovative techniques will be tested and applied extensively in communities that are vulnerable to water shortages.

The strategy is to replicate the most widely used technologies such as:

- *Reservoirs (Barraginhas)*: small reservoirs designed in a sequence along catchments to capture and store runoff thereby increasing groundwater recharge.
- *Barraginhas subterrâneas (Underground reservoirs)*: to increase groundwater recharge, trenches about 100m long are dug perpendicularly to water courses and the hydraulic flow of drainage basins. Usually, a tarp is used to line the walls of the trench and then buried so as to dam the water and increase infiltration, although stones, clay and bricks can also be used in this low-cost technique.
- *Barraginhas-calçadão (paved catchments)* – a paved catchment of approximately 50m² is build to collect rainwater and store it in a large tank or cistern.
- *Cisterns* – reservoirs built to store rainfwater harvested off the roof of the family home using gutters, which usually store around 16,000 liters per home. The water harvested during the rainy season can be used for drinking, cooking and other domestic purposes throughout the dry season.

Achievement of this Outcome will be defined by the following indicators:

- No fewer than 1,200 families benefit from application of water management techniques;
- Water management and conservation techniques are applied permanently to no fewer than 2000 hectares of Caatinga and Cerrado biomes

The Output envisaged to achieve this outcome is:

3.2.1 - Water management and conservation, including rainwater harvesting.

At least 1,200 families and 2000 hectares, especially from the Caatinga biome and transition zones between the Cerrado and Caatinga, will benefit from the projects under this output. Community groups will be supported to implement water management and harvesting techniques; peer-to-peer exchanges will be arranged to provide proponent communities with direct knowledge and information from the experience of other communities with successful water harvesting practices. Local adaptation of these best practices will be pursued and successful innovations will be recorded for later dissemination through subregional CSO networks.

Component 4: Capacity development and knowledge management to help deliver global environmental benefits.

Grantees are generally unaware of or often fail to understand global environmental issues, and have difficulty in managing their projects and assessing lessons learned. In GEF 5, there will be a number of capacity-building workshops on project design, implementation and management, accounting, indicators, budget, and participatory monitoring and evaluation methodologies. Communities will have the opportunity to learn about relevant public policies,

better understand environmental problems and discuss the different means to address these. In addition to the workshops, important lessons learned by communities and CBOs regarding biodiversity conservation, climate change mitigation, and sustainable land and forest management will be systematized through publications and widely disseminated to stimulate replication of innovative ideas and promote up-scaling. The most relevant documents will be translated into English to enable other GEF-SGP Country Programmes as well as other practitioners to benefit from GEF-SGP Brazil experiences. Two thematic reports will be produced annually and made available in electronic or print version to government agencies and practitioners at the local, regional and international level. These reports will pay particular attention to issues that require policy decisions. UNDP and the NSC can then help mainstream these issues in national policy dialogue and processes.

Baseline:

GEF-SGP Brazil's support to community initiatives over the last 16 years has helped to strengthen the capacities of a large number of CBOs and NGOs in the Cerrado biome. This increased capacity is one of the singular achievements of the GEF-SGP programme, as has been reflected in evaluations, case studies and programme reviews. However, efforts to systematically generate and capture knowledge from the experiences of community initiatives and their innovations have been limited. The design, implementation, monitoring and evaluation methodologies of community initiatives are weakly oriented towards knowledge generation and the identification of good practice. At the same time, the dissemination of knowledge and lessons learned is insufficiently systematic nor strategically targeted to contribute as fully as it could to leveraging a tipping point in resource management among communities.

In the same vein, the portfolio-wide aggregate impacts of the community initiatives supported by GEF-SGP Brazil to strengthen sustainable land and resource management, conserve biodiversity and sequester carbon above and below ground have also not been adequately systematized and codified. While significant evidence exists of success in using biodiversity sustainably, conserving biodiversity, promoting sustainable use and building and strengthening community capacities, this evidence has not been systematically compiled, analyzed and reported, nor distributed as such to communities, donors, government agencies or other stakeholders.

Alternative:

In order to build capacity to help communities manage their projects and better understand global environmental issues, workshops will be held for GEF-SGP grantees aiming to benefit approximately 150 community leaders. There is a strong need for communities to improve their skills in project management to enable them to raise funding from other international sources and from the Brazilian Government and execute their own projects. GEF-SGP Brazil, based on 16 years of experience, will conduct workshops for grantees selected in each call for proposals using accessible methodologies and an approach that promotes intense exchange among grantees and personalized attention to each project in terms of contributing to the improvement of work plan and budget.

There is a great array of information and lessons learned derived from projects supported by GEF-SGP that is important to systematize and disseminate. Aiming to promote the best strategy to disseminate this information, focusing both on influencing policies and making information available to local communities, a knowledge management strategy will be developed at the beginning of project execution. This Outcome will produce publications in accessible language to inform local communities of relevant issues related to biodiversity conservation, climate change mitigation, and sustainable land and forest management.

There is large store of information and lessons learned derived from GEF-SGP supported projects that can be systematized and disseminated, aiming to influence government policies as well as development practitioners at all levels. This Outcome will promote the systematization of relevant information that can be used by communities, but also publicized on other levels with the aim of influencing policy analysis and debate.

Activities under this component are designed to support achievement of three Outcomes:

- Community leaders proficient in project design and management and aware of global environmental issues
- Knowledge produced by the projects codified and available to enable replication and up-scaling of successful interventions
- Information from projects available to other communities, government institutions and development practitioners at the local, national and international levels as feedback to policy implementation
- Achievement of these Outcomes will be defined by the following indicators:
- More than 150 community leaders trained in project design, implementation and monitoring and evaluation methodologies.
- Three publications on lessons from community based initiatives on biodiversity conservation, sustainable land and forest management and restoration of degraded lands.
- Two thematic reports yearly highlighting best practices resulting from GEF-SGP supported initiatives.
- At least 4000 community-level resource users and managers receive GEF-SGP knowledge products as part of community CSO networks.
- Replication of successful conservation and sustainable use approaches in at least 30 new grants by year 4

Outputs envisaged under the three Outcomes in this component include:

- Output 4.1.1 Training program on global environmental issues, project design, implementation, monitoring and evaluation delivered
- Output 4.2.1- Knowledge management strategy formulated and implemented with at least 3 knowledge products
- Output 4.2.2 - Publications on lessons learnt on biodiversity conservation, climate change mitigation, and sustainable land and forest management prepared and disseminated
- Output 4.3.1- Production and dissemination of at least 2 yearly thematic reports

***Component 5*: Monitoring and evaluation.**

The country portfolio will continue to be closely monitored through visits, reports and frequent contacts by telephone and email. The field visit is an essential monitoring instrument to understand local reality, to inform people that are not involved in project management, to check project execution, and to build relationships with the communities. There will be a mid-term review and an independent final evaluation. The mid-term review will be run as a participatory adaptive management tool, aiming to improve project execution, at the grant and country portfolio levels. Achievement of outputs and progress towards outcomes will be assessed. The GEF-SGP will apply the Global GEF-SGP Tracking Tool that is being developed. It will also be subject to the yearly UNDP GEF Project Implementation Review process. Activities related to Monitoring and Evaluation and their costs have been described in Part I.

B. Key Indicators, risks and assumptions

Key Indicators:

Objectives	Indicator

Objectives	Indicator
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	Increased area in production landscapes meeting sustainability standards with enhanced biodiversity conservation Carbon stocks maintained or increased through maintenance and expansion of habitats Increased area of sustainable land management techniques that sustain the flow of environmental services in agro-ecosystems by communities supported by SGP
Sustainable use and management of natural resources by communities to enhance conservation of biodiversity in the production landscape	Number of sustainable land use plans or resource use plans developed, as well as plans for conservation of endangered species
	Number of native plant and animal species considered endangered or important for sustainable livelihoods conserved in-situ and sustainably used
	Number of families participating in Caatinga and Cerrado bio-products marketing networks
	Number of hectares with forest cover under regeneration in community lands
Carbon stocks maintained through avoiding land use change and improved agriculture and forest management at the community level	Number of hectares under sustainable forest management in community lands
	Area under ecological agriculture management
	Area on which smallholders apply fire control techniques or avoid use of fire
	Number of families adopting sustainable water management techniques and sustainable land management techniques
Sustainable land management techniques preventing land degradation, restoring agro-ecosystem services, and improving livelihoods of local communities implemented	Area with erosion in grantee farmlands
	Area under sustainable water and soil management
Communities deliver global environmental benefits through capacity development and knowledge management	Percentage of project reports that receive a “very good” score, according to SGP Brazil project assessment method
	Number of community leaders aware of global environmental issues
	Number of policy inputs or recommendations provided to policymakers based on lessons learned

The following are the major risks identified:

RISK and Assumptions	RISK RATING	MITIGATION MEASURES
Under performance risks due to project management capacity limitations of CBOs	Low	GEF-SGP Brazil will help develop CBO capacity through workshops that will bring together representatives of all approved projects to discuss project management including: responsibilities, work plan and budget revision, financial and activity reports, participatory monitoring, indicators, etc. Also the workshops will enable exchange among grantees for peer-to-peer learning processes. The NHI constant and close monitoring of the projects is also an effective strategy to mitigate execution risks.
Geographical expansion to the Caatinga biome may pose logistical and capacity challenges to the GEF-SGP team	Low	To minimize this risk, ISPN has already made contact with important stakeholders and networks in the Caatinga to support GEF-SGP’s work and help mobilize co-financing. ISPN has already invited a representative from Semi-Arid Articulation (a well-known local NGO) to participate in the NSC, as well as other specialists who will join the NSC at the beginning of the project. For the first call for proposals in 2013, an ISPN communication assistant will work for a six-month period disseminating information about the GEF-SGP programme and

		announcing the call for proposals in the Caatinga.
Access to markets for sustainably produced goods and services	Medium	As mentioned in Section B, there are significant challenges involved in marketing and obtaining a fair price for sustainably produced goods and services.
Difficulty in assessing and monitoring carbon stocks	Medium	GEF-SGP is assessing the possibility of partnering with the GEF Carbon Benefits Project to use the tools and methods being developed for measuring and monitoring carbon. At the beginning of the project, a consultant will assist in establishing baseline information for the two ecosystems and will advise the country team in the monitoring method. It will use official data and consider the specificities of different kinds of projects in the Cerrado and Caatinga biomes. Project beneficiaries will be trained on the application of the method to enable them to collect the information. During the project's monitoring, the ISPN team will assess the quality of information provided by the beneficiaries.
Communities´ resistance to change current agricultural or natural resource use practices	Medium	Resistance to change is a common human trait. GEF-SGP will address this issue by inviting previous grantees to share their experience and to demonstrate the environmental and socio-economic benefits achieved. It will also work with young leaders within the communities who are often more open to engage in new activities and to take moderate risks.

The Logical Framework provides more structured information on this.

C. Project Rationale and policy conformity

The current UN Development Assistance Framework (UNDAF) for Brazil covers the period 2007-2011. The priorities in the UNDAF and its five expected results were derived from the findings of the Common Country Assessment (CCA) of 2005. The GEF-SGP Brazil project has been designed to contribute to the Fifth UNDAF Result "*Efficient use of natural resources to ensure equitable and environmentally sustainable economic development*". By targeting women's groups as well as traditional and indigenous communities, GEF-SGP Brazil also contributes to the second UNDAF expected result "*Gender, racial and ethnic inequalities reduced, taking into consideration the impact of territorial differences*". The main target beneficiaries of the GEF-SGP are indigenous communities, small farmers, and other traditional populations such as afro-descendants, wild species collectors, artisans, rubber tappers, and Brazil nut and babaçu collectors that depend on ecosystem services for maintaining their livelihoods. GEF-SGP Brazil's strategy is also aligned with goal seven of the Millennium Development Goals on environmental sustainability, a UNDP priority in Brazil.

D. Country Ownership: country eligibility and country driveness

Country Ownership:

National Biodiversity Strategy and Action Plan (NBSAP). Published in 2002 and modified in 2003 by the Ministry of Environment, the NBSAP identified the Cerrado and Caatinga biomes as priority conservation areas. GEF-SGP Brazil also acts directly on a key NBSAP objective i.e., the sustainable use of native species.

National Program for Cerrado Biome Conservation and Sustainable Use (Sustainable Cerrado Program), published by the Ministry of Environment in 2005, the first major effort to protect the Cerrado biome. It created the Sustainable Cerrado Program National Commission (CONACER) that promotes civil society participation. Three grantees, one GEF-SGP NSC member, as well as ISPN, are participating in the commission, which will ensure that GEF-SGP project activities will be consistent and supportive of the Cerrado Program.

The Action Plan for Prevention and Control of Deforestation and Burning in the Cerrado Biome (PPCerrado) was prepared in 2009 through several public consultations in which ISPN participated, and signed in September 2010. GEF-SGP activities are lined up with the objectives of the Plan. The main actions foreseen in the Plan, which can help consolidate

important strategic actions of GEF-SGP grantees, are to support sustainable use of Cerrado species (especially pequi and babaçu palm), recovery of degraded land, and fire prevention and fire fighting. The Plan also includes technological innovation to stimulate sustainable agriculture, strengthening traditional livelihoods and access to natural resources by communities and small farmers. The Plan will be monitored by civil society through the Sustainable Cerrado Programme National Commission (CONACER).

National Policy on Traditional Peoples and Communities, published in 2007 and coordinated by the Ministry of Environment and the Ministry of Social Development and the Fight Against Hunger, recognizes the identities and specificities of traditional social groups and provides for a Social Agenda of Traditional Peoples and Communities. The Cerrado region is home to 38 ethnic groups, with a population of approximately 45,000 people. These groups include the Krahô, Xavante, Xerente, Bororo, Karajá, Kayapó, and Canela. GEF-SGP will strive to ensure that traditional peoples benefit from the project in accordance with the policy.

National Plan for Promotion of Sociobiodiversity Product Chains – the plan, published in 2008, focuses on the promotion of income generation through added value, sustainable management, and consolidation of appropriate marketing for ten native non-timber forest products, which include important Cerrado species. The initiatives comprise:

- Inclusion of biodiversity products in the National Guaranteed Minimum Price Policy, which establishes a minimum price for each product and pays the difference if it is sold below this price. The most important species recently included in this policy are Brazil nut and açaí from the Amazon biome and pequi, babaçu palm, baru nut and mangaba from the Cerrado.
- Promotion of local value chains (of many native non-timber forest products) focusing on indigenous and quilombola (Afro-descendent) communities.

Two recent policies related to food security are also relevant to GEF-SGP's sustainable land management and conservation work with Caatinga and Cerrado farmers: (i) the Food Acquisition Programme from Family Agriculture (PAA), coordinated by the Ministry of Agriculture, that focuses on distribution of farming products for people in situations of food insecurity and on formation of strategic food stocks. The main purpose is to support farmers through acquisition of their production through a simplified process. The products are bought through farmer associations and cooperatives and are destined for public stocks or for donation to people in situations of food and nutritional unreliability. The purchase is made directly by the Ministry, which pays fair prices, respecting regional peculiarities, dietary habits and local market situations; and (ii) the National School Food Programme (PNAE), coordinated by the Ministry of Agriculture, that determines that at least 30% of the schools' food supply has to be bought directly from small farmers in the region. This policy benefits GEF-SGP grantees as it creates a local and secure market for wild and cultivated products sustainably managed.

The Ministry of Environment is preparing the Plan for Deforestation Prevention and Control in the Caatinga. The GEF-SGP expansion to the Caatinga biome is lined up with the new policies of the Ministry of Environment, and can contribute to its implementation and improvement.

The National Action Programme to Combat Desertification and to Mitigate the Effects of Drought (NAP), published in 2004, focuses on poverty reduction; sustainable expansion of productive capacity; conservation and sustainable management of natural resources; as well as institutional strengthening in areas that are defined as susceptible to desertification, like the Caatinga biome. The GEF-SGP project will contribute to the NAP through supporting sustainable land management projects in line with NAP priorities such as helping to improve harvesting of wild products and their marketing, agroecological techniques, and enrichment of degraded areas.

The National Climate Change Policy (Law nº 12.187, published in 2009), contains the Brazilian commitment of 38.9% emissions reduction by 2020. It foresees actions to reduce deforestation in all Brazilian biomes and includes actions to reach the target, such as creation of protected areas, homologation of indigenous territories, improvement of the

deforestation monitoring system and incentives for sustainable production activities. Brazil has also a National Plan on Climate Change, published in 2008 and currently being revised through debates at the Brazilian Forum of Climate Change and Inter-ministerial Commission on Global Climate Change. At a global level, Brazil voluntarily presented at COP 15 the national goals for reduction of emissions by 2020, now including the Cerrado, in addition to the Amazon. Government actions on climate change mitigation in the two regions will constitute the baseline for GEF-SGP CC actions through local communities. However, until the plan is approved, it is not possible to provide more detailed information in the PIF about baseline projects and investments. Brazil is currently developing a national REDD + strategy. ISPN is participating in the working group established by the government to obtain input of civil society organizations.

It is important to note that many other policies relevant to GEF-SGP Brazil are being developed by state and municipal governments, such as a state law that regulates golden grass harvest or one that determines free access to babaçu palm areas for traditional harvest. GEF-SGP's work will take into consideration all these policies.

GEF Strategic Objectives for Brazil:

Funding for the upgraded Brazil GEF-SGP Country Program will be drawn from the Biodiversity, Climate Change and Land Degradation focal area STAR allocations, and thus GEF-SGP will focus on objectives and outcomes consistent with GEF 5 objectives for these focal areas. In the Biodiversity focal area, it will support the second GEF strategic objective: *Mainstreaming biodiversity conservation and sustainable use into production landscapes, seascapes, and sectors*. GEF-SGP grants will generate global benefits by leveraging community-based efforts to conserve biodiversity through its sustainable use. To support sustainable use of biodiversity, the GEF-SGP Brazil will promote the mainstreaming of biodiversity friendly practices in the production landscape, assist small farmers and local people harvesting wild species to reach markets for sustainably produced goods, improve sustainability of community-based resource use of non-timber forest products, promote capacity-building and peer-to-peer learning to improve production quality and sustainability, and encourage discussions about relevant legislation and policies supportive of conservation.

Brazil's upgraded GEF-SGP Country Program will be consistent with and supportive of the fifth strategic objective of the Climate Change focal area for GEF-5. GEF-SGP will promote *conservation and enhancement of carbon stocks through sustainable management of land use, land-use change and forestry*.

For the Land Degradation focal area, GEF-SGP in Brazil will support the first GEF-5 objective: *Maintain or improve the flow of agro-ecosystem services to sustain livelihoods of local communities*. GEF-SGP will support initiatives such as sustainable land management, dissemination of water conservation practices, restoration of degraded land, and restoration of vegetation cover.

The project will address GEF-5 capacity development objectives, specifically CD-2 and CD-5 through knowledge management and capacity development to strengthen the capacities of local NGOs and CBOs to develop community projects capable of contributing to generate global environmental benefits in biodiversity conservation, climate change mitigation, and sustainable land management. The project will work with stakeholders to develop and apply monitoring and evaluation systems that strengthen accountability and adaptive management.

In accordance with the decisions of the GEF-GEF-SGP Steering Committee meeting that took place in Washington DC on 3 March 2010, a maximum of 20% of the STAR allocations may be used to support demand-driven community-based International Waters and Chemicals project proposals where synergies with the STAR focal areas can be found. GEF-SGP-funded IW and Chemicals proposals will be aligned with the following objectives:

- IW Objective: Support transboundary water body management with community-based initiatives. GEF-SGP Brazil will strive to identify community demo initiatives that contribute to the implementation of the agreed San Francisco Basin Strategic Action Program (SAP), consistent with IW outcome 3.2 and output 3.2.

- Chemicals Objective: Promote and support phase out of POPs and chemicals of global concern at community level. It is not possible to select a priori the GEF-5 outcomes and outputs for the POPs focal area, but these will be identified as and when grant proposals in this focal area are approved by the GEF-SGP National Steering Committee.

Coordination with other related initiatives

Over the years, GEF-SGP Brazil has maintained close dialog with the World Bank and the various stakeholders of the Pilot Program to Conserve the Brazilian Rainforest. Building on this experience, mainly in the Amazon, the many lessons learned can now be applied to initiatives in other biomes. GEF-SGP has followed the implementation of the Amazon Region Protected Areas project (ARPA), a large GEF FSP, to learn about ways to demarcate areas for sustainable use, in addition to strict conservation. GEF-SGP Brazil contributed to and participated in the preparation of the Sustainable Cerrado Plan, which was the basis for the World Bank FSP called *Sustainable Cerrado Initiative*, for US$13 million, signed with the Ministry of Environment, two state governments, FUNBIO and the Chico Mendes Institute (ICMBio) in 2010. Because of the different geographical foci and since there is no small grants component in the WB FSP, there will be no duplication. When possible, cooperation will be sought with WB project activities in the states of Goiás and Tocantins, the only two states directly involved in the project. GEF-SGP can contribute to the implementation of the subcomponents on strengthening civil society organization and on traditional knowledge.

The GEF-SGP National Coordinator participated in two events of the UNEP sponsored *The Economics of Ecosystems and Biodiversity (TEEB)* project, including meetings with its coordinator, and will continue in the Brazilian version. He participates in the Brazilian Panel on Climate Change supported by UNEP. For the future, discussions are under way with UNEP on how to incorporate work on chemicals.

As shown above, GEF-SGP Brazil works with many institutions and programs in the geographic and focal areas relevant to the GEF-SGP to ensure coordination and avoid duplication with other government or donor funded initiatives. GEF-SGP also builds on or seeks linkages with other relevant GEF MSPs and FSPs implemented in the same geographic areas. During GEF-5, GEF-SGP will explore the feasibility of implementing demonstration actions to support the implementation of the Sao Francisco Strategic Action Program, financed by GEF. GEF-SGP has collaborated with the UNDP GEF MSP on private nature reserves (RPPN) in the Cerrado, carried out by FUNATURA. There has been and there will be further exchange with the UNDP FSP in Northwestern Mato Grosso.

Below are some relevant initiatives/programs some of which quite recent, with which GEF-SGP will collaborate.

Initiative/Institutions	**Relationship/linkage with GEF-SGP Brazil**
National Cerrado Commission (CONACER)	GEF-SGP Brazil will keep the government and non-governmental members of the Commission informed of its activities in the Cerrado, with a view to mainstream its experiences in the work of the Commission.
Brazilian REDD + Strategy	Participation in the consultations during the formulation of the REDD + Strategy and contribution to its implementation.
European Commission project on Ecological and Social Links in Brazilian Forests through Sustainable Livelihoods in Production Landscapes (FLORELOS)	Collaboration on knowledge management concerning sustainable livelihoods in various biomes, with broad visibility in government, civil society and the public.
Sustainable Cerrado Initiative (GEF FSP)	Contributions to strengthening civil society organizations and traditional knowledge.
Environmental Caucus of the National Congress (FPA)	Participation in debates and initiatives regarding national legislation with a viewpoint based on GEF-SGP experience.
Brazilian Panel on Climate	Contributions to the Brazilian equivalent of IPCC and

Change (PBMC)	authorship of parts of national report regarding mitigation, introducing perspectives of communities from the Cerrado and Caatinga.
Amazon Fund	Consultation on mechanisms for support from donor countries to local initiatives in other biomes in which emissions are increasingly significant.

E. Cost-effectiveness

Given the advanced alteration and fragmentation of the Cerrado and Caatinga biomes and the loss of carbon stocks due to land use change, working with communities to avoid their outmigration and continued deterioration of ecosystem services is a very cost effective approach. Addressing biodiversity, climate change mitigation and sustainable land management in a geographically focused manner is cost-effective because it creates opportunities for synergies among various grants, optimizing resources for capacity development, and monitoring and evaluation. It also creates ideal conditions for replication, upscaling and mainstreaming. Cost-effectiveness is a necessary ingredient for the success and sustainability of community livelihood activities because market conditions will prevail over time and continued subsidies to communities will not be possible or advisable. The project builds on existing institutional structures and prior GEF-SGP work, which contributes to cost effectiveness. The NSC will assess cost-effectiveness of individual grant proposal against possible alternatives to obtain the same outcomes.

F. Sustainability

Sustainability of outcomes and of capacity developed.

Achieving sustainability of project outcomes is central to GEF-SGP. Project proponents are required to build measures into their project design that increase the likelihood of outcome sustainability. The screening of project proposals by the National Steering Committee includes a systematic assessment of whether such measures are sound and based on realistic assumptions. Project logical frameworks include outcome indicators that are monitored periodically. Project monitoring activities are designed to verify that initial assumptions hold, and that the required elements for outcome sustainability are in place. Most grants include a capacity development component and a sustainable livelihoods component to ensure that achievements will be sustained at the smallholder and resource-user level. Proactive adaptive management is applied throughout the life of the projects by the National Coordinator who works with GEF-SGP grantees to take corrective action whenever there are indications that project outcomes may be compromised or may not be sustained after the project ends. GEF-SGP does not generally support the creation of new organizations but rather strengthens existing CBOs and NGOs. Although most communities continue applying acquired skills in their day-to-day work GEF-SGP ensures retention of new skills through various means: inviting leaders or members of former grantee organizations to new training; using former GEF-SGP grantees as trainers for other communities and projects; continuing as much as possible monitoring former grantees and trouble-shooting when required; and establishing mentoring and peer-to-peer support among communities so that they can practice their skills and gain self-confidence.

The GEF-SGP provides support to local communities to achieve global environmental benefits at the local level. The current baseline scenario in the Cerrado and Caatinga biomes, where significant carbon stocks are being lost at a fast pace, consists of communities degrading and abandoning or selling their small farms, which in turn gives way to large scale agriculture, eucalyptus monocrops and extensive ranches; this scenario would most likely remain the status quo without GEF-SGP support. Such conditions, if not

addressed, will continue to contribute to loss of ecosystem services and increasing rural poverty levels.

Brazil´s efforts to address global environmental challenges in an innovative and community-driven manner are underfunded by orders of magnitude in relation to the potential need. Many of the communities supported by GEF-SGP are located in remote or marginalized areas not targeted by large-scale national development efforts. It is no exaggeration to say that Brazilian government programs cannot deliver the type of support GEF-SGP provides because compliance with their rules and requirements is almost impossible for poor communities. GEF-SGP can reach isolated communities in the Cerrado and Caatinga regions that have no experience in managing projects and are neglected by the majority of development efforts.

GEF-SGP Brazil, with its integrated and bottom-up approach to address global environmental issues, fills a critical niche in environmental efforts in Brazil. For example, communities that are becoming isolated in the middle of thousands of hectares of eucalyptus plantations in Minas Gerais state, or indigenous people´s lands that are being threatened by soybean expansion count on GEF-SGP to support their struggle against these problems. GEF small grants and capacity development work enable communities to access and manage larger funds once they have completed their initial project. Other donors and the Brazilian Government may offer larger amounts of money, but their access entails extremely complex procedures beyond the reach of small rural communities.

Socio-economic benefits to be delivered by the Project at the national and local levels, including consideration of gender dimensions:

The premise of the project is that sustainable livelihoods derived from conserved ecosystems provide the incentives that lead to decreased deforestation and habitat fragmentation and to the long-term sustainability of conservation-compatible, climate resilient and productive community landscapes. Through this project GEF-SGP will allocate some 150 grants to support an equal number of communities (while the maximum grant amount is $50,000, the average grant size in Brazil is $28,000). These grants may benefit more than 7,000 men, women and children in some of the poorest rural communities of Brazil. Small grant projects will achieve global environmental benefits by also supporting activities that improve the communities' quality of life (e.g., affecting food security, water quantity and quality), generate income, and enable them to stay on their land. Individual and organizational capacities will be strengthened through training, learning-by-doing, and peer-to-peer learning, producing social capital that will benefit community initiatives in other spheres (e.g. health, education). Women will be particularly favored by this project and will be explicitly targeted for support given their role in agriculture and the harvest of non-timber forest products. GEF-SGP will monitor gender indicators and will ensure equity in women's participation in the projects and benefit sharing.

G. Replicability

Based on the GEF-SGP Brazil experience in the Cerrado biome for 16 years where it has supported 318 projects, it will be possible to replicate and upscale the successful experiences and the lessons learned in the Cerrado biome into other projects in the Cerrado as well as in the Caatinga biome. The proposals will be selected based on their replication potential. In addition, the project has activities aiming to do knowledge management and capacity building in order to do replication.

SGP will help identify and codify best practices and make this information available to other communities and development practitioners to promote uptake by other communities within the project target areas and beyond.

H. GEF-SGP Experience in Brazil

Since its inception the geographic focus of GEF-SGP Brazil has been the Cerrado where it has supported 318 projects in 14 states. The strategy has been to promote conservation of biodiversity through sustainable use of natural resources within production landscapes that combine native vegetation and agriculture. Community projects supported by GEF-SGP Brazil have primarily focused on providing smallholders the economic incentives for conservation through income generation from sustainable use of non-timber forest products such as native fruits, nuts and seeds harvested from the wild or from cultivation. GEF-SGP has also promoted beekeeping, the cultivation or harvesting of medicinal plants, sustainable wildlife management (e.g. rheas, turtles and wild pigs) for food security of indigenous and other local communities, and handicraft production using local native fiber species, flowers and leaves. The objective has been to improve production and marketing conditions to make these activities sustainable, with an emphasis on sustainable cultivation and harvest management practices, entrepreneurship skills development, product management and marketing. A study of the GEF-SGP experience with sustainable use of biodiversity in Brazil was done for the UNDP Latin America and Caribbean regional project on the economics of biodiversity. Successful experiences across the Cerrado over the last 16 years show that sustainable use of native biodiversity resources can become an engine of growth for rural communities, creating jobs and diversifying economic activities, which in turn will halt or reverse land use change and the rural exodus.

Other GEF-SGP projects in the Cerrado focused on restoration of degraded areas, particularly those affected by deforestation, erosion and drought. GEF-SGP also learnt about the importance of enabling local communities to establish networks and creating opportunities for civil society participation in policy debates at local, sub-national and national levels. While there are many success stories, work in the Cerrado must continue to provide opportunities to many other communities in this vast region and to consolidate previous work that is now bearing fruit, with many new supportive policies being developed. Experiences such as these must be replicated by ever-larger numbers of communities for production at scale and to achieve vertical integration in the chains of production. Expanding GEF-SGP action to the Caatinga region will allow replicating the Cerrado experience in this poor but biodiversity rich region.

III. PROJECT RESULTS FRAMEWORK

Objective	Indicator	Baseline	Targets End of Project	Source of verification	Risks and assumptions
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	Increased area in production landscapes meeting sustainability standards with enhanced biodiversity conservation	200,000 hectares managed sustainably as a result of SGP support in OP4	Additional 300,000 ha sustainably managed in the Cerrado ecosystem 100,000 ha in the Caatinga ecosystem Sustainability criteria and standards developed and adapted to social and environmental conditions of Cerrado and Caatinga	Final reports and independent evaluations	Market forces will be favorable for conservation and sustainable land-use practices Public rural development policies will be conducive to conservation-oriented and sustainable natural resource use initiatives Community-based organizations and partner institutions will have sufficient capacity to comply with and implement sustainability criteria and standards SGP Brazil and/or partners will have sufficient financial and human resources to carry out certification on the ground
	Carbon stocks maintained or increased through maintenance and expansion of habitats	Deforestation rate in the Caatinga biome is 276,300 ha/p.a and 1,418,000 ha/p.a in the Cerrado	500 hectares of Caatinga ecosystem restored, equivalent to 18,200 tCO2e sequestered	Independent monitoring reports on sample of projects	Community-based organizations and partners institutions will have sufficient capacity to comply with and implement carbon monitoring and

Objective	Indicator	Baseline	Targets End of Project	Source of verification	Risks and assumptions
			500 hectares of Cerrado ecosystem restored, equivalent to 37,400 tCO2e sequestered during life of project 80,000 hectares with avoided conversion to pasture or monoculture and environmental services maintained, equivalent to 4,370,400 tCO2e of emissions avoided during the life of the project		measuring procedures Communities are open to adopting habitat restoration practices Technical assistance will be available at the local level through NGOs or government agencies Market conditions (commodity prices, etc.) do not increase pressures on habitat conversion far beyond current levels
	Increased area of sustainable land management techniques that sustain the flow of environmental services in agro-ecosystems by communities supported by SGP	2200 ha (as a result of SGP support in OP 4)	An additional 200 hectares in Caatinga and 400 hectares in the Cerrado in which communities apply innovative soil management techniques 2,000 hectares with improved ecosystem services as a result of community adoption of innovative water management techniques	Final reports and independent evaluations	Communities are open to adopting sustainable land and water management practices Technical assistance will be available at the local level through NGOs or government agencies
Sustainable use and management of natural resources by communities	Number of sustainable land use plans or resource use	There are no existing plans in targeted	15 plans developed by stakeholders	Land use and species conservation	Communities are open to adopting sustainable resource use and

Objective	Indicator	Baseline	Targets End of Project	Source of verification	Risks and assumptions
to enhance conservation of biodiversity in the production landscape	plans developed, as well as plans for conservation of endangered species	communities		plans and project reports	biodiversity management practices Technical assistance available at the local level through NGOs or government agencies Communities have market access for selling their goods
	Number of native plant and animal species considered endangered or important for sustainable livelihoods conserved in-situ and sustainably used	29 endangered plant species, 6 endangered and 16 vulnerable animal species in project areas supported previously by SGP in Cerrado and 0 plant and animal species in Caatinga	50 plant species and 25 animal species, including Cerrado and Caatinga	Projects submissions, monitoring and final reports, final independent evaluation	
	Number of families participating in Caatinga and Cerrado bio-products marketing networks	6,000 families currently participate	8,000 additional families participate	Project submissions, monitoring and final reports, final independent evaluation	
	Number of hectares with forest cover under regeneration in community lands	**612 hectares currently under regeneration**	1000 additional hectares under natural regeneration practices	Projects submissions, monitoring and final reports, final independent evaluation	
Carbon stocks maintained through avoiding land use change and improved agriculture and forest management at the community level	Number of hectares under sustainable forest management in community lands	**36,190 ha under sustainable forest management (in projects supported in OP4)**	40,000 additional hectares under sustainable forest management	Project submissions, monitoring and final reports, final independent evaluation	Tools for monitoring carbon stocks will be applicable at the community level Communities are open to adopting sustainable land use practices Technical assistance will

Objective	Indicator	Baseline	Targets End of Project	Source of verification	Risks and assumptions
					be available at the local level through NGOs or government agencies
	Area under ecological agriculture management	250 hectares (est.)	15,000 hectares under ecological agriculture management	Project submissions, monitoring and final reports, final independent evaluation	Communities are open to adopting sustainable land and water management practices Technical assistance will be available at the local level through NGOs or government agencies Sustainable management techniques are tailored to the livelihoods needs and contexts of communities
	Area on which smallholders apply fire control techniques or avoid use of fire	Smallholders do not currently apply fire control techniques or avoid the use of fire	Smallholders apply fire control techniques or avoid the use of fire on at least 25,000 hectares	Projects submissions, monitoring and final reports, final independent evaluation	
	Number of families adopting sustainable water management techniques and sustainable land management techniques	517 families have adopted sustainable water management techniques and SLM techniques as a result of SGP support in OP4.	1200 additional families have adopted sustainable water management techniques and SLM techniques	Project submissions, monitoring and final reports, final independent evaluation	
Sustainable land management techniques preventing land degradation, restoring agro-ecosystem services, and improving livelihoods of local communities implemented	Area with erosion in grantee farmlands	2400 ha of grantee farmland undergoing erosion, to be confirmed through project submissions	Reduction of erosion in 1200 ha as a result of SGP interventions	Projects submissions, monitoring and final reports, final independent evaluation	Communities are open to adopting sustainable land and water management practices Technical assistance will be available at the local level through NGOs or government agencies Sustainable management techniques are tailored to the
	Area under sustainable water and soil management	1,200 ha in Cerrado	2000 ha (including Caatinga and Cerrado)	Projects submissions, monitoring and final reports, final independent evaluation	

Objective	Indicator	Baseline	Targets End of Project	Source of verification	Risks and assumptions
					livelihoods needs and contexts of communities
Communities deliver global environmental benefits through capacity development and knowledge management	Percentage of project reports that receive a "very good" score, according to SGP Brazil project assessment method	51% very good	70% of project reports "very good"	Project monitoring reports	Grantee project teams have or acquire sufficient capacity to manage projects Project teams establish strategic partnerships at the local level that enable effective project implementation and knowledge management SGP Brazil staff will continue to have an influence on key policymaking processes
	Number of community leaders aware of global environmental issues	30 community leaders	150 additional community leaders	Training activity reports	
	Number of policy inputs or recommendations provided to policymakers based on lessons learned	10 inputs or recommendations as a result of SGP support in OP4	10 additional inputs or recommendations	Documents, reports, emails, personal communications	

V. MANAGEMENT ARRANGEMENTS

The project will be executed under the NGO (Non-Governmental Organization) modality by *Instituto Sociedade População e Natureza* (ISPN). The Project is co-financed with primary funding from the GEF, and UNDP acts as the GEF Implementing Agency. ISPN, which has been the NGO National Host Institution for GEF-SGP in Brazil before its upgrading, will be the executing agency, taking over the previous execution role played by UNOPS, and will be responsible for the day-to-day management and implementation of project activities with the support of a full time Country Programme Manager (CPM) and under the leadership of the National Steering Committee (NSC). The project will be implemented with UNDP support, and UNDP will ensure that the project receives technical and managerial support, as needed, from the UNDP Country Office, and from the regional team, as well as the global team responsible for project oversight for all GEF-SGP upgraded Country Programme projects.

National Steering Committee (NSC): the NSC will act as the Project Board, responsible for taking appropriate management decisions to ensure that the project is implemented in line with the GEF-SGP Operational Guidelines and the agreed project design and is consistent with national and state development policies and priorities. The NSC will meet at least twice a year, and for special meetings as needed, to provide the required oversight of the project and also ensure the overall coordination of the programme. The membership of the National Steering Committee, which shall be non-governmental in majority in keeping with the GEF-SGP Operational Guidelines, will be constituted by UNDP in consultation with the Executing agency, and others, as appropriate, with process validation to be done by the UNDP-GEF assigned manager for upgraded GEF-SGP Country Programmes. The NSC includes the UNDP, the Brazilian Cooperation Agency (ABC), the Ministry of Agrarian Development (MDA), the Ministry of Environment (MMA), the Cerrado Network, the Semi-Arid Articulation (ASA), the National Council for Wild Collectors (CNS), the Brazilian Forum of NGOs and Social Movements for the Environment and the Development (FBOMS) as well as a specialist in environment issues and a specialist in social issues. The Chairperson can also invite specific technical experts or others to the NSC meetings on an 'as-needed' basis. The CPM shall act as the Secretary to the NSC. The NSC shall determine the strategic criteria for project eligibility within the overall framework provided by the GEF-SGP Operational Guidelines and the Project Document, shall decide which grants to approve after receiving the reviews of all projects by the Technical Advisory Group. At the project level,, it shall play a crucial role in quality assurance and accountability by ensuring adequate project monitoring and evaluation and approval of the Annual Work Plan (AWP). The NSC ensures that required resources are committed and arbitrates any conflicts related to the project or negotiates a solution to any problems with external entities. Representatives from the agencies providing co-financing to the project may also be invited to participate in the NSC meetings as appropriate.

In addition to approval of GEF-SGP grants, the NSC's activities will include strategic efforts in line with the Project and GEF strategic priorities that will enable aggregation of community-driven impacts for global environmental benefits, local-to-global strategic portfolio learning and capacity development, dissemination of best practices, and network building for GEF-SGP portfolio grantees. This approach will support the GEF-SGP's and GEF's catalytic roles by contributing to replication and up scaling of good practices.

Country Programme Management Unit (CPMU): The CPMU will be the administrative hub for the project and will be the responsibility of ISPN as the executing agency for the Small Grants Programme. The CPMU will serve as the Secretariat to the NSC and will be responsible for the day-to-day implementation of project activities. The CPMU will be responsible for the overall coordination of the project, including operational planning, supervision, administrative and financial management and the adaptive management of the project based on inputs from the Project Monitoring and Evaluation plan. The CPMU will be

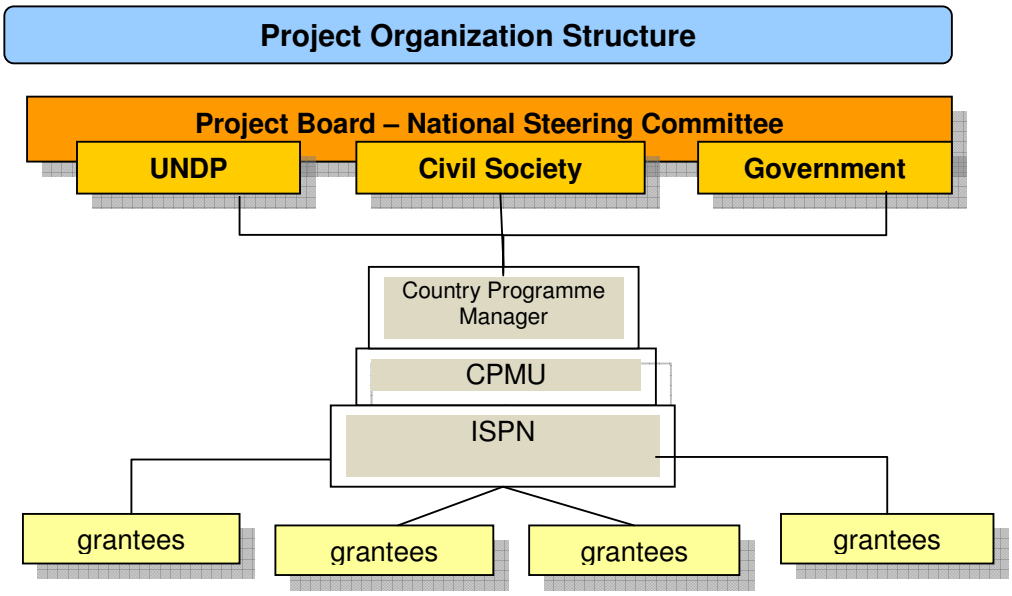
responsible for (1) managing and executing project components; (2) coordinating financial resource management and acquisitions; (3) reporting on the use of GEF resources and on results achieved; (4) preparing management reports for the NSC, and UNDP; (5) promoting institutional coordination among all involved stakeholders from government and non-governmental organizations participating in the project; and (6) monitoring, evaluating and disseminating project results. The CPMU will constitute a full time Country Programme Manager (CPM), a Project Assistant and relevant support and technical staff. The team will work under the guidance of ISPN as executing agency, will be supported by the UNDP Country Office on all matters related to project implementation and will coordinate with all grantees.

Project Assurance and other functions: UNDP will perform the Project Assurance function by providing independent feedback (through periodic monitoring, assessment and evaluation) on progress towards project milestones and how they are managed and completed. UNDP will provide assistance in Country Program execution services and maintain project budget and project expenditures, assist in recruitments and contracting project personnel and provide technical consultant services, assist in equipment procurement, and provide any other assistance upon request of the CPM, based on the AWP approved by the NSC. The Combined Delivery Report (CDR) prepared by UNDP CO will be verified and certified by ISPN. The executing agency will ensure, and UNDP Country Office will also monitor, project implementation and achievement of the project outputs, guaranteeing the proper use of GEF/UNDP funds. The Project will be audited by the competent organ of the Internal Control System of the Federal Executive appointed by the Brazilian government. UNDP CO will assign a Programme Officer, who will be responsible for the project assurance function.

Technical support to the project: The project will solicit the support of experts and specialists in different thematic areas to extend technical support to project partners and grantees, as needed. A roster of experts will be created at the national levels who will be engaged on a periodic basis for special capacity needs of the partner agencies and grantees.

Audit Arrangements: The project will be audited in accordance with UNDP Financial Regulations and Rules and applicable audit policies and guidelines.

Use of Institucional Logos on Project Deliverables: Visibility of GEF financial support will be ensured through application of the global GEF GEF-SGP branding to all relevant electronic and printed materials, both by the GEF-SGP country program and by GEF-SGP grantees. GEF-SGP will also apply the following UNDP-GEF policy: *"The GEF logo should appear on all relevant project publications, including amongst others, project hardware and other purchases with GEF funds. Any citation in publications regarding projects funded by GEF should also acknowledge the GEF. Logos of the Implementing Agencies and the Executing Agencies will also appear on all publications. Where other agencies and project partners have provided support (through co-financing) their logos may also appear on project publications".*



VI. MONITORING FRAMEWORK AND EVALUATION

1. Project monitoring and evaluation will be conducted in accordance with established UNDP and GEF procedures. The Project Results Framework in Annex A provides performance and results indicators for project implementation along with their corresponding means of verification. The project will be monitored through the following M&E activities. The M&E budget is provided in the table below.

Portfolio of Upgraded Country Programmes:

2. The UNDP Community Resilience and Sustainability (CRS) Team at HQ will monitor the implementation of the portfolio of upgraded GEF-SGP Country Programmes and will promote and support cross-fertilization and learning among Country Programmes and with the global GEF-SGP. The GEF-SGP CPMT will monitor all GEF-SGP Country Programmes for compliance with the GEF-SGP Global Operational Guidelines.

Country Programme Level:

Project start:

3. A Project Inception Workshop will be held within three months of project start with those with assigned roles in the project organization structure: the UNDP CRS Technical Advisor, the UNDP Country Office GEF-SGP Focal Point, National Steering Committee members and the GEF-SGP Country Program Manager (formerly National Coordinator). The Inception Workshop is crucial to brief all participants on the new GEF-SGP requirements as a GEF Full-Size Project and to build ownership for project results. The Inception Workshop should carry out a number of key activities including:

- Assist all partners to fully understand and take ownership of the project. Detail the roles, support services and complementary responsibilities of the UNDP CRSTechnical Advisor and Country Office (CO), project team and the National Steering Committee (NSC). Discuss the roles, functions and responsibilities within the project's decision-making structures, including reporting and communication lines, and conflict resolution mechanisms.
- Based on the project results framework, finalize the first annual work plan and agree on a schedule for grant approvals for the entire project life.
- Review and agree on the indicators, targets and their means of verification, and recheck assumptions and risks.

- Provide a detailed overview of reporting, monitoring and evaluation (M&E) requirements and roles. The Monitoring and Evaluation work plan and budget should be agreed and scheduled.
- Discuss financial reporting procedures and obligations, and audit arrangements.

4. An Inception Workshop report is a key reference document and must be prepared by the National Coordinator with CRS Technical Advisor review and shared with participants to formalize various agreements and plans decided during the meeting.

Quarterly:

- Progress made shall be monitored in the UNDP Enhanced Results Based Management Platform.
- Based on information recorded in ATLAS UNDP will have access to updated financial information in an ongoing manner.
- Information on the grant portfolio shall be updated in the GEF-SGP Global Database using the indicators provided in Annex G.
- Based on the initial risk analysis submitted, the risk log shall be regularly updated in ATLAS. Risks become critical when the impact and probability are high.
- Based on the information recorded in Atlas by the CO and the GEF-SGP Country Program Manager, Project Progress Reports (PPR) can be generated in the Executive Snapshot.
- Other ATLAS logs can be used to monitor issues, lessons learned etc. The use of these functions is a key indicator in the UNDP Executive Balanced Scorecard.

Annually:

5. The Annual Project Review/Project Implementation Reports (APR/PIR) is prepared to monitor progress made since project start and in particular for the previous reporting period (1 July to 30 June). The APR/PIR combines both UNDP and GEF reporting requirements. The Country Program Manager will prepare the PIR with inputs and supervision from the UNDP CO GEF-SGP Focal Point and the CRS RTA. The APR/PIR includes, but is not limited to, reporting on the following:

- Progress made toward project objective and project outcomes - with indicators, baseline data and end-of-project targets (cumulative).
- Project outputs delivered per project outcome (annual).
- Lesson learned/good practice.
- AWP and other expenditure reports.
- Risk and adaptive management.
- ATLAS QPR.
- Portfolio level indicators, in this case the global GEF-SGP Indicators as outlined in Annex G will be used on an annual basis.

6. The CRS RTA may conduct joint visits with the Country Program Manager to selected project sites as an input to PIR preparation. A Field Visit Report/BTOR will be circulated to the project team and other relevant project stakeholders, as appropriate, no less than one month after the visit.

7. The project planning and execution has also to be filled on the technical module of management information project tracking system (SIGAP) by the national implementing agency.

Mid-term of project cycle:

8. The project will undergo an independent Mid-Term Evaluation at the mid-point of project implementation (approximately July 2013). The Mid-Term Evaluation will determine progress being made toward the achievement of outcomes and will identify course corrections, as needed. It will focus on the effectiveness, efficiency and timeliness of project implementation;

will highlight issues requiring decisions and actions; and will present initial lessons learned about project design, implementation and management. Findings of this review will be incorporated as recommendations for enhanced implementation during the second half of the project's term. Ideally, the Mid-term Evaluation should be conducted with similar terms of reference for all GEF-5 GEF-SGP upgraded Country Programmes and concurrently, if possible. The objective is to facilitate the comparison of experiences between all upgraded countries and distill common lessons to inform similar upgrading processes for other Country Programmes in the future.

9. The organization, terms of reference and timing of the mid-term evaluation will be decided in consultation with the GEF-SGP Central Programme Management Team, the UNDP-GEF Results Management Advisor, the CRS RTA, the CO and the Country Program Managers. The Terms of Reference for the Mid-term evaluation will be prepared by the CRS RTA based on guidance from the GEF Evaluation Office and UNDP-GEF, and will be validated by the UNDP Evaluation Office. The management response and the evaluation will be uploaded to UNDP corporate systems, in particular the UNDP Evaluation Resource Center (ERC).

End of Project:

10. An independent Final Evaluation will take place three months prior to the expected project end date. The final evaluation will focus on the delivery of the project's results as initially planned (and as corrected after the mid-term evaluation, if any such correction has taken place). The final evaluation will look at impact and sustainability of results, including the contribution to capacity development and the achievement of global environmental benefits/goals. The UNDP RTA, in consultation with GEF-SGP CPMT, will prepare the Terms of Reference for this evaluation. The UNDP Evaluation Office shall validate the TOR. Given the pilot nature of the first group of upgrading GEF-SGP Country Programmes, the final evaluation should also undertake an assessment of costs and benefits of the upgrading process, summarize lessons learned, and provide recommendations to the GEF Secretariat and the Global GEF-SGP concerning the upgrading of other Country Programmes. The final evaluation requires a management response, which should be uploaded to PIMS and to the UNDP Evaluation Resource Center (ERC).

11. During the last three months, the project team will prepare the Project Terminal Report. This comprehensive report will summarize the results achieved (objectives, outcomes, outputs), lessons learned, problems met and areas where results may not have been achieved. It will also lay out recommendations for any further steps that may need to be taken to ensure sustainability and help replication of project results.

Learning and knowledge sharing:

12. Particular attention will be paid to the GEF Focal Area "learning objectives" to ensure that experiences emerging from local level implementation of technologies, approaches and policies are fed back to the wider portfolio. Results from the project will be disseminated within and beyond the project intervention zone through existing information sharing networks and forums. As relevant and appropriate, the project will identify and participate in scientific, policy-based and/or any other networks, which may be of benefit to project implementation through lessons learned. The project will identify, analyze, and share lessons that might be beneficial in the design and implementation of similar future projects, in particular to other GEF-SGP upgrading countries.

13. The project team will participate in at least one workshop with other GEF-SGP upgraded countries to share experiences. Ideally, this workshop should take place as part of the mid term evaluation. The detailed objective(s), venue, agenda, and timing of the workshop will be determined by the CRS RTA in consultation with the COs and the GEF-SGP country teams, and the independent evaluation team.

14. Finally, there will be a two-way flow of information between this project, other GEF-SGP upgraded countries and the global GEF GEF-SGP programme. Such flow of information should cover substantive and operational information, experiences and lessons.

Individual grant M&E

15. The following minimum standards shall be applied for individual grant M&E:

- Ex-ante visits: The project team should undertake visits on a risk assessment and mitigation basis to grant-requesting organizations upon grant-approval by the NSC and prior to the signature of the MOA between UNDP and the grantee.
- Field monitoring visits: Every project should be visited at least once in its lifetime, upon receipt of the first progress report from beneficiary organizations and during the following year. NSC members with relevant expertise in project-related technical areas may join the Country Program Manager during these visits as appropriate.
- Progress reports: Beneficiary organizations should submit half-yearly progress reports to the Country Program Manager along with a financial report. A forecast of resources needed in the following period should be submitted by the grantee to the Country Program Manager as a requirement for disbursement of next installment.
- Final report: Beneficiary organizations should submit a final report summarizing global benefits and other results achieved, outputs produced, and lessons learned. The final report should also include a final financial statement.
- Final Evaluation: A final evaluation will be done for each project. The Country Program Manager should validate the terms of reference for these evaluations and vet the evaluation consultant. The cost of this evaluation will be part of the grant budget.
- Small grants Audit: The GEF-SGP Country Program Manager will organize audits to selected grantee organizations on a risk basis. The cost of these audits will be charged to the grant project budget.

Monitoring and Evaluation Work Plan and Budget

Type of M&E activity	Responsible Parties	Budget US$ *Excluding project team staff time*	Time frame
Country Programme Level			
Inception Workshop and Report	▪ SGP Country Programme Manager and team ▪ NSC ▪ UNDP CO and CRS TA	No cost to project budget	Within first three months of project start up
Measurement of Means of Verification of *project results*.	▪ Country Programme Manager will oversee the hiring of technical assistance	Indicative cost: $3,000 Cost included in BD and CC Components	To be finalized during the first project year and annually if required.
Measurement of Means of Verification for Project Progress *on output delivery and implementation*	▪ Oversight by SGP Country Program Manager ▪ Technical Assistance	Indicative cost: $2,000 travel - $15,000 And included in BD and CC Components	Annually, prior to APR/PIR and to the definition of annual work plans
APR/PIR	▪ UNDP Communities TA ▪ SGP Country Programme Manager ▪ UNDP CO	No cost to project budget Annual visit by COMMUNITIES TA – travel cost from IA fee	Annually
Periodic status/ progress reports	▪ SGP Country Programme Manager and team	Indicative cost : $2,000Costs included in other project lines	Quarterly
SGP Global Database update	▪ SGP Country Programme Manager and team ▪ Technical Assistance	Indicative cost : Costs included in other project lines	Quarterly
Mid-term Evaluation	▪ SGP Country Programme Manager and team ▪ UNDP STA ▪ External Consultants (i.e. evaluation team)	Indicative cost : $15,000 Travel – $4,000	At the mid-point of project implementation.
Country Programme	▪ SGP Country Programme	Indicative cost of country team	At the mid-point of

Type of M&E activity	Responsible Parties	Budget US$ *Excluding project team staff time*	Time frame
Country Programme Level			
Manager experience exchange workshops with other countries	Managers ▪ Upgraded Country Program RTA	participation in upgraded countries exchange workshop: $10,000	project implementation.
Final Evaluation	▪ SGP Country Programme Manager and team ▪ UNDP CO ▪ UNDP Communities TA ▪ External Consultants (i.e. evaluation team)	Indicative cost: $ 22,000 Travel - $7,000	At least three months before the end of project implementation
Project Terminal Report	▪ SGP Country Programme Manager and team ▪ UNDP CO ▪ Consultant ▪ Publication editing, layout and printing	Indicative cost: $10,000 for consultant Editing, layout and printing - Included in KM Component	At least three months before the end of the project
SUB-TOTAL		**US$ 90,000**	

Individual grant level			
Type of M&E activity	**Responsible Parties**	**Budget US$**	**Time frame**
Selection Process	▪ SGP Country Programme Manager and team ▪ NSC members ▪ Local consultants	Indicative cost: $2,320 No cost for the project budget	After each call for proposals in years 1, 2 and 3 of project's execution
Training Workshops for selected grantees	▪ SGP Country Programme Manager and team ▪ NSC members	Indicative cost: $12,000Included in KM Component	After selection of grants in years 1, 2 and 3 of project's execution
Field monitoring visits	▪ SGP Country Programme Manager and Technical Assistance ▪ Eventually NSC members	Indicative cost: Travel $146,000	At least once in the lifetime of project. Additional visits on a risk basis
Monitoring of and technical support to community application of M&E methods and tools	▪ SGP Country Programme Manager and Technical Assistance ▪ NSC members	Costs included in other project lines	Half-yearly
Progress reports	▪ Beneficiary organization ▪ SGP Country Programme Manager	Indicative cost: $8,280	Half-yearly
Final report	▪ Beneficiary organization ▪ SGP Country Programme Manager	Indicative cost: No cost	End of project
Final grant evaluation	▪ SGP Country Programme Manager ▪ National consultant ▪ Beneficiary organization	Indicative cost: National consultant - $12,700	End of project
Audit	SGP Country Programme Manager Beneficiary organization	Indicative cost: Partly included in project grant budget and partly national consultant – $12,700 Travel – $6,000	Risk based
SUB-TOTAL COST ***M&E of approx 120 projects.***		**US$ 200,000**	
TOTAL indicative COST **(Country Programme level + individual grant level)**		**US$**	**290,000**

VII. LEGAL CONTEXT

Legal Context:

1. This document together with the CPAP signed by the Government and UNDP which is incorporated by reference constitute together a Project Document as referred to in the SBAA and all CPAP provisions apply to this document.

2. Consistent with the Article III of the Standard Basic Assistance Agreement, the responsibility for the safety and security of the implementing partner and its personnel and property, and of UNDP's property in the implementing partner's custody, rests with the implementing partner. The implementing partner shall:

- put in place an appropriate security plan and maintain the security plan, taking into account the security situation in the country where the project is being carried;
- assume all risks and liabilities related to the implementing partner's security, and the full implementation of the security plan.

3. UNDP reserves the right to verify whether such a plan is in place, and to suggest modifications to the plan when necessary. Failure to maintain and implement an appropriate security plan as required hereunder shall be deemed a breach of this agreement.

4. The implementing partner agrees to undertake all reasonable efforts to ensure that none of the UNDP funds received pursuant to the Project Document are used to provide support to individuals or entities associated with terrorism and that the recipients of any amounts provided by UNDP hereunder do not appear on the list maintained by the Security Council Committee established pursuant to resolution 1267 (1999). The list can be accessed via **http://www.un.org/Docs/sc/committees/1267/1267ListEng.htm**. This provision will be included in all sub-contracts or sub-agreements entered into under this Project Document.

1. This Project Document shall be the instrument referred to as such in Article I of the Standard Basic Assistance Agreement between the Government of Brazil and the United Nations Development Programme, signed on December 29, 1964. The host country implementing agency shall, for the purpose of the Standard Basic Assistance Agreement, refer to the government co-operating agency described in that Agreement.
2. The UNDP Resident Representative in Brazil is authorized to effect in writing the following types of revision to this Project Document, provided that he/she has verified the agreement thereto by the UNDP-GEF Unit and is assured that the other signatories to the Project Document have no objection to the proposed changes:

   (a) Revision of, or addition to, any of the annexes to the Project Document;

   (b) Revisions which do not involve significant changes in the outcomes, outputs or activities of the Project, but are caused by the rearrangement of the inputs already agreed to or by cost increases due to inflation;

   (c) Mandatory annual revisions which re-phase the delivery of agreed project inputs or increased expert or other costs due to inflation or take into account agency expenditure flexibility; and

   (d) Inclusion of additional annexes and attachments only as set out here in this Project Document.

Cost Recovery Policy

As per Determination and Decision of the UNDP's Executive Board on the Cost Recovery Policy over Regular and Other Resource-funded projects, the GEF contribution is subject to UNDP's cost recovery as follows:

- Direct Costs incurred in the provision of Implementation Support Services (ISS) by UNDP. These costs shall be unequivocally related to specific activities and

transactional services clearly identified, charged as per standard service fees in practice. These costs are an integral part of the project's budget and shall be included in the activities' budget lines corresponding to the services rendered.

Implementation Support Services (ISS):

These are services provided mostly by Country Offices in the implementation of Regular and Other Resource-funded programmes and projects (i.e. costs directly related to the delivery of programmes), and include:

- Payments, disbursements and other financial transactions
- Recruitment of staff, project personnel, and consultants
- Procurement of services and equipment,[1] including disposal
- Organization of training activities, conferences, and workshops, including fellowships
- Travel authorization, visa requests, ticketing, and travel arrangements
- Shipment, custom clearance, vehicle registration, and accreditation

For all projects, **Regular and Other Resource-funded projects** alike, units are required to recover the cost for providing Implementation Support Services (ISS) on the basis of **actual costs or transaction fee**. These costs are an integral part of project delivery, and hence should be charged to the same budget line as the project input itself. In determining costs the approach is to use actual costs for clearly identifiable transactions and when this is not possible COs are encouraged to use the Universal Price List for services (transaction fee), which is part of the cost recovery from UN Agencies, as reference. The fee for ISS is not distributed and remains fully with the unit delivering the service.

The same approach to recovery for ISS also applies to projects under **Direct Execution** or where COs provide support to **National Execution**. In this context, it is emphasized again that COs are encouraged to identify in the design of projects all the necessary support elements, and to establish corresponding budget lines in the programme budgets. Fundamentally, the percentage fee for GMS is not intended to recover the cost of ISS, which instead should either be built into projects, or recovered based on a transaction fee, as described above. In deciding on which support elements should be part of the project budget, the COs should follow guidelines by the donor and/or UNDP's policy on charging projects (see Annex I), whichever is more restrictive.

VIII. ANNEXES

Annexes 1-7 attached to this document:

1. UNDP-NGO Project Cooperation Agreement (PCA)
2. GEF-SGP Project Proposal Template
3. Selected SGP Project Indicators
4. GEF Small Grants Programme (SGP) Operational Guidelines
5. GEF CEO Endorsement Letter
6. Co-Financing Letters
7. NGO Capacity Assessment

Annex 8: Terms of Reference

Country Programme Manager - Will be responsible for the overall management of the project during its duration in 4 years (52 weeks/year). He/She has the responsibility to guarantee a coherent and high quality grant portfolio and keep project on track to deliver overall results for projects supported by GEF and other co-financing donors, NSC substantive support and secretariat, troubleshooting, donor and partner relations, resources mobilization and reporting, organization and supervision of the selection process, workshops organization, grantee

[1] This would include any fee to IAPSO.

monitoring and evaluation through progress report review and in situ visits, technical assistance to grantees and coordination of production of country programme knowledge products and communications materials.

Project Assistant - Financial planning and budget control, disbursements to grantees, record keeping in files and intranet, ATLAS input, administration and procurement, audit support, quality control of grantee MOAs, grantee financial oversight, preparation of financial report, support for the organization of workshops.

Administrative Support - Local consultant that will give full support for the Country Programme team regarding office management, such as reception, telephone, e-mail, mail, other communication, appointments, meetings, materials, travel logistics, organization of workshops.

Accountant - Permanent responsibility for accounting, tax payments, reporting, filing and other procedures to guarantee a proper compliance with fiduciary standards and the Brazilian legislation, which is complex and subject to frequent changes and reinterpretations.

Technical assistance in project monitoring and indicators measurement - Local consultant to support baseline data gathering, grants monitoring and evaluation through progress reports and in situ visits, systematization of results and indicators measurement through reports information as well as field data, assist in the production of country programme knowledge products.

Technical assistance in database update and results management - Local consultant to give support in database updating including the main projects' results and indicators, especially in moments of high volume of information input, such as grants starting and finalization, mid-term review and project termination.

ICT support - Local consultant who will give full support for the Country Programme team regarding computers, software, guidance, troubleshooting, updating, database, data processing, backups, as well as website and intranet design and maintenance.

Assistant for general services - Printing, photocopying, price surveys, purchases of supplies, deliveries, bank, post office, notary, library and driving.

Mid-term review - Local consultant with great experience in projects evaluation to perform an independent Country Programme Mid-term review, in order to determine progress being made toward the achievement of outcomes and identify course corrections, as needed. Findings of this review will be incorporated as recommendations for enhanced implementation during the second half of the project’s term.

Final evaluation - Local consultant with great experience in projects evaluation to perform an independent Country Programme Final Evaluation, three months prior to the expected project end date. The final evaluation will look at impact and sustainability of results. Given the pilot nature of the first group of upgrading SGP Country Programmes, the final evaluation should also undertake an assessment of costs and benefits of the upgrading process, summarize lessons learned, and provide recommendations to the GEF Secretariat and the Global SGP concerning the upgrading of other Country Programmes.

Consultant for Project Terminal Report - Local consultant to work in collaboration with the Country Programme Manager to prepare the project termination report in order to summarize the results achieved (outcomes and outputs), lessons learned, problems met and areas where results may not have been achieved. He/she will also lay out recommendations for any further steps that may need to be taken to ensure sustainability and help replication of project results.

Consultants for final grant evaluation and audit - Local consultant to perform final grantee evaluation and audit on a risk basis, aiming at reducing programme's risk of low reporting performance.

Baseline definition for LULUCF & C stocks at Cerrado and Caatinga - Perform a baseline assessment of carbon stocks and establish a carbon monitoring system compliant with IPCC guidelines for the Cerrado and Caatinga, capacity-building on carbon monitoring to country team and individual grantees working on LULUCF, and provision of technical support to country team during project lifetime.

Consulting for certification procedures development and establishment - Design a strategy for the country programme to deliver results on certified landscapes, considering the specificities of the public and what is already applied in Brazil.