



## 1. Project Data

Project ID P086341	Project Name BR GEF Rio Grande do Sul Biodiversity
Country Brazil	Practice Area(Lead) Environment & Natural Resources

L/C/TF Number(s) TF-95979	Closing Date (Original) 28-Feb-2015	Total Project Cost (USD) 11,100,000.00
Bank Approval Date 22-Dec-2009	Closing Date (Actual) 31-Mar-2016	
	IBRD/IDA (USD)	Grants (USD)
Original Commitment	5,000,000.00	5,000,000.00
Revised Commitment	5,000,000.00	5,000,000.00
Actual	5,000,000.00	5,000,000.00

Sector(s)  
Other Agriculture, Fishing and Forestry(73%):Public Administration - Agriculture, Fishing & Forestry(27%)

Theme(s)  
Biodiversity(67%):Other environment and natural resources management(18%):Rural services and infrastructure(15%)

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## 2. Project Objectives and Components

### a. Objectives

Financial Agreement Development Objective: To promote the conservation and restoration of biodiversity in the (state's) grassland ecosystem in the Recipient's territory by mainstreaming biodiversity conservation within the forestry, agriculture and livestock production landscapes.

### b. Were the project objectives/key associated outcome targets revised during implementation?



No

c. Components

Component 1: **On-Farm Biodiversity Mainstreaming** (Appraisal cost: US\$ 2.36 million; Actual cost: US\$ 2.79 million) -- the objective was to rationalize land conversion processes by promoting the adoption of biodiversity conservation practices in the main productive systems of the grasslands; Subcomponents:

- 1 . **Demonstration units** -- at least 12 demonstration units would be established within the productive private sector of the grasslands to facilitate sound management and conservation practices for selected farms or groups of farms in project priority areas.
- 2 . **Subproject implementation** -- at least 500 rural properties would be supported over the life of the project based on the experience of the demonstration units to support investments for biodiversity conservation and sustainable production practices suggested by EMATER/RS [the state Technical Assistance and Rural Development Enterprise] and to be implemented on properties within the priority areas established by the project.

Component 2: **Biodiversity Management** (Appraisal cost: US\$ 7.22 million; Actual cost: US\$ 10.48 million) -- this component would strengthen the capacity of state institutions responsible for biodiversity conservation to promote responsible use of the biodiversity in the grasslands (including threatened species and protected areas), specifically: (i) Secretariat of the Environment (SEMA); (ii) State Foundation for Environmental Protection (FEPAM); (iii) Zoobotanical Foundation (FZB); and EMATER/RS. Subcomponents:

- 1 . **Protecting Species and Sites** -- four rapid ecological assessments (REAs) and action plans for relevant species/sites, technical studies and events for the exchange of information would be developed, the Quarta Colonia conservation corridor as part of the Atlantic Forest Biosphere would be defined and an action plan designed and implemented, and the state system of conservation units within the grasslands would be consolidated, initially based on the 10 state conservation units according to the priorities required for their strengthening (e.g., infrastructure, management plans). It would also implement plans and activities to address endemic, rare, or threatened species and/or those of economic, medical, or scientific interest based on ecosystem fragility, key sites, and/or buffer zones of conservation units.
- 2 . **Improving the state's regulatory framework and promoting institutional strengthening** -- the development of payments for environmental services (PES) would be studied based on analytical models for economic valuation of biodiversity management and the development of strategies for private land stewardship initiatives and incentives for biodiversity conservation would be developed, including appropriate training for operational and managerial staff in various state agencies with a view toward helping to ensure sustainability of project impacts after implementation.
- 3 . **Increasing environmental awareness and promoting information on biodiversity** -- this subcomponent would promote and spread biodiversity information through a formal educational network and local interest groups within priority areas, including investments for educational materials for children and for teacher preparation, production and dissemination of manuals, magazines, and videos, communication campaigns, educational events, technical assistance and training activities.

Component 3: **Project Management** (Appraisal cost: US\$ 1.21 million; Actual cost: US\$ 1.49 million) -- this component would provide support, including technical assistance and equipment, for coordination, management, and monitoring activities to the Project Implementation Unit (PIU) to carry out all managerial and operational procedures as well as external communication needed to coordinate, implement, and monitor project activities.

d. Comments on Project Cost, Financing, Borrower Contribution, and Dates

**Cost** -- Total project costs exceeded appraisal estimates by 33 percent -- US\$ 14.76 million as opposed to US\$ 11.11 million. Most of this increase was due to greater than anticipated expenditures for Component 2 (Biodiversity Management), which surpassed the appraisal estimate by 45 percent (US\$ 10.48 million compared with US\$ 7.21 million), although actual expenses for both Components 1 (On-Farm Biodiversity Mainstreaming) and 3 (Project Management) also exceeded appraisal estimates, by 18 percent and 24 percent, respectively.

**Financing** -- Actual Global Environmental Facility (GEF) expenditures were US\$ 5.09 million, compared with the approved grant of US\$ 5.00 million, when interest proceeds are included. The GEF grant was fully disbursed.

**Borrower Contribution** -- The additional project cost was almost entirely financed by the recipient (i.e., the state of Rio Grande do Sul), which provided 58 percent more resources (US\$ 9.66 million) than initially expected (US\$ 6.10 million).

**Dates** -- The project became effective on February 23, 2011, five months later than originally anticipated and closed on May 31, 2016, 13 months later than planned. The Mid-term Review (MTR) took place about a month and a half later than planned, on December 27, 2013 rather than November 4th of that year. The extension in the project closing date was attributed (ICR pg. xv) to the possibility of scaling



up activities already started, to fully complete the financing of subprojects under implementation and to carry out an accounting of project results and intermediate indicators. However, it is also clear from the ICR that only about 60% of the GEF grant had been disbursed by December 2014 when the extension was processed and there had apparently been some start-up delays in project implementation, as confirmed by the Project Team in a subsequent discussion with IEG.

### 3. Relevance of Objectives & Design

#### a. Relevance of Objectives

The relevance of project objectives is rated Substantial. They are clearly relevant as indicated by the statements in Brazil's Fifth National Report to the United Nations Convention on Biodiversity, issued by the Ministry of Environment in January 2015 (pp. 94-96), that invasive alien species represented a higher threat to biodiversity in the Pampa biome than anywhere else in the country and that agriculture, including grazing activities, was the primary cause of natural habitat loss. The southern Pampas were also the area that had previously received the least domestic and international attention and support among the country's major biomes (i.e., the Amazon and Atlanta forests, the Pantanal wetlands, the *cerrado* savannas in central Brazil, and the *caatinga* scrublands in the semi-arid Northeast). Project objectives were likewise directly relevant to the Bank Group's Country Partnership Strategy for FY 2012-2015 (pp. 30-32), one of whose key objectives was improving sustainable natural resource management and climate resilience, including the expansion of sustainable agriculture and improving biodiversity conservation. However, as the ICR itself points out given the project's comparatively short time horizon and the length of time generally required to demonstrate sustained biodiversity mainstreaming, restoration, and conservation, they were also excessively ambitious for a single operation.

Rating

Substantial

#### b. Relevance of Design

The relevance of project design was also Substantial as it sought to enhance biodiversity conservation in both private productive landscapes (i.e., farm and pasture land) and public protected areas. Based on solid analytical work, this two-pronged approach was based on the assumption that sustainable land use in the grasslands was only possible if local economic activities were properly informed by soil capacities and the adaptation of pertinent plant and animal communities, which then determine which areas are most appropriate for grazing, crops, forests, and conservation. Accordingly, project design appropriately focused on the following (ICR, para. 92, pp 18-19): (i) engagement of private rural landowners in the adoption of biodiversity-friendly production systems and conservation practices; (ii) changes in the state's regulatory framework to strengthen the capacity of agencies concerned with biodiversity to create an enabling environment for the mainstreaming of conservation activities into ecosystem management; (iii) undertaking research and communication activities to fill knowledge gaps, disseminate information, boost environmental awareness, share lessons, and promote effective conservation actions; and (iv) strengthening state government institutions with respect to their capacity to properly and sustainably manage areas set aside for conservation purposes. The Results Framework was generally adequate for this purpose even though two additional key performance indicators were later added during the course of project implementation in order to comply with changing Bank requirements. It is also important to observe that the GEF resources were used primarily to support public protected areas, while project activities on private lands were largely financed with government counterpart funds. Project grant proceeds did support some activities on private landholdings under Component 1 (On-farm Biodiversity Mainstreaming) including for equipment, technical assistance, training, and communication materials. The project also sought to coordinate with similar biodiversity conservation operations in the neighboring countries of Argentina, Paraguay, and Uruguay.

Rating

Substantial

### 4. Achievement of Objectives (Efficacy)



## Objective 1

### Objective

To promote the conservation of biodiversity in the (state's) grassland ecosystem in the Recipient's territory. This objective will be interpreted as referring primarily to state protected areas and the Quarta Colonia Ecological Corridor. However, results in relation to Objective 2 concerning natural resource management in private productive landscapes (below) are also of relevance in this regard. Rated Substantial.

### Rationale

#### Outputs:

- Investments in 11 state conservation units with improved management capacity by management plans, equipment, and/or infrastructure to protect biodiversity, compared with an appraisal target of 10. The ICR notes that 9 of the originally anticipated 10 protected areas were benefited while two others -- the Delta Jacui Environmental Protection Area (APA) and the Banhado Grande APA -- were also supported under the project.
- 4 areas (the same as the appraisal target) with strategies for biodiversity conservation elaborated and under implementation by the state; these areas are Varzea do Ibicui, Pedra do Segredo, Lagoa do Paura, and Varzea do Quarai for which ecological assessments were elaborated and biodiversity conservation strategies, covering more than 415,000 hectares are reportedly under implementation.
- 48.3 percent of priority area 1 (Quarta Colonia) with a conservation corridor proposed to state authorities, as compared with a target of 16 percent, was included within the Ecological Corridor according to SEMA Ordinance 143 of December 16, 2014, involving a total of 233,635 hectares distributed as follows: (i) core zone -- 57,935 ha; (ii) buffer zone -- 75,550 ha; and (iii) transition zone -- 100,150 ha, or 48.5 percent of the land area of the 11 municipalities that composed priority area 1.
- Four state institutions (FZB, FEPAM, EMATER/RS, and SEMA) in charge of biodiversity conservation strengthened for policy implementation; this was done through training events, acquisition of equipment (i.e., computers, software, vehicles, satellite images, etc.) and strengthening of the state regulatory framework for biodiversity conservation.
- The project supported the State Decree proposal for the Grassland Conservation Index, which was promulgated in October 2014 and which measures the conservation status of native grasslands in Rio Grande do Sul by calculating the percentage of natural grasslands within the total surface areas of individual cattle ranches. It is also being tested by more than 400 ranchers in Argentina, Paraguay, and Uruguay. The project also advanced a proposal on the valuation of environmental services for the Quarta Colonia priority area.

#### Outcomes:

- State conservation unit system improved with management plans and infrastructure for 11 conservation units, compared with a target of 10 protected areas. .
- 223,432 hectares brought under enhanced biodiversity conservation, over three times the appraisal target of 72,000 ha; according to the ICR (pg. ix) this Bank Biodiversity Core Sector Indicator (CSI) was introduced during project implementation in order to meet new corporate reporting requirements.

Summary: The project substantially surpassed its appraisal and subsequent associated targets at output level and reportedly generated positive outcomes in the promotion of biodiversity conservation in priority areas of action and more widely. However, the ICR provides limited evidence of either improved biodiversity management or early progress towards improved biodiversity in the project area. This is due in part to the difficulty in clearly demonstrating such outcomes by the time of project closing after only a few years of changed land management practices. Some initial evaluation studies in selected areas that were subject to different project interventions would have been possible, such as the effects of smaller paddock divisions on grazing practices, changes in arboreal vegetation, seedling survival rates, and early impacts on erosion control to get some preliminary assessment of the potential for the expected positive impacts. However, on the basis of successful output achievement and associated reasonable expectations of outcome, this objective is rated, on balance, Substantial.

### Rating

Substantial



## Objective 2

### Objective

To promote the restoration of biodiversity in the (state's) grassland ecosystem in the Recipient's territory. This objective will be interpreted as referring primarily to privately held properties. Rated Substantial.

### Rationale

#### Outputs:

- 31 demonstration units (DUs) implemented with selected farms or groups of farms, compared with an appraisal target of 12; the DUs established with support from EMATER/RS were 24 for sustainable grasslands management, 4 for cropland-livestock-forestry management, and one each for livestock-forestry management, organic fruit production, and organic grain and vegetable production.
- 8,571 producers participating in the project through training events versus an initial target of 2,000.
- 577 rural properties benefited with investments in productive activities that incorporate biodiversity conservation practices based on 10 preliminary practices, as opposed to an appraisal target of 500.

#### Outcomes:

- 577 rural properties with biodiversity conservation practices at the farm level in the Pampa biome, as compared with an appraisal target of 500, as of March 31, 2016. According to the ICR (pg. viii), the area brought under sustainable production was more than 5 million hectares. The sustainable practices supported by the project included: (i) sustainable management of grasslands; (ii) agroforestry systems management covering cropland-livestock-forestry; (iii) agroforestry systems management covering livestock-forestry; (iv) native bee management; (v) reducing pressure to deforest additional land for agriculture; (vi) organic grain and vegetable production; and (vii) medicinal plant production.
- 610 land users adopting sustainable land management practices versus an appraisal target of 500; this CSI was also introduced during project implementation, with the 610 landowners in the Pampa biome referring to: (i) the 577 adopters of biodiversity conservation practices mentioned above; (ii) 31 on-farm demonstration units; and (iii) 2 on-farm validation units fostering the adoption of sustainable land management practices.

Summary: The project appears to have successfully promoted improved natural resource management on private farms and ranches in the areas in which it has intervened. This occurred at least in part due to the apparent increased productivity and associated profitability for farmers and ranchers resulting from these interventions, although on this there is a limited range of evidence and it is too early to assess the ultimate financial impact for these farmers. However, the ICR provides limited information to gauge the extent to which, at this point, biodiversity on private lands has effectively been restored. The anticipated environmental outcomes will still depend on the extent to which the practices have been demonstrated and internalized sufficiently to persist and the extent to which they are more widely adopted beyond the project period. As an environment-focused project, it is still early to expect measurable shifts in with-project biodiversity over the without-project scenario. Partly on the basis of expectations, but predicated on the promising observed farm-level practice changes, on balance this objective is rated Substantial.

### Rating

Substantial

## Objective 3

### Objective

To mainstream biodiversity conservation within the forestry, agriculture and livestock production landscapes in the state's grassland ecosystem in the Recipient's territory. Rated Substantial.

### Rationale

#### Outputs:



- 33 municipalities with at least one technician trained in natural resource management, as compared with a target of 24; according to the ICR (pg. xi), 18 capacity building events were supported by the project involving 434 participants from 43 municipalities, including all 33 in the project's four priority areas.
- 7 risk prevention plans developed and under implementation versus an appraisal target of 6; according to the ICR (pg. xi) a total of 11 such plans were developed and 7 were under implementation at the time the project closed in March 2016.
- Database on biodiversity, vegetation cover, and other socio-economic factors operational and widely available -- this was partially achieved, as the state Biodiversity Monitoring System was officially established in November 2014 and the associated database was operational but not yet widely available by the time the project closed.
- 60 educational and awareness events related to biodiversity aimed at local schools and specific groups were carried out by SEMA, compared with a target of 40; these included 16 educational theatrical events, 40 educational workshops, and 4 environmental education mini-courses.
- More than 63,000 inhabitants (or at least 40 percent of the rural population residing in the project's four priority areas) informed about biodiversity and its importance for conservation through environmental education. This total included 25,957 participants in face-to-face events. In addition, the project supported an International Seminar on the Pampa Biome, which convened 400 participants, produced and disseminated flyers, banners, educational notebooks, manuals, posters, and other communication materials, together with 15 publications involving 57,000 copies and 3,000 DVDs, which have been watched by at least 100,000 people according to the ICR (pg. xiii).

#### Outcomes:

- State policy and regulatory framework incorporate measures to conserve biodiversity, including strategies for invasive alien species and natural resources management -- 13 regulatory measures were designed and issued with project support, specifically: (i) state native bees regulation; (ii) eight state regulations focused on alien invasive species; (iii) state decree on Grassland Conservation Index; (iv) state decree on the alien invasive species list; (v) the state decree on the state monitoring system; and (vi) the state decree on the creation of the Quarta Colonia Ecological Corridor.

Summary. As with the other two interrelated objectives above, the project appears to have generated important positive outputs and intermediate outcomes with respect to the mainstreaming of biodiversity conservation in the state's productive landscapes, particularly in the area of important state regulations as a basis for longer term progress. The main shortfall has been in relation to the state's new biodiversity database, which at the time of project closing was not yet as widely available as planned. On balance, this objective is rated Substantial.

Rating  
Substantial

## 5. Efficiency

As required to meet GEF requirements, an incremental cost analysis was carried out at the time of appraisal (see Project Appraisal Document -- PAD -- pp. 17-18 and Annex 9, pp. 63-67 for details). The PAD projected that direct financial benefits would accrue to the 500 rural property owners who were expected to receive support under the project for the adoption of improved biodiversity conservation practices. The respective internal rates of returns to the maximum US\$ 5,000 investment for a sample of 7 demonstration projects were expected to range between 4.1 and 59.6 percent on areas of 10 (6 projects) and 20 (1 project) hectares. Average project investments were estimated to be US\$ 3,600 per producer, or US\$ 68 per hectare, over the projected five year project implementation period.

With respect to cost effectiveness, according to the ICR (para. 118, pg. 26), the project closed with "a full level of physical and financial execution" and "the ratio between operational costs and substantive expenditures was similar to the one originally approved..... The lifetime of the project only had to be extended 20 percent compared to the originally planned." The ICR also observed that the project had invested some US\$ 9.076 million for subcomponents 2.1 and 2.2 in protecting sites and species and improving the state's regulatory framework and promoting institutional strengthening. This accounted for 61.4 of total actual project costs and benefited 1.123 million ha. The average investment for promoting biodiversity was US\$ 8.08 per hectare. This figure compares favorably with similar estimates for protection of biodiversity in the Amazon rain forest (US\$ 3.83 per ha) and the most highly valued areas of the Atlantic rainforest (US\$ 93.25 per ha). In addition, the ICR presents evidence of increased livestock productivity and value following the adoption of project-supported grassland management practices indicating that they had "yielded incremental financial returns of US\$ 12,000 in the first year under the new grazing system for a project investment lower than US\$ 5000." This refers specifically to the adoption of sustainable grassland management techniques, which were reportedly introduced in 94 percent of the area in private landholdings supported by the project. This analysis, which



was carried out by EMATER-RS, refers to a single family farm case study in which 27 ha of native pasture was implemented. This reportedly resulted in an increased paddock carrying capacity of 46 percent and cattle live weight gains of 298.6 kg/ha giving average daily gains of live weight of 0.535 kg/day. It is not clear how representative these figures are for the project area and adopters as a whole but improved profitability appears to have been the main reason for rural producers' interest and adoption of this technology suggesting that more sustainable environmental management can also bring important private economic benefits.

Efficiency Rating  
Substantial

a. If available, enter the Economic Rate of Return (ERR) and/or Financial Rate of Return (FRR) at appraisal and the re-estimated value at evaluation:

	Rate Available?	Point value (%)	*Coverage/Scope (%)
Appraisal		0	0 <input type="checkbox"/> Not Applicable
ICR Estimate		0	0 <input type="checkbox"/> Not Applicable

\* Refers to percent of total project cost for which ERR/FRR was calculated.

## 6. Outcome

The relevance of project objectives and design are rated Substantial as is Efficacy in relation to all three of the objectives. Efficiency is also rated Substantial. Thus the overall project outcome rating is Satisfactory. The project successfully generated or exceeded its output targets as set at appraisal. It has also resulted in a number of positive initial results in terms of the adoption of improved natural resource management practices during its implementation period. These accomplishments will hopefully lead, in the medium to longer term, to positive outcomes in terms of the project's somewhat over-ambitious (for the timeframe) objectives regarding biodiversity mainstreaming, conservation, and restoration on both public and private lands in the project area in the years ahead. Continued monitoring and follow-up impact studies will be required in order to reach a definitive conclusion on longer-term outcomes.

a. Outcome Rating  
Satisfactory

## 7. Rationale for Risk to Development Outcome Rating

The risk to the development outcome rating is Modest. Although greater evidence would have been desirable than is provided in the ICR, the modest risk to the development outcome rating appears to be due primarily to the positive association between the adoption of project-introduced grassland management practices and increased profitability of cattle raising activities that predominate in the Pampas. It is also due to the likely sustainability of the regulatory reforms, improvements to protected areas/conservation units, and institutional strengthening measures that the project has implemented. As the ICR points out (para. 142, pg. 29), continued strong state government support will be required. There is a potential risk that biodiversity conservation may lose priority among government policies in the future. This notwithstanding, the private economic incentives for maintaining the approach introduced under the project for more sustainable grassland management in the project area seem likely to prevail.

a. Risk to Development Outcome Rating



Modest

## 8. Assessment of Bank Performance

### a. Quality-at-Entry

For the most part, quality-at-entry was good. The project took considerable preparation effort as it was originally planned to be linked to the larger Rio Grande do Sul Integrated Regional Development Financing Loan which was later dropped. The initial GEF grant was also expected to be larger at US\$ 17 million. This was later reduced to US\$ 5 million when the larger Bank loan failed to materialize and it then became a free-standing GEF operation. Project design, including the Results Framework and Monitoring and Evaluation (M&E) arrangements (see section 10 below), were generally adequate. However, the ICR (para. 147, pg. 30) notes that the project development objectives, as is often the case with GEF operations, were "ambitious and dealt with long-term biodiversity conservation and restoration gains that are harder to achieve (and, consequently measure) in the short lifespan of the project cycle." In addition, the ICR observes that M&E design, capacity building, communication, education, and awareness were key elements of the project but that the design did not indicate how to measure their effectiveness. These shortcomings, and the project's institutional complexity notwithstanding, the project's *ex-ante* analysis correctly identified the most important risks faced by the project, including those related to institutional capacity, sustainability, political changes in state government, and financial management (PAD, para. 55, pg. 15-16). It also included effective mitigation measures. Quality-at-entry is thus rated Moderately Satisfactory.

Quality-at-Entry Rating  
Moderately Satisfactory

### b. Quality of supervision

Bank supervision included 10 missions and other regular contacts by the field-based Task Team Leader (TTL) and team members. Through this process, Bank staff provided needed advice and training with respect to financial management and procurement and oversaw safeguards, as well as implementation performance more generally. It also helped the Recipient to identify a potential fraud occurrence in FY 2015, which was later subject to an Institutional Integrity Vice Presidency (INT) investigation that confirmed the allegations. External assessments financed by the project provided inputs for the Mid-term Review (MTR), which took place in late December 2013, only slightly later than originally anticipated. While the TTL changed during the final phase of project preparation, it was unchanged throughout supervision and other team members likewise remained the same. This ensured consistency in Bank support throughout implementation. Implementation Status and Results Reports (ISRs) were prepared in a timely way and appear to have been largely consistent with performance throughout supervision.

Quality of Supervision Rating  
Satisfactory

Overall Bank Performance Rating  
Moderately Satisfactory

## 9. Assessment of Borrower Performance

### a. Government Performance

According to the ICR (para. 159, pg. 32), the project encountered "a few challenges" during its initial years of implementation, including three changes in the Secretary of Environment, under whom responsibility for project implementation was lodged, between 2011 and 2014. These changes were associated with two state government elections and associated internal reorganizations. This contributed to delays in meeting grant effectiveness requirements. The state government also experienced financial difficulties during the project period which affected the timely provision of counterpart funding even though at the end of the day nearly 60% more in such resources were forthcoming than originally anticipated. According to the ICR (para. 161, pg. 32), moreover, there were areas in which the state government could have "played a more effective role," including "difficulties in completing effectiveness requirements in 2010 and...in obtaining legal authorizations and funds to proceed with procurement activities."



Government Performance Rating  
Moderately Satisfactory

b. Implementing Agency Performance

There were "substantial" delays in procurement which affected implementation more generally. This situation improved during the later stages of project implementation when grant disbursements also accelerated, but a one year extension of the closing date was nevertheless required to catch up and complete project activities and fully disburse the GEF grant. The project had five different implementing agencies -- SEMA, FZB, FEPAM, EMATER/RS and the Nature Conservancy (TNC) - most of which performed well according to the ICR (paras. 162-171, pp. 32-34). Only TNC's performance was rated less than fully satisfactory. Its role was to support private landowners and the municipal government of Rosario do Sul to adopt integrated land management and promote the rural environmental cadaster. However, due to staffing and other issues, including, according to the project team, the lack of an office in the state and a lack of clarity as to how to apply the provisions of the new Forest Code in the Pampas for the rural environmental cadaster, its planned activities were only partially achieved. Changes in municipal governments also had an adverse impact in this regard. On the other hand, the Project Implementation Unit (PIU) in SEMA reportedly performed well despite changes in the state government and the project's considerable coordination challenges. Both the Secretariat itself, and the local project management team within it, remained highly committed to project goals and interventions.

Implementing Agency Performance Rating  
Moderately Satisfactory

Overall Borrower Performance Rating  
Moderately Satisfactory

## 10. M&E Design, Implementation, & Utilization

a. M&E Design

M&E design was generally good, although two key performance indicators were added during implementation in 2014 in order to comply with new Bank monitoring procedures for biodiversity conservation projects. In fact, they were essentially a variation of the initial indicators and did not reflect an inadequacy of the key results indicators included in the original Results Framework. The ICR (para 58, pp. 12-13) points out, however, that, while M&E design, communication, education, and awareness were "critical" project indicators, how their effectiveness was to be measured was not clearly established. It also noted that the M&E framework would have been "simpler" if the project development objective/global environmental objective had been "less ambitious and more feasibly achievable during the project life." The tendency to require more ambitious longer-term PDOs/GEOs is a common characteristic of GEF projects despite the recognized difficulty of assessing improved biodiversity conservation at the time of project closing.

b. M&E Implementation

The project M&E system was the responsibility of the PIU in SEMA, which hired a consultancy to design and update as needed a project database and to track project implementation, applying the indicators contained in the PAD. This activity was performed satisfactorily. In addition, the PIU employed a GEF tracking tool for the Biodiversity Focal Area's Strategic Objective 2 (mainstreaming biodiversity conservation in production landscapes). This tool was reportedly applied three times to each protected area supported by the project to assess the evolution and improvements in biodiversity conservation, including at the Mid-term Review (MTR) and at project completion, in part to inform the ICR. However, no specific results from this tool were presented -- or at least referenced as such -- in the ICR. The reason for this is unclear. Accordingly, the extent to which the mainstreaming of biodiversity in the project area was actually improved in terms of results on the ground is unclear.

c. M&E Utilization

The M&E system was used to monitor outputs and outcomes, reportedly (ICR para. 62, pg. 13) including "attitudinal changes" with respect to biodiversity conservation and natural resource management on the part of project beneficiaries. According to this source, this information



was also utilized by the PIU and Bank to "solve/attempt to solve" problems that occurred during project implementation, as well as for communications with a broad range of project stakeholders. The latter included two dozen public events to disseminate project results in the state capital (Porto Alegre) and the four priority areas, involving a total of more than 2,300 participants. Social media was also used to disseminate project results both to beneficiaries and civil society more generally. However, the system does not appear to have generated sufficiently useful information in terms of actual results on the ground in terms of biodiversity mainstreaming, conservation, and restoration in the project area.

M&E Quality Rating  
Modest

## 11. Other Issues

### a. Safeguards

The project triggered five Bank safeguard policies: (i) OP/BP 4.01 -- Environmental Assessment; (ii) OP/BP 4.04 -- Natural Habitats; (iii) OP 4.09 -- Pest Management; (iv) OP/BP 4.10 -- Indigenous Peoples; and (v) OP/BP 4.11 -- Physical Cultural Resources. As a result, an Environmental and Social Impact Assessment (ESIA), an Environmental and Social Management Framework (ESMF), a Pest Management Framework (as part of the ESMF), and an Indigenous Peoples Policy Framework (IPPF) were developed during project preparation. According to the ICR (para. 69, pg. 14), no significant negative environmental or social impacts were identified during implementation and the overall results of the project were positive in environmental terms. This included the recovery of natural habitats and the control of invasive alien species. In addition, the project did not interfere with any indigenous lands, but did reportedly benefit several Quilombolas, or traditional Afro-descendant communities, which are described as "among the most vulnerable population in rural areas of Rio Grande do Sul." It also affirmed that Recipient compliance with Bank safeguard policies was "assessed regularly" by the supervision team and reported on consistently (and positively) in the periodic ISRs.

### b. Fiduciary Compliance

**Procurement** Delays were experienced with procurement during the initial years of the project, leading to implementation and disbursement delays and the need for a 13 month extension of the closing date. According to the ICR (para. 74, pg. 15), a potential fraud incident was identified by the Project Implementation Unit (PIU) in SEMA in FY 2015, reviewed by the Bank's procurement specialist, and then referred to INT, which confirmed that it had occurred. Training was also provided to the project management team by Bank specialists and, as a result, procurement performance improved as project implementation progressed. In a subsequent discussion with IEG, the project team informed that the fraud involved the presentation of an unauthorized CV for a consultancy that it subsequently won, later substituting another candidate to perform the services. The firm has been barred from competing for future consultancies in Bank-financed projects. The team reported that, despite the irregularity, the consultancy was carried out successfully and had no adverse impact on project implementation or results.

**Financial Management** FM performance, which also benefited from training by Bank specialists, was considered to be generally satisfactory throughout implementation despite some minor initial problems due to the inexperience of project financial staff that were reflected in qualified audits in FY 11 and FY 12. However, these problems were successfully resolved based on recommendation from state audit authorities and implementation of an associated action plan. Subsequent audit reports for FY 13 and FY14 were unqualified.

### c. Unintended impacts (Positive or Negative)

No unintended impacts were recorded.

### d. Other

According to the ICR (paras. 132-139, pp. 28-29), the project had a direct positive impact on participating farmer/rancher incomes and livelihoods as their natural resource management improvements, in addition to generating environmental benefits, led to improved pasture and animal productivity.



## 12. Ratings

Ratings	ICR	IEG	Reason for Disagreements/Comment
Outcome	Satisfactory	Satisfactory	---
Risk to Development Outcome	Modest	Modest	---
Bank Performance	Moderately Satisfactory	Moderately Satisfactory	---
Borrower Performance	Moderately Satisfactory	Moderately Satisfactory	---
Quality of ICR		Substantial	---

Note  
When insufficient information is provided by the Bank for IEG to arrive at a clear rating, IEG will downgrade the relevant ratings as warranted beginning July 1, 2006.  
The "Reason for Disagreement/Comments" column could cross-reference other sections of the ICR Review, as appropriate.

## 13. Lessons

The ICR presents three lessons that are of general relevance, with some adjustment of language by IEG:

**1. In a biodiversity-focused project, objectives should not only reflect the project's duration and the time needed to enhance conservation and restoration of biodiversity, but should also be clear, specific, attributable, measurable, and verifiable during the project's lifetime.** This important lesson reflects a tendency of many GEF projects to require overly ambitious and/or general objectives, which are very difficult to achieve and/or to observe at the time of project closing. The ICR (para. 175, pg. 34) usefully observes in this regard that biodiversity projects have been routinely criticized for being based on short funding cycles that do not support the time required to reach the goals and to measure the biodiversity conservation and restoration results. Although the available scientific knowledge supports the conclusion that project outcomes are likely to promote long-term biodiversity conservation and restoration gains in the selected priority areas, these gains -- as well as the parameters for accurately assessing the effectiveness and efficiency of the actions taken to achieve them -- will only be measurable in the long-term.

**2. When biodiversity conservation has to deal with the complex interactions of environmental and livelihoods issues, there may be a need to have complex institutional and implementation linkage arrangements.** There will be a need to engage multiple stakeholders and to foster shared ownership of strategies and goals among them. The ICR (para. 177, pg. 35) adds that "the key elements to ensure efficiency and effectiveness in project management are: (i) definition of a clear vertical and horizontal institutional arrangement; (ii) adoption of transparent management, decision-making, and control processes; (iii) establishment of a clear system of accountability; and (iv) the supply of relevant and timely financial resources". With regard to the latter, it points out that the sustainability of project benefits is also dependent on strong stakeholder participation and ownership.

**3. Monitoring and evaluation (M&E) systems for projects that involve significant capacity building, awareness raising, and advocacy interventions should include effective methodologies for assessing changes in beneficiary understanding, views, and behavioral changes.**

IEG would add a fourth lesson:

**4. Projects that seek to strengthen biodiversity conservation and restoration and/or to promote more sustainable natural resource management in productive landscapes are likely to be more successful when these changes result in greater economic gains to the private farmers and/or ranchers involved, as well as in tangible environmental benefits.** This makes it particularly important to measure farm profitability arising from the changes implemented and to understand the impact of both the benefits of incentives and any penalties of regulations. In subsequent comments on the draft ICR Review for this project, the Environment and Natural Resource Global Practice (ENR GP) agreed with this lesson stating that "building on previous experience of the state's Technical Assistance and Rural Development Enterprise (EMATER-RS), this was one of the main assumptions of project design. The ENR GP considers that evidence collected on the results achieved supports this assumption, but the Bank's ICR team took a cautious approach because a fully experimental assessment of economic gains comparing treatment and control groups was not carried out at the end of the project.



#### **14. Assessment Recommended?**

No

#### **15. Comments on Quality of ICR**

This is a generally well-drafted and comprehensive ICR, which provides a comprehensive account of project implementation, outputs and other achievements. It also contains a very detailed annex that assesses outputs by component, including training activities and regulatory instruments developed under the project. The ICR nonetheless could have provided greater information in a few areas: (i) with respect to actual results on the ground in terms of biodiversity conservation and restoration; (ii) with respect to some state government financial problems, which apparently contributed to project implementation delays; (iii) with respect to a suspected fraud incident that was substantiated by the Bank's INT. (These questions were subsequently clarified by the project team in a discussion with IEG). The ICR was repetitive in places and could have benefitted from further editing. But these are comparatively minor shortcomings in what is, on the whole, a good ICR.

- a. Quality of ICR Rating  
Substantial