GEF EO Terminal Evaluation Review Form

1. PROJECT DATA				
			Review date:	
GEF Project ID:	771		at endorsement (Million US$)	at completion (Million US$)
IA/EA Project ID:		**GEF financing:**	30.00	29.12
Project Name:	Amazon Region Protected Areas Project (ARPA): Phase 1	IA/EA own:		
Country:	Brazil	Government:	18.10	18.10
		Other*:	33.40	37.28
		Total Cofinancing	51.50	55.38
Operational Program:	OP 2 & 3: Forest & Freshwater Ecosystems; Focus: Biodiversity	**Total Project Cost:**	81.50 **	84.50
IA	World Bank	Dates		
Partners involved:	Government of Brazil (GoB), World Wildlife Fund (WWF),Kreditanstat fur Wiederaufbau (KfW)	Effectiveness/ Prodoc Signature (i.e. date project began)		July 17, 2002
		Closing Date	Proposed: 6/30/2007	Actual: 12/31/2008
TER Prepared by: Pallavi Nuka	TER peer reviewed by:	Duration between effectiveness date and original closing (in months): 60	Duration between effectiveness date and actual closing (in months): 78	Difference between original and actual closing (in months): 18
Author of TE: IA Country Office		TE completion date: 7/22/2009	TE submission date to GEF EO:	Difference between TE completion and submission date (in months):

* Other is referred to contributions mobilized for the project from other multilateral agencies, bilateral development cooperation agencies, NGOs, the private sector and beneficiaries.
** ProDoc budget total cost is $72 M, with a $30 M GEF grant and $42 M in co-financing. GEF PMIS notes that additional co-financing secured following endorsement.

2. SUMMARY OF PROJECT RATINGS AND KEY FINDINGS

Please refer to document GEF Office of Evaluation Guidelines for terminal evaluation reviews for further definitions of the ratings.

Performance Dimension	Last PIR	IA Terminal Evaluation	IA Evaluation Office evaluations or reviews	GEF EO
2.1a Project outcomes	**S**	**S**	**MS**	**S**
2.1b Sustainability of Outcomes	N/A	**Moderate**	**Moderate**	**ML**
2.1c Monitoring and evaluation	**MS**	**N/A**	**N/A**	**S**
2.1d Quality of implementation and Execution	**S**	**S**	**S**	**S**
2.1e Quality of the evaluation report	**N/A**	**N/A**	**S**	**S**

2.2 Should the terminal evaluation report for this project be considered a good practice? Why? Yes, the TE report provides a comprehensive assessment of outcomes, impacts, implementation and M&E. Financial information and project cost information are also included.
2.3 Are there any evaluation findings that require follow-up, such as corruption, reallocation of GEF funds, mismanagement, etc.?

No such findings were noted in the TE report.

3. PROJECT OBJECTIVES

3.1 Project Objectives

a. What were the Global Environmental Objectives of the project? Were there any changes during implementation?

The project's global environmental objective as stated in the Project Document/PAD (Annex 1) was to "expand and consolidate a system of Protected Areas in the Brazilian Amazon to sustain biodiversity conservation."

There were no changes to global environmental objectives during implementation.

b. What were the Development Objectives of the project? Were there any changes during implementation? (describe and insert tick in appropriate box below, if yes at what level was the change approved (GEFSEC, IA or EA)?)

The project's development objective was "to expand and consolidate the protected areas (PAs) system in the Amazon region of Brazil." This project was envisioned as Phase I of a larger 10-year Amazon Region Protected Areas Project (ARPA). Expected outcomes for Phase I were:
(a) Creation of 18 million hectares in new protected areas (9 million hectares of "strict protection" PAs and 9 million hectares of "sustainable use" PAs);
(b) Consolidation of the management of 7 million hectares of existing "strict protection" PAs, in addition to 9 million hectares of the newly created "strict protection" PAs,
(c) Establishment and operation of an endowment fund to meet the recurrent costs of protected areas.
(d) Establishment and operation of a biodiversity monitoring and evaluation system at the protected area and regional levels.

The main Phase I indicators as identified in the ProDoc:

- 23 ecoregions in the Brazilian Amazon analyzed for identification of new Pas;
- 18 million hectares of new Protected Areas (9 million hectares of "strict protection" PAs and 9 million hectares of "sustainable use" PAs) created;
- 7 million hectares of existing "strict protection" PAs and 3 million hectares of new "strict protection" PAs consolidated and managed;
- Endowment fund for financial sustainability of PAs created with a minimum of capitalization US$ 14.5 million, to support existing "strict protection" PAs;
- Demonstration projects for financial sustainability of PAs implemented;
- Methodology for environmental monitoring defined and implemented for specific PAs; and Project Committee, Conflict Mediation Committee, and two project coordination units (one in MMA and one in FUNBIO) created and operational.

Project activities were divided into 5 components:

1. Creation of new protected areas
2. Consolidation of existing areas
3. Long term sustainability of protected areas (establishment of an endowment fund; development and implementation of demonstration projects for sustainable income/revenue generating mechanisms for protected areas)
4. Protected area monitoring (Biodiversity monitoring & evaluation system established at protected area and regional levels)
5. Project Coordination and Management Unit, and a Monitoring & Evaluation system for the project

There were no changes in project objectives or components during implementation. There were two amendments to the grant agreement to streamline financial processes as well as an 18-month project extension, that was approved the mid-term evaluation.

Overall Environmental Objectives	Project Development Objectives	Project Components	Any other (specify)

			X (see above)

c. If yes, tick applicable reasons for the change (in global environmental objectives and/or development objectives)

Original objectives not sufficiently articulated	Exogenous conditions changed, due to which a change in objectives was needed	Project was restructured because original objectives were over ambitious	Project was restructured because of lack of progress	Any other (specify)
				X (see above)

4. GEF EVALUATION OFFICE ASSESSMENT OF OUTCOMES AND SUSTAINABILITY

4.1.1 Outcomes (Relevance can receive either a satisfactory rating or an unsatisfactory rating. For effectiveness and cost efficiency a six point scale 6= HS to 1 = HU will be used)

a. Relevance **Rating: S**

Project outcomes are relevant to GEF strategies under OP 2& 3 (Freshwater and Forest Ecosystems). The project has built the infrastructure to ensure long-term protection of globally important ecosystems in the Amazon. Project outcomes are highly relevant to and consistent with GEF priorities in the Biodiversity focal area. The project has promoted in situ conservation of unique biodiversity, sustainable use of biodiversity, and local participation in conservation activities. The newly created protected areas and existing protected areas consolidated under this project include tropical rain forests, wetlands, woodlands, and 7,000 km of coastal and marine ecosystems.

These project outcomes are highly relevant to national and state-level priorities and policies that have sought, over the last two decades, to strengthen environmental and land use management in the Amazon. Outcomes support the Government of Brazil's (GoB) obligations under the Convention on Biological Diversity (ratified in 1992). In 2000 Brazil passed a the National Systems of Conservation Units (SNUC) law to regularize conservation and parks policies at all levels of government agencies . SNUC established a uniform legal code, concept, and methodology for protected areas based on two main categories of "strict protection" and "sustainable use" lands. The SNUC legislation also created the current National System of Protected Areas. This project's effort in creating and consolidating protected areas was the first test-case for implementing SNUC on the ground.

The project has significantly increased the amount of forest under protected area status, and made huge strides toward meeting the 2006 National Biological Diversity Commission (COBIO) resolution of protecting of 30% of the biome. The project was also a major contributor to and will benefit from the development of the adoption of the Amazon Biodiversity Conservation and Investment Strategy and Map by the Ministry of Environment (MMA). This Strategy is a product of the of the $300 M World Bank coordinated Pilot Program to Conserve the Rain Forest (PPG7), which, starting in 1992, implemented pilot projects aimed at optimizing the environmental benefits of conservation. This project's objectives and outcomes complement the goals of the PPG7. Whereas the PPG7 stressed sustainable use, this project has stressed strict protection of areas previously classified as "unclaimed government lands."

Outcomes are consistent with the World Bank's Country Partnership Strategy (CPS) for Brazil which defines an Amazon Partnership Framework to expand and consolidate protected areas. This project also builds on the foundation laid by two earlier GEF funded pilot projects: the National Biodiversity Project (PROBIO) and the Brazilian Biodiversity Fund (FUNBIO). These two initiatives provided the technical, social and financial bases for this project.

b. Effectiveness **Rating: MS**

Phase 1 of the Amazon Region Protected Areas (ARPA) Project has been successful in achieving most of the outcomes outlined in the project document and has realized the global environmental objective of expanding and consolidating the protected areas system in the Brazilian Amazon. Most of the main Phase I indicators have been met. The project has more than doubled the area of Brazilian Amazon under strict protection from 12 Million hectares (Mha) in 2003 to over 25 Mha today. A trust fund to support continued operation of strict protection area has been created and capitalized to the extent of $23.4 M. A strategy for sustainable income generation for local communities has been developed. And, a biodiversity monitoring system was designed and implemented on in 6 PAs on a pilot basis. The main short-comings of the project include limited-to-no consolidation of management in many of the PAs and the failure to launch any income generating demonstration projects. In view of these shortcomings effectiveness is rated Moderately Satisfactory.

<u>Component 1: Creation of new protected areas</u>

Outputs under this component successfully met targets. Twenty-three eco-regions in the Brazilian Amazon were analyzed in detail, with the participation of indigenous groups, for identification of new protected areas (PA). In 2004

priority protection areas were designated by Presidential decree. Forty-three new PAs were created by legal decree, totaling 24 Million hectares (Mha) and exceeding the target of 18 Mha of new PA. Thirteen of the new PAs (13 Mha) are under strict protection and the other thirty (11 Mha) are designated "sustainable use" PAs. To achieve these results, the project engaged 5 state governments in creating their own state protected areas (PAs) and strengthened state level environmental management capacities. Other states worked with the federal government to create federally protected and sustainable use areas. All these areas have been demarcated and minimal infrastructure has been established to maintain and survey the areas.

Component 2: Consolidated management of PAs

Significant progress has been made towards achieving expected outcomes for this component. Management has been rated "fully consolidated" in 8 out of the 17 strict PAs. Management in the other 9 strict PAs is partially consolidated. Management plans have been prepared and implemented on a priority basis for 15 out of the total of 61 PAs. Consolidating management has proven more difficult than envisioned because of the strict criteria in the Project Document specifying among other things, a minimum staffing level of 5 rangers per strict PA. The project has effectively promoted stakeholder participation in PAs management. 33 PAs, over half those in the project, have established protected area management councils with the inclusion of community members and government representatives. Partnership and/or concession agreements with civil society groups are being implemented in 4 PAs. And, community development plans and projects have been prepared in 6 PAs and implemented in two PAs. The completed management and community developed plans are being used as models for plans in other areas. The project is clearly on the road to achieving the targeted outputs for this component.

Component 3: Long-term sustainability

This component has had mixed effectiveness. An endowment fund, the Protected Areas Fund (FAP), has been established through FUNBIO to partially finance the operational costs of managing strict PAs. The minimum capitalization threshold of $27 M has been exceeded with $23.4 M in deposits ($15 M from GEF, $7.8 M from WWF/Brazil) and €10 M committed by Germany through KfW.

Additionally, the project has conducted three studies to identify innovative income generation mechanisms for sustainable PAs and developed a strategy document on Conservation and Investment. The TE report notes "the initiation of on-site income generating studies in support of sub-projects started late in the first phase and many are still on-going." The conclusion from these studies, according to the TE report, is that "the usual income generation mechanisms are not feasible in the Amazon." The project did not attempt any demonstration income generating projects. Instead, the mechanisms identified for sustainable income generation include Brazil's compensation fund, the green lottery and carbon sequestration. Following up on these results, the project team put forward a proposal for a large environmental compensation fund to benefit the protected areas.

Component 4: Protected Area Monitoring

Expected outcomes were achieved under this component. A Biodiversity Monitoring & Evaluation system was designed and implemented on a pilot basis in 6 PAs. Indicators for environmental monitoring were identified (measures of species levels, water quality, micro-climates, forest cover). A set of biodiversity protocols have been developed and were released in 2010. The IEG report notes that biodiversity monitoring "in some protected areas…made an important contribution to planning and decision making." The IEG further notes that the biodiversity monitoring system also proved to be "expensive and time consuming" in practice. The TE report notes that two internet based databases were developed to support biodiversity monitoring and PA management.

Component 5: Project Management

All the expected outcomes were achieved under this component. The Program Committee (CP), including government and civil society representatives, is operational, meeting twice-yearly to formulate project strategy, review progress and yearly plans. The project team has worked closely with government agencies at all levels to coordinate the establishment and ongoing management of protected areas.

c. Efficiency (cost-effectiveness) **Rating: S**

There is no cost-effectiveness assessment in the TE report and no information in the ProDoc on which to base an assessment. The IEG report notes that "outputs were delivered within the forecast costs envelope." This project more than doubled the area of Brazilian Amazon (adding 13 Mha) under strict protection within a reasonable time frame and within the original grant amount. Most performance indicators were met, and the minimum benchmarks for Phase I have been met. Although some expected outputs, such as management of PAs, were only partially achieved, other outputs were exceeded.

4.2 Likelihood of sustainability. Using the following sustainability criteria, include an assessment of **risks** to sustainability of project outcomes and impacts based on the information presented in the TE. Use a four point scale (4= Likely (no or negligible risk); 3= Moderately Likely (low risk); 2= Moderately Unlikely (substantial risks) to 1= Unlikely (High risk)). The ratings should be given taking into account both the probability of a risk materializing and the anticipated magnitude of its effect on the continuance of project benefits.

a. Financial resources	**Rating: ML**
As noted in the IEG, the government and international donors have expressed commitment to Phase II of this ten year project, so there is likely to be funding for sustaining project outcomes. Three important financial risks remain. One, the government has not budgeted for sufficient staff to manage the PA's. Two, although the FAP is capitalized, its revenues are not sufficient to meet the total operational costs of PAs management. It is important to identify additional sources of funding either from government, donors, or from sustainable income-generating activities. Three, the IEG notes the need for the FAP to diversify funding sources in order to reduce exposure to financial shocks.	
b. Socio-political	**Rating: ML**
Political support for the project has been strong. MMA continues to support the creation of new PAs and has expressed a commitment to sustaining project outcomes by adopting project tools. Donor support and continued interest in the project also remains high. There is a risk that community-level support for PAs, particularly sustainable use PAs, is weak due to the failure to implement the sustainable livelihoods sub-projects.	
c. Institutional framework and governance	**Rating: ML**
The institutional framework for sustaining project outcomes is established. FUNBIO will continue to manage the FAP and execute Phase II of the project. Technical and scientific input will be provided by the partner agency ICMBio (under the MMA). Governance of the FAP remains unclear. The FAP needs to be independent, but still include representation from the federal and state authorities. Direct government control poses risks. For example, during the project's lifetime, structural changes in government and in the MMA heavily influenced the project's staffing, and thus its effectiveness and sustainability. To better ensure sustainability of outcomes, FUNBIO will require a greater measure of independence from government.	
d. Environmental	**Rating: L**
No environmental risks were noted in the TE report.	

4.3 Assessment of processes and factors affecting attainment of project outcomes and sustainability.

a. Co-financing. To what extent was the reported cofinancing (or proposed cofinancing) essential to achievement of GEF objectives? Were components supported by cofinancing well integrated into the project? If there was a difference in the level of expected co-financing and actual co-financing, then what were the reasons for it? Did the extent of materialization of co-financing affect project's outcomes and/or sustainability? If it did, then in what ways and through what causal linkages?
Actual co-financing was roughly $55 M in total ($18 from GOB, $18M from KfW, $17.3 M from WWF, and $2 M from in country sources), about 65% of the total project cost. Although information on actual co-financing amounts per component is not available, based on the ProDoc budget, co-financing was critical for identification and creation of new PAs, consolidating management, and biodiversity monitoring. Co-financing from GOB was both in-kind (staff, office infrastructure Actual co-financing amounts were greater than promised in the ProDoc. WWF and KfW each contributed about $6 M than planned. Additionally, KfW has committed another €10 M to the FAP which will help ensure the long term sustainability of the strict protection areas. The IEG notes that state environmental agencies also provided varying levels of counterpart funding and staffing.
b. Delays. If there were delays in project implementation and completion, then what were the reasons for it? Did the delay affect the project's outcomes and/or sustainability? If it did, then in what ways and through what causal linkages?
The project experienced recurrent delays throughout implementation, and was granted an 18 month extension following a mid-project evaluation. The project was complex and institutional coordination was poor at the start of the project; start-up was slow. These issues were remedied and the level of coordination improved in the project's later years. Another contributor to delays was "near continuous" staff turnover in the Environment Ministry (MMA), the Project Coordination Unit (PCU) and in the PAs. These delays have resulted in very slow consolidation of management in PAs, and the failure to fully implement the income generating mechanisms and the biodiversity monitoring system. Exogenous factors also contributed to delays. Although project design had factored in many issues, there were still some unforeseen logistical difficulties with working in the most remote areas of the Amazon. Government turnover and bureaucratic restructuring at the federal level has contributed to delays in project implementation. As noted in the TE report, there were two major elections in Brazil during the 6-year implementation period involving changes in Ministry and project staff. Although a transition team was created to facilitate turnover of the project between governments, the TE report states "the loss of personnel in the final days of the Cardoso government contributed to the absence of critical decision making and appears to have been a major factor in contributing to the delay in reaching effectiveness." There was also 4-month public sector strike during this period. And bureaucratic restructuring in the MMA further delayed

implementation as the Project Coordination Unit (PCU) was shifted to new home under the ICMBio.

c. Country Ownership. Assess the extent to which country ownership has affected project outcomes and sustainability? Describe the ways in which it affected outcomes and sustainability highlighting the causal links.

A strong level of country ownership and commitment on the part of the GoB, has led to very successful outcomes in the creation of new PAs. The GoB has helped capitalize the FAP. The MMA has formally incorporated a number of the reports and tools produced by the project into planning and policy frameworks contributing to the sustainability of project outcomes. Following its internal restructuring, the MMA was a key partner in negotiating lands with other relevant agencies to be declared for PA designation.

At the same time, country ownership in other areas, particularly in terms of institutional support, has been weak. Overall project efficiency was hampered by the MMA's reluctance to establish a fulltime counterpart at a high level in the Ministry, and by the initially low staffing levels in the PCU and counterpart state environment offices. The TE report mentions that the MMA was unable to meet counterpart co-financing requirements in 2005 and again in 2008/09 and did not establish an adequate system to track counterpart co-financing. Strong commitment to effective PA consolidation has not been evident placing some project outcomes at risk. The MMA was unable to staff the PAs according to ProDoc guidelines. Although the government held two parks service examinations and hired 210 new personnel, very few of PAs have been able to meet the 5-person minimum staffing level.

4.4 Assessment of the project's monitoring and evaluation system based on the information in the TE

a. M&E design at Entry Rating (six point scale): S

The project M&E plan specified in the project document was practicable and sufficient.
A Project Monitoring and Evaluation (M&E) unit, independent of the PCU, was to be established within MMA and was charged with monitoring and evaluating the project implementation and progress towards objectives. The project document contains a logical framework matrix with relevant indicators and appropriate baselines. Methodology for measuring indicators was clearly identified and feasible.

Monitoring and evaluation of implementation was to be conducted through: a) activities of the PCU; b) annual progress reviews during Bank supervision missions; c) Mid-term Review of project implementation to be carried out jointly by the GOB, the NCC, the PCU, the World Bank, and d) periodic beneficiary assessments and other special studies. The latter included a participatory evaluation component to be carried out in consultation with local communities and NGOs and an independent evaluation mechanism at mid-term and completion of Phase 1. Progress in achieving targets was to be assessed during the Mid-term Review and again at project conclusion. The PCU was to submit semi-annual progress reports to the Bank team on project implementation and outcomes.

b. M&E plan Implementation Rating (six point scale): S

The TE report notes that the project's operational monitoring system had "remarkable achievements." Early on, the PCU realized that a system to track ongoing operational activities and financial expenditures was essential for project successful implementation and developed two online databases for operational monitoring, SisARPA and CEREBRO. These systems have proved extremely useful in providing real-time updates on project implementation and have improved project performance.

CEREBRO system was developed by FUNBIO to coordinate project related procurement among all partners. It permits all involved to view the status of procurement requests, groups' requests from different sources, and clearly lays out next steps for implementation. Connected to CEREBRO was the "conta vinculada" (conjoined account) system developed by FUNBIO to efficiently channel funds to PA managers. According to the TE report, this system has "expedited high levels of program expenditure." The IEG report also notes that this system was not able to generate quick reports comparing spending patterns across PAs.

SisARPA, developed by the PCU, evolved from WWF's online tracking tool for PA management activities. This generates reports about each PA with information on equipment availability, infrastructure, level of development and implementation of Management Plans, level of formation of the Local Councils, level of Basic Protection Plans for newly formed PAs, level of signage and status of land tenure studies and resolution of PA boundaries. This data is input by trained and experienced PA managers, with guidance from the PCU on determining comparable levels between PAs. The IEG report notes the ratings used in this system were "rather subjective."

Additionally, the project has submitted semi-annual progress reports, conducted a mid-term review and implemented the recommendations from that review.

4.6 Assessment of Quality of Implementation and Execution

a. Overall Quality of Implementation and Execution (on a six point scale): S

b. Overall Quality of Implementation – for IA (on a six point scale): S

Briefly describe and assess performance on issues such as quality of the project design, focus on results, adequacy of supervision inputs and processes, quality of risk management, candor and realism in supervision reporting, and suitability of the chosen executing agencies for project execution.

The implementing agency for this project was the World Bank- Brazil. Project design was detailed, well considered, and highly consultative with participation from MMA, FUNBIO, and the other donors. Although the project design phase took 4 years, the TE report notes that the experience was important in mobilizing the political will and donor support required to achieve Phase I targets. The Bank team showed "great sensitivity and sound negotiating skills" in designing the project. Outcomes for consolidating PAs could have been "less ambitious" considering the 4 year implementation period for Phase I. Risk identification was sound, but, based on the TE report, many of the proposed measures for mitigation proved to be ineffective in practice.

Bank performance during implementation was adequate to the scope of the project. 14 supervision missions were conducted over 6 years, increasing in frequency as the project began to support PA consolidation. The TE report notes that increased supervision and training for FUNBIO and the PCU during the early years of the project might have helped to reduce the delays associated with project start-up. But, on the other hand, this can be viewed as allowing the executing agencies to have greater ownership over the project. The PCU and FUNBIO were eventually able to resolve administrative issues and have become more independent and capable organizations. The focus on results could have been stronger and the Bank "could have been more resolute" on government commitments to staffing PAs and implementing recommendations from the Mid-term Review.

The Bank showed tremendous flexibility in working with the executing agencies. Grant amendments to streamline financial processes, the "conta vinculada" system, and a project extension were approved quickly. The Bank also promoted communication and coordination between donors throughout implementation, and harmonious donor relations were a priority.

c. Quality of Execution – for Executing Agencies[1] (rating on a 6 point scale) S

Briefly describe and assess performance on issues such as focus on results, adequacy of management inputs and processes, quality of risk management, and candor and realism in reporting by the executive agency.

Execution involved the Ministry of Environment (MMA), the Brazilian Biodiversity Fund (FUNBIO), the Brazilian Institute for the Environment and Renewable Natural Resources (ICMBio); as well as State and Municipal agencies (for specific protected areas). FUNBIO was selected by the GoB to be responsible for managing grant resources including all procurement, disbursements, and creation of the Protected Areas Trust Fund (FAP).

At the start of implementation, FUNBIO did not have the personnel or expertise to manage a project of this scope in the Amazon. ARPA represented a major challenge for the organization and consequently there was a learning curve. The Project suffered from delays in the early years until a well-trained team was formed. With support from the Bank and from the MMA, FUNBIO's capacities have grown significantly. FUNBIO has carried out administrative duties very well, as detailed in the section on M&E. Focus on results could have been stronger. As the IEG notes, FUNBIO could have pushed more to implement the sustainable livelihoods sub-projects. The quality of risk management by FUNBIO was excellent. The organization displayed exceptional foresight in identifying and capturing, early on in the project, other sources of financing for the FAP outside the donors named in the ProDoc. As a result, the credit crash of 2008 was not as catastrophic as it might have been. The organization is now experienced and well positioned to execute Phase II of the project. According to the TE report "there is no other services provider that could provide the unique set of services in support of biodiversity conservation in the Amazon."

A PCU was established within MMA to link the different executors, supervise activities, and carry out the project's physical and financial monitoring. The PCU, despite challenges involving re-organization in the MMA, institutional displacement to ICMBio, and periodic loss of staff, proved effective in executing the Project and maintained a strong focus on results. The PCU is responsible for significant project achievements. Based on the PIRs, reporting was timely and accurate.
At the level of personnel, the TE report notes that the PCU suffered "near continuous turnover" due primarily to poor selection criteria, the lack of a human resources policy in ICMBio, and the often difficult field conditions characteristic of Amazon PAs. There was also a change in project coordinator late in project implementation coming at a critical time

[1] Executing Agencies for this section would mean those agencies that are executing the project in the field. For any given project this will exclude Executing Agencies that are implementing the project under expanded opportunities – for projects approved under the expanded opportunities procedure the respective executing agency will be treated as an implementing agency.

when additional effort was required to meet Project output and outcome indicators. Furthermore, the MMA, as noted under 'country ownership' could have been more proactive in supporting implementation.

5. PROGRESS TOWARDS IMPACT

a. What is the *outlined* outcomes-to-impact pathway?

Briefly describe the logical sequence of means-to-end linkages underlying a project (Outcome to impact pathways are the means-ends relationships between project outcomes and the intended impacts – i.e. the logical results chain of activity, output, outcome and impact)

Activities	Outputs	Outcomes	Impacts
- Support to create new protected areas and consolidation of existing protected areas including sustainable use and strict protection - Support to strengthen PAs management and create participatory management frameworks and organizations in PAs - Creation and capitalization of an endowment for sustaining PAs management - Support to design and implement a biodiversity monitoring system for PAs	- Legal creation of new PAs created, existing PAs consolidated in both sustainable use and strict protection categories. - PA management plans implemented, PA councils operating, community development plans and project implemented - Endowment fund established and fully capitalized. -Sustainable livelihoods demonstration projects implemented for sustainable use PAs. -Methodology for environmental monitoring defined and implemented for specific PAs.	An expanded mosaic of strict protection and sustainable use PAs. Legal and operational framework for PAs administration and management strengthened. Community/stakeholder involvement in PAs management and planning decisions Ensure long-term sustainability of PAs management and sustainable development for communities. Establishment and operation of a biodiversity monitoring and evaluation system at the protected area and regional levels.	Preservation of significant biodiversity reserves in the Brazilian Amazon Maintenance of globally important watershed areas and carbon sequestration capacity. Greater community understanding of and participation in conservation efforts.

b. What are the actual (*intended or unintended*) impacts of the project?

Based on the assessment of outcomes [4.1.1] explain to what extent the project contributed to or detracted from the path to project impacts and to *impact drivers* (Impact drivers are the ***significant factors*** that, if present, are expected to contribute to the ultimate realization of project impacts and that are within the ability of the project to influence

Although it is too early to gauge environmental impacts, the ARPA project has thus far made a tremendous contribution to the long-term goal of a mosaic of protected areas in the Amazon. Significant progress has been made towards impacts. ARPA-Phase I have been quite successful in expanding PAs, as well as in establishing the Protected Areas Fund FAP as a long-term financing mechanism. In addition, major progress has been made in strengthening the management of PAs, through the creation of local PA councils, the development of management plans, capacity building and the implementation of new tools for PA management. Also, the establishment of an efficient implementation mechanism via FUNBIO can be considered a major achievement and according to the TE report is a best practice example regarding implementation of huge scale projects in the Brazilian Amazon.

Impact drivers: The project has produced key tools to guide future conservation efforts. ARPA-Phase I has used innovative methods to achieve the goal preservation of biodiversity and sustainable development. The experience gained in expanding PAs, creating PAs councils and management plans provides a blueprint for more efficiently consolidating management in remaining and future PAs. The Map of Priority Areas for the Conservation, Sustainable Utilization and Distribution of Benefits of Brazilian Biodiversity was adopted by MMA in 2007 and lays out the plan for Phase II of the project. The Conservation and Investment Strategy for the Amazon identifies existing and future financing needs.

c. Drawing on the assessment of the likelihood of outcome sustainability [4.2], what are the apparent risks to achieved impacts being sustained and likely impacts being achieved?

There are risks to the sustainability of achieved and likely impacts. The financial risk is tied to the lack of sustained funding PAs management, without which PAs will be understaffed and management less effective. Another risk to impacts is the lack of community support, or stakeholder investment in this project. Future implementation of management plans and administration of sustainable use PAs may be hampered by lack of stakeholder support.

d. **Evidence of Impact**

Question	Yes	No	UA
i. Did the evaluation report on ***stress reduction***[2] at the local level (i.e. at the demonstration-pilot level, etc)?		**X**	
ii. If yes, describe the evidence that was provided whenever possible quoting quantitative evidence. Also discuss the scope[3] of such reductions given the range of concerns targeted by the project. The TE does not report on stress reduction at the level of individual protected areas.			
iii. Did the evaluation report stress reduction at the broader systemic level?			**X**
iv. If yes, describe the evidence that was provided whenever possible quoting quantitative evidence. Also discuss the scope of such reductions given the range of concerns targeted by the project. Comments from the WWF (project partner) indicate that the extent of forest cover in the PAs was maintained over the project's lifetime. We can infer from this that project activities contributed (in part) to a decline in deforestation rates.			
v. Did the evaluation report change in the ***environmental status*** at the local level (i.e. at the demonstration - pilot level, etc)		**X**	
vi. If yes, describe the evidence that was provided whenever possible quoting quantitative evidence. Also discuss the scope of change given the range of concerns targeted by the project. The TE does not report on local level changes in environmental status.			
vii. Did the evaluation report change in the environmental status at the broader systemic level?			**X**
viii. If yes, describe the evidence that was provided whenever possible quoting quantitative evidence. Also discuss the scope of such change given the range of concerns targeted by the project. While it is too early to measure changes in environmental status, the TE does note that project activities will likely contribute to a reduction in concentrations of atmospheric CO2 by 2050 as compared to baseline scenarios. The expansion of protected areas and the existence of large strict protection areas will also help "maintain high levels of ecosystem functionality."			
ix. Did the evaluation report change in the socioeconomic status at the local level?		**X**	
x. If yes, describe the evidence that was provided whenever possible quoting quantitative evidence. Also discuss the scope of change given the range of concerns targeted by the project.			
xi. Did the evaluation report change in the socio-economic status at the systemic level?		**X**	
xii. If yes, describe the evidence that was provided whenever possible quoting quantitative evidence. Also discuss the scope of change given the range of concerns targeted by the project.			
xiii. Did the evaluation provide evidence of any negative impacts (on drivers toward the projects intended impact, environmental status, socioeconomic status)? Describe the impacts that were documented and how severe were these impacts?			
e. Monitoring of impacts			
i. Are arrangements/institutions in place to monitor stress reduction/improvement in the environment and/or socio-economic conditions at the local level after project completion?	**X**		

[2] Stress = Pressure on the environment caused by human activities; Reduction=decrease of this pressure
[3] Scope refers to the broadness of results against original objectives,

ii. Are arrangements/institutions in place to monitor stress reduction/improvement in the environment and/or socio-economic conditions at the systemic level after project completion?	X		

6. LESSONS AND RECOMMENDATIONS

Assess the project lessons and recommendations as described in the TE

a. Briefly describe the key lessons, good practice or approaches mentioned in the terminal evaluation report that could have application for other GEF projects

1. The validation of participatory concepts and processes during preparation is fundamental to support implementation of a complex project. Extensive participative consultation during the project design phase provided the basis for a detailed methodology that was included in the project design documents. This was a highly useful guide for the participative activities in support of PA creation. These "win-win" situations where activities and processes supported during design can actually provide, following their refinement, detailed guidance in implementation should be used more often in the future and expanded to include other critical processes and procedures that will be faced by executing bodies (e.g., environmental assessment, preparation of operational manuals etc.).

2. Never underestimate the logistical challenges of working in remote regions. It is almost always more cost-efficient to factor in local characteristics in project design even at additional cost in time and resources, than attempt mid-course corrections as they develop in implementation. Preparation of ARPA 2 incorporates this lesson in project design. Of particular relevance is to factor in "premiums" in terms of costs and time over similar operations elsewhere in the country to better gauge project costs and calendars to reduce risk of overestimating the achievement of outcomes and outputs during project implementation.

3. Environmental funds' capitalization plans need regular updates. ARPA's trust fund was the first of its kind to be established in Brazil. The fund was designed to address financial shortfalls from the public purse to cover the recurrent costs of PAs. However, ARPA's successful efforts to create so many new PAs, particularly "sustainable use" PAs, was not anticipated in the initial trust fund design. Only now, after almost six years of implementation, are solid financial records available with data that can serve as a basis for projecting expending needs for PAs, thus allowing more regular updates of need based on the number of PAs entering the ARPA system and benefiting from the trust fund revenues.

4. Adaptive and innovation management can determine the degree of success. The adaptation of ARPA project design has proven to be fundamental and prevented the usual problems with large bureaucratic implementation efforts. ARPA's innovative aspects such as the public-private institutional arrangements and the *conta vinculada* have been extraordinarily effective in dramatically accelerating implementation in the field, with increased agility in creating new PAs, staffing new PAs, and moving funds to the PA managers for on-the-ground work. The *conta vinculada* was a breakthrough at least in the environmental management in Brazil and not only resolved "real world" issues faced everyday by PA managers but provided an important incentive and degree of empowerment that served to increase morale. This concept came out of thorough analysis and discussion among ARPA's partners and its impact justified the time investment to reach the right solution.

b. Briefly describe the recommendations given in the terminal evaluation

1. Although biodiversity conservation problems are complex, project design can be simplified to fit local capacities and pace of implementation. While ARPA's program design was the right approach to address the magnitude and complexity of issues and underlying factors needed to create PAs in the Amazon, it was overly-ambitious in its expectations for the first phase of the Project. Project design was very complicated. It involved multiple institutions and layers of government, cross-cutting sectors ranging from biodiversity conservation, social development to funds management, and comprehensive monitoring. Arguably this is justified for a Program with this PDO, but this makes implementation difficult at least constrained by time limitations. Add to this the reality of working in the Amazon and a government imposed requirement to complete the 1st phase Project in four years and the situation is ripe to experience one or more setbacks. In this case these were the partial achievement of stated project outcomes and

outputs, an extension of project closure and postponement of some project activities into the next phase. Fortunately, none of these changes threatened the long term outcome of the multi-phase program (though it is likely that the end of program will have to be extended as well).

7. QUALITY OF THE TERMINAL EVALUATION REPORT

7.1 Comments on the summary of project ratings and terminal evaluation findings based on other information sources such as GEF EO field visits, other evaluations, etc.

The IEG rates the terminal evaluation report (ICR) as Satisfactory.

Provide a number rating 1-6 to each criterion based on: Highly Satisfactory = 6, Satisfactory = 5, Moderately Satisfactory = 4, Moderately Unsatisfactory = 3, Unsatisfactory = 2 and Highly Unsatisfactory = 1. Please refer to document GEF Office of Evaluation Guidelines for terminal evaluations review for further definitions of the ratings. Please briefly explain each rating.

7.2 Quality of the terminal evaluation report	Ratings
a. To what extent does the report contain an assessment of relevant outcomes and impacts of the project and the achievement of the objectives? The ICR contains adequately assesses project outcomes, objectives and impacts.	S
b. To what extent the report is internally consistent, the evidence is complete/convincing and the IA ratings have been substantiated? Are there any major evidence gaps? There were no noted inconsistencies or evidence gaps. The evidence presented is complete and convincing. The ICR is largely consistent with IA ratings, but the ICR rates project outcomes more highly than the IA.	S
c. To what extent does the report properly assess project sustainability and /or a project exit strategy? The report discusses both risks to sustainability and the next steps for Phase II of the project.	S
d. To what extent are the lessons learned supported by the evidence presented and are they comprehensive? The lessons learned are comprehensive and fully supported by the evidence presented on implementation and outcomes.	S
e. Does the report include the actual project costs (total and per activity) and actual co-financing used? The report includes actual project costs by component only for GEF funds. There is no breakdown by component or activity for the co-financing.	MS
f. Assess the quality of the reports evaluation of project M&E systems? The TE report contains a comprehensive evaluation of the project's M&E system.	S

8. SOURCES OF INFORMATION FOR THE PRERATATION OF THE TERMINAL EVALUTION REVIEW REPORT EXCLUDING PIRs, TERMINAL EVALUATIONS, PAD.

No other sources were consulted.