Report Number : ICRR0020621

1. Project Data

Project ID	Project Name
P094335	PY GEF Biodiversity Conservation
Country	**Practice Area(Lead)**
Paraguay	Environment & Natural Resources

L/C/TF Number(s)	Closing Date (Original)	Total Project Cost (USD)
TF-96758	10-Apr-2014	18,290,200.00
Bank Approval Date	**Closing Date (Actual)**	
17-Jun-2010	10-Apr-2016	

	IBRD/IDA (USD)	Grants (USD)
Original Commitment	4,500,000.00	4,500,000.00
Revised Commitment	4,500,000.00	4,500,000.00
Actual	4,500,000.00	4,500,000.00

Prepared by	Reviewed by	ICR Review Coordinator	Group
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2. Project Objectives and Components

a. Objectives

The statement of Project Development Objective / Global Environment Objectives (PDO / GEO) in the PAD for the Conservation of Biodiversity and Sustainable Land Management in the Atlantic Forest of Eastern Paraguay project dated May 12, 2010 was same as the PDO stated in the original Grant Agreement for the project dated February 24, 2011, as follows:
"The objective of the Project is to assist the Member Country's continued efforts to achieve sustainable natural resource-based economic development in the project area". This project's achievements will be

assessed against this objective. The Grant Agreement's objective statement continued by stating that the objective would be achieved by:
"(a) establishing the Mbaracayú-San Rafael conservation corridor within public and private lands through sustainable native forest management practices for biological connectivity;
(b) encouraging sustainable agricultural practices that maintain biodiversity within productive landscapes, while increasing productivity and mainstreaming biodiversity conservation;
(c) strengthening the institutional capacity of MAG to implement conservation techniques in the rural landscape;
(d) strengthening the institutional capacity of SEAM to improve knowledge on forest and biodiversity conservation activities, including the monitoring and enforcement of said activities; and
(e) strengthening the National Protected Areas System."
The project area was the Upper Paraguay Atlantic Forest (UPAF).

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

Yes

Did the Board approve the revised objectives/key associated outcome targets?

No

c. Will a split evaluation be undertaken?

No

d. Components

Component 1: Re-establishment of Connectivity between Protected Areas (appraisal estimate US$12.00 million, actual US$11.86 million) The objective of this component was to maintain or recreate the biodiversity connectivity between the protected areas in the proposed Conservation Corridor, to provide the continuous biological links that enable the flow of genetic resources between the remaining forest areas within the corridor. This was achieved by financial and technical assistance for forest management and biodiversity conservation to about 2,500 farmers. Additionally, 250,000 hectares of land within the project area was expected to adopt these practices. Following the third restructuring of the project, the number of sub-projects to be supported as well as the number of micro catchment areas planned in a participatory way, were reduced in this component.

Component 2: Strengthening and Expansion of the National Protected Areas System - SINASIP (appraisal estimate US$1.82 million, actual US$1.86 million) The component aimed to strengthen the Public Protected Areas and Itaipu-owned Protected Areas within the proposed Conservation Corridor. Through this, 400,000 hectares was expected to be conserved overall. Key protected would be supported to improve their management capacity (250,000 hectares), along with consolidation and creation of 10 private protected areas (150,000 hectares). As per the third restructuring, the number of hectares targeted by the project were significantly reduced (Restructuring Paper, May 27, 2014, page 5 and ICR Results Framework Analysis).

Component 3: Enhanced Policy Framework and Institutional Strengthening (appraisal estimate US$2.95 million, actual US$2.96 million) The objective of this component was to strengthen the institutional capacity and coordination of Government of Paraguay institutions responsible for management of natural resources and biodiversity, namely the Secretariat of Environment (SEAM) and the Ministry of Agriculture and Livestock (MAG). As per the third restructuring, the number of training events held were reduced significantly.

Component 4: Project Management, Monitoring and Evaluation (appraisal estimate US$1.52 million, actual US$1.91 million) The objective of this component was to facilitate the efficient execution if the project by the establishment of a project management unit (PMU) responsible for project management, administration and dissemination of information.

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

Project Cost:
Appraisal estimate was US$18.29 million and the actual cost was US$18.59 million (ICR Annex 1)

Financing:
• Global Environment Facility (GEF) - Appraisal estimate US$4.5 million, actual US$4.5 million
• IBRD-assisted Sustainable Agricultural and Rural Development Project (PRODERS) provided co-financing for on-farm natural resource management sub-projects in micro-catchments located in the proposed Conservation Corridor (PAD, paragraph 42) - Appraisal estimate US$6.31 million, actual US$3.53 million
• ITAIPU Binacional hydro-electric dam - Appraisal estimate US$6 million, actual US$9.74 million
• Beneficiaries - Appraisal estimate US$1.48 million, actual US$0.83 million

Borrower Contribution:
There was no borrower contribution

Dates:
• Approval: 06/17/2010; Original Closing: 04/10/2014
• Restructuring(s): 02/08/2013; 02/28/2014; 07/01/2014
• Revised Closing: 04/10/2016

Restructuring:
As noted above there were three restructurings in February 2013, February 2014 and July 2014 (ICR, paragraph 9)

- In February 2013, the management council coordinating agency for the project was changed
- In February 2014, the closing date was changed from April 10, 2014 to April 10, 2016

- In July 2014, the scope of some components were amended as noted in Section 2c. In addition, some of the PDO/GEO intermediate outcome indicators were amended to levels that were considered more attainable in the remaining two years of the project and taking account of the reduced funding available. There were, however, no conceptual changes made to the PDO nor material changes in the nature of the indicators (ICR, paragraphs 10-12). The Restructuring Paper also stated that the changes did not significantly affect the economic and financial analysis, nor the project's technical approach, social and environmental safeguards (page 8). On this basis, this Review does not consider a need for a split evaluation to assess the project's overall outcome.

3. Relevance of Objectives & Design

a. Relevance of Objectives

Agriculture's share of Gross Domestic Product (GDP) has grown over the last decade in Paraguay. Agriculture and livestock contributed 23 percent to GDP in 2013 and 86 percent of total exports are food and agricultural products. Rising agricultural production and exports were achieved through both intensification and the doubling of the cultivated area resulting in rapid deforestation in recent years at a rate higher than any country in Latin America. Increased production of commodities like soybean has been significant in the Upper Parana Atlantic Forest (UPAF) area, leading to a loss of forest land and biodiversity. On the other hand, modernization of the agricultural sector has been the backbone of economic growth as noted in the FY15-18 Country Partnership Strategy. Over the last fifteen years, Paraguay has also witnessed a shift from a traditional and family-based agriculture to one which is based on modern agribusiness producing highly remunerative products (mainly soybean and beef) oriented to foreign markets (mainly Brazil and Russia). Exports, driven by the agricultural sector, have experienced sharp increases within the last decade, jumping from 4 percent of annual growth in 1994-2003 to 15 percent in 2004-2013 (Paraguay FY 15-18 Country Partnership Strategy CPS).

This need for this project was in line with the Government of Paraguay's development challenges and objectives (PAD, paragraphs 3-14). The key sector issues included natural resource degradation, loss of biodiversity and critical ecosystems, caused by poor policy and legal incentives which promoted unsustainable land management combined with land tenure challenges and rising commodity prices which led to further deforestation. The rationale for Bank involvement was to provide support to Republic of Paraguay's government strategy included in the National Environmental Policy (2005) and the World Bank Group's CPS for Paraguay 2009-2013 (PAD, paragraphs 15-22).

Rating	Revised Rating
High	Not Rated/Not Applicable

b. Relevance of Design

The ICR states that key lessons from other GEF as well as non-GEF projects were taken into consideration for project design (PAD, paragraph 38). The project activities (like financial and technical assistance for forest management and biodiversity conservation to farmers, improving the management capacity of protected areas/ reserves, and strengthening the institutional capacity of national institutions responsible for management of natural resources and biodiversity) were designed to occur in a large corridor where several types of producers covered the Atlantic Forest landscape – ranging from private lands owned by small, medium, or large scale landowners, indigenous peoples land, private reserves, public reserves, and Itaipu-owned reserves.

The combined IBRD/GEF project design and success was hinged on the participation of large scale landowners/ farmers (ICR, paragraph 26) but suffered from a lack of interest from these large scale landowners (ICR, papa 32) consequent to which the initial targets for hectares covered were revised down. The original theory of change of the project was not well articulated to describe the various roles of the different types of land owners and the issues/ concerns facing each category of these beneficiaries. This was a shortcoming in the results framework for achievement of the project objectives. This was also noted in the December 2016 Government Letter to the Bank (Annex 7).

The involvement of indigenous people (paragraph 36) after MTR and the use of participatory processes then contributed to advancing project implementation. The ICR also mentions (paragraph 57) unclear relations among implementing agencies and identifies exogenous factors (paragraph 65). The ICR notes that this was considered to be a problem project at one point in the project's lifecycle (ICR, Data Sheet, Section C.3)

Rating	Revised Rating
Modest	Not Rated/Not Applicable

4. Achievement of Objectives (Efficacy)

Objective 1

Objective

Establishing the Mbaracayú–San Rafael Conservation Corridor within public and private lands through sustainable native forest management practices

Rationale

Outputs:

- 233,353 hectares was conserved, this was 67,619 hectares more than the baseline (PDO Indicator #2)
- Official declaration by the government that the corridor was of national importance
- 36,254 hectares was restored with the participation of farmers, indigenous peoples and Itaipu (PDO Indicator #3) - representative activities included reducing use of forest wood by using efficient cook stoves delivered by the project; planting of yerba mate, an endemic forest species, as well as establishing honey hives to generate food and income

Outcome:
Corridor connectivity was significantly expanded with an increment of 67,619 hectares under better management and protection, achieving 233,353 hectares of Corridor under conservation. Restoration investments achieved 36,254 hectares of biodiversity-friendly productive activities laying the groundwork and models for more sustainable production with small farmers (ICR paragraph 70)

Rating
High

Objective 2
Objective
Encouraging sustainable agricultural practices in productive landscapes to increase productivity (while mainstreaming biodiversity conservation)

Rationale

Outputs:

- 125,015 hectares within the productive landscape under improved management for conservation and production (PDO Indicator #1).
- 3,906 producers/farmers benefited from knowledge of improved forest management and integrated biodiversity conservation into their productive activities (PDO Indicator #4).

Outcome:
Sustainable land-management practices implemented included: (i) planting of yerba mate (endemic and commercial species) in mixed forested area, (ii) planting yerba mate in mixed farm plots (cassava, corn, beans, heart of palm, bananas); (iii) establishing apiculture systems for generating income and promoting pollination; (iv) planting native tree species along rivers, ponds, and streams to improve habitat, reduce erosion, and protect micro-watersheds; (v) reducing use of herbicides through integrated pest control. These activities involved the application of natural-based products made with traditional knowledge of farmers and indigenous communities, with farmers receiving technical training and tool kits (ICR, Data Sheet, Section F, PDO indicator #1)
The participating producers were mainly small scale farmers with less than 20 hectares of land in indigenous communities. In addition, medium scale producers and cooperatives also participated in and benefited from

the project. Each small scale producer signed an agreement with the regional implementation agencies to dedicate 1-2 hectares of property to implement activities (subprojects) such as reforestation, agroforestry, watershed conservation, and training, promoted by the project. Cooperatives, with 10-20 hectares land area, also participated in the project and implemented forest/biodiversity conservation activities on their farms.

Rating
High

Objective 3
Objective

Strengthening Ministry of Agriculture and Livestock (MAG)'s institutional capacity to implement conservation techniques in the rural landscape

Rationale

Outputs:

- 30 MAG staff benefited from 35 training courses on best practices for sustainable agriculture practices, agroforestry, apiculture, biodiversity protection, integrated pest management, conservation of watersheds, and environmental safeguards policies (ICR, Data Sheet, Section F, PDO Indicator #7).

Outcome:
Investments were made to strengthen Ministry of Agriculture and Livestock (MAG) and the Secretariat of Environment (SEAM) capacities in landscape, productive, and conservation policies and programs. While the MAG had capacity in agriculture and rural productivity issues, it did not have a significant record of working in landscape themes such as restoration, sustainable forestry, and non-timber forest products, which was achieved with the project (ICR, paragraph 71). There was no direct measurement of results and impact of the training outputs. There was a lack of clear evidence on the achievement of this objective and the related PDO Indicator #7.

Rating
Modest

Objective 4
Objective
Strengthening the Secretariat of Environment (SEAM)'s institutional capacity to improve knowledge on forest and biodiversity conservation activities, including the monitoring and enforcement of such activities

Rationale

Outputs:

- 100 staff from SEAM participated in 25 national and international training events, including trainings on best international practices for corridors management; conservation of water resources; forest certification methods; *Panthera Onca* seminar on endangered mammals; Instruments to determine the economic cost of environmental damage; International Forest Forum in Durban, South Africa; COP21–Paris; and International Forum on Protected Areas and Corridors held in Asuncion, 2016 (ICR, Data Sheet, Section F, PDO Indicator #7)
- The ICR recorded steps take to improve SEAM's operational capacity such as the use of donated 4x4 vehicles for patrolling, as well as the payment of salaries for communication and project-planning staff, studies and education campaigns (ICR, Data Sheet, Section F, PDO Indicator #7).
- New infrastructure was built to benefit the conservation and safeguarding of protected areas (for example, Ñacunday and Caazapá), and to improve government capacities for governance and protection of the SINASIP (through the construction of an administrative building for the National Directorate of Protected areas in SEAM) (ICR paragraph 71).
- A biodiversity monitoring system using cloud based access was developed and hosted at the National Natural History Museum (ICR, Data Sheet, Section F, Intermediate Outcome Indicator #23)

Outcome:
SEAM investments achieved modest advances – an environmental fund was developed, and methodology and criteria for valuing environmental damage from deforestation and related environmental crimes were established. A management plan for Ybyturuzu Managed Resources Reserve was prepared through a comprehensive consultative process.
There was, however, no direct measurement of results and impact of the training and infrastructure development program. For example, the ICR noted that training was aimed at the achievement of institutional strengthening but without any evidence of impact. In conclusion there was a lack of clear evidence in the ICR regarding the extent to which this objective was achieved.

Rating
Modest

Objective 5
Objective

Strengthening the National Protected Areas System (SINASIP)

Rationale

Outputs:

- Development of two management plans for Ñacunday and Ybytyruzu protected areas through a participatory process that included local leaders, the private sector, communities, indigenous peoples, SEAM, INDI (National Indigenous Peoples Institute), local governments, NGOs, and experts on protected areas.
- Two National Dialogues and two cooperation agreements among local communities; IP; government (INDI, SEAM, municipalities, and Ministerio Publico); Itaipu Binacional; and NGOs for improving conservation of the San Rafael protected area in accordance with the IP cultural vision of the area, achieved after decades of lack of communication and conflict.
- Official registration of land titles of two protected areas (500 hectares in San Rafael and 2,000 hectares in Ñacunday) with an estimated land market value of US$12.5 million dollars.
- Provision of technical assistance to design a demarcation plan of Ybyturuzu Managed Resource Reserve, and the Ñacunday National Park and nature trail system for ecotourism development.
- Construction of infrastructure for improving management of protected areas: (i) Ñacunday and Caazapá (park offices, park signs, and park-ranger lodging); (ii) administrative building host SEAM's National Directorate of Protected Areas (PDO Indicator #7 and also mentioned as output for Objective 4 above).

Outcome:
Most significant in terms of the National Protected Areas national protected areas system was the establishment of a core public area of 500 hectares in San Rafael National Park, a site of global biodiversity importance. This outcome was the culmination of over 20 years of national and international conservation efforts including previous UNDP–GEF investments. San Rafael National Park was also one of the few protected areas in the system with a formal title (supported by the project) owned by the Government of Paraguay. This was significant, given that SEAM did not own any land within the San Rafael protected area before the project (ICR, paragraph 72).

Rating
Substantial

5. Efficiency

The PAD states that "no overall internal economic rate of return (ERR) of the project was estimated as the main benefits accrued from the project are extremely difficult to quantify" (paragraph 59).

The ICR presents a cost-benefit analysis to demonstrate that the project generated large economic returns even under conservative assumptions and in the context of different scenarios (ICR, page 39). With respect

to benefits, the analysis assumed they would be generated from carbon sequestration, watershed protection, bush meat harvesting, bioprospecting, sustainable timber harvesting, (biodiversity) existence values, and watershed values. Costs were a "combination of the actual financial costs of the projects from all counterparts (US$18.6 million) and the opportunity cost of land" (ICR, Annex 3 and paragraph 73). The evidence for the estimates of project benefits were drawn from a number of documents and studies but predominantly from a published paper by R. Naidoo and T. H. Ricketts titled "Mapping the Economic Costs and Benefits of Conservation" which was a spatial evaluation of the costs and benefits of conservation for a landscape in the Atlantic forests of Paraguay (ICR, page 39). However, the ICR does not provide clear links between these estimates of benefits and the project's core objective of assisting the country's continued efforts to achieve sustainable natural resource-based economic development in the project area.

There are repeated references in Annex 3 of the ICR to the Naidoo and Ricketts paper as the source for estimates of project benefits. However, the objective of that paper was to illustrate that ‘spatial’ cost-benefit analysis can powerfully inform conservation planning, even though the availability of relevant data may be limited, as was the case for their study area. Hence, while the results of the Naidoo and Ricketts paper has limited usefulness as evidence in support of this project's benefits, it provided support for the use of cost-benefit analysis for analyzing this project's efficiency.

In the ICR the Net Present Value of the project over 15 years, based on a discount rate of 5 percent, was estimated to be US$ 1.1 billion, and the Benefit Cost Ratio was 6.49 (ICR, Table 3.2), with estimated carbon storage being by far the most highly valued ecosystem service. The ICR stated that the estimated benefits were much larger than the costs throughout almost all sensitivity scenarios, even though this analysis did not include all benefits, for example from recreational activities (ICR, paragraph 74). However, these results cannot be claimed to represent the efficiency of the project ex-post. In addition, attribution is not proven since the analysis "with" and "without" the project both use the same estimates for benefits and costs that were at best weakly representative of the actual situation in the project area.

It is noted that the monitoring and evaluation system was not able to collect adequate data on the impact of this project and the references in the ICR to the National Biological Inventory (paragraph 38) provide little or no information on matters such as carbon sequestration, biodiversity baselines or the conservation of biodiversity. Indeed, close to the time the project closed arrangements were made for more robust monitoring of changes in biodiversity (ICR, paragraph 38).

This Review concludes that, while there is evidence based on estimates of crucial information that this project was efficient, including the administrative efficiency which was substantial at 15%, there is no evidence to clearly show that overall, the project was efficient or expected to be efficient in assisting Paraguay's continued efforts "to achieve sustainable natural resource-based economic development in the project area". The efficiency of this project is therefore rated as modest.

Efficiency Rating

Modest

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 ☐Not Applicable
ICR Estimate		0	0 ☐Not Applicable

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

6. Outcome

The project's relevance of objectives was high, but the relevance of design was modest. Overall efficacy of the project was substantial because the core aspects of the project's objectives were substantially achieved. On the other hand, based on the evidence available, efficiency could only be rated as modest. Overall, the project had moderate shortcomings and therefore its outcome is rated as moderately satisfactory.

a. Outcome Rating

Moderately Satisfactory

7. Rationale for Risk to Development Outcome Rating

The Project's sustainability is dependent on the national institutions' ability to monitor the project going forward. According to the ICR, Sustainable Production and Restoration Investments have the lowest risk in terms of development outcomes of the project (paragraph 92). The ICR emphasizes that the productive sector and the GoP concurrently (with pressure from civil society, NGOs, and the international community) have come to recognize the need for restoration and the need to comply with environmental legislation to compete effectively in international markets.

Going forward, the Protected Areas investments pose the highest risk for long-term sustainability of the project investments (paragraph 93). This is because the sub-projects that have invested in protected areas infrastructure have not been fully staffed and financially sustained. Hence this area would need constant monitoring and support – both institutional and financial.

The ICR states that Institutional Strengthening for SEAM, MAG and INDI (National Indigenous Peoples Institute) and others institutions involved in the management and enforcement of natural resources conservation legislation, was significant. However, some risk of government ownership/commitment (e.g. continuation of supportive policies and any budgetary provisions) remains (paragraph 94).

a. Risk to Development Outcome Rating

Modest

8. Assessment of Bank Performance

a. Quality-at-Entry

According to the ICR (paragraph 26), the project design reflected lessons learned from other GEF projects in the country and in the Southern Cone (particularly those focused on the Atlantic Forest and biodiversity corridors), including the importance of recognizing the expertise and views of local people and creating a sense of shared ownership of resources and of subproject design. The project activities provided opportunities to involve large scale landowners, small producers through existing production programs, as well as Indigenous People who occupy and own significant parts of forests.

However, the Government letter dated December 2016 (Annex 7) notes the "lack of adequate stratification of subprojects" - it goes on to state that the project design assumed that the execution of subprojects would be uniform for the different stakeholders. However, stakeholders involved presented great heterogeneity - for example there were four Indigenous Peoples with important cultural differences (Ache, Mbya Guarani, Ava Guarani, and Pai Tavytera), small-scale Paraguayan farmers, Brazilians, European and Asian farmers, individuals and production cooperatives, and large scale landholders. This heterogeneity necessitated adjustments in the manner of executing the subprojects in each farmer/landowner category.

The ICR (paragraph 10) states that during the first restructuring, institutional arrangements were changed to facilitate implementation, revising the role of partner entities with a stronger mandate for ITAIPU. In the second restructuring, the project was extended for two additional years with a closing date of April 10, 2016. In the third restructuring, targets and wording of some indicators and a few outputs were adjusted based on the outcomes of the midterm review (May 16, 2013). The targets of the indicators were revised to levels that were more attainable within the remaining implementation period and due to the larger than expected proportion of small-scale producers participating in the project who required more technical and financial assistance.

The ICR subsequently notes (paragraph 97) that engaging the largest hydropower plant in the region belonging to two countries as the implementing agency was a nontraditional approach - the project innovated by engaging Itaipu as the leading implementing agency because it provided substantial managerial capacity and potentially significant counterpart funding. Indeed, this proved to be key to achieving the project outcomes.

Quality-at-Entry Rating
Moderately Satisfactory

b. Quality of supervision

Bank supervision included 18 missions from effectiveness to closure, with a high average of 3 missions per year. During the last year, the team did not have supervision funding, hence videoconferencing and other tools were used to maintain the oversight of the project (paragraph 101). In 2013, the Bank supported the extension of the project closing date, allowing project funds to be fully disbursed and achieve the intended outcomes, in conjunction with the change in the primary implementation partner to Itaipu (paragraph 102). The Government letter states that there were issues with procurement and disbursement, and overall the World Bank performance was considered satisfactory (Annex 7).

Quality of Supervision Rating
Satisfactory

Overall Bank Performance Rating
Moderately Satisfactory

9. Assessment of Borrower Performance

a. Government Performance

There were delays in project effectiveness and the implementing agency changed during the project. There was a lack of strong evidence about Government performance overall in the ICR.

Government Performance Rating
Moderately Satisfactory

b. Implementing Agency Performance

There was a change in the implementing arrangements – from co-execution between Itaipu, SEAM (Secretariat of Environment) and MAG (Ministry of Agriculture and Livestock) together at project inception (PAD paragraph 43) – to Itaipu taking the primary lead for implementation at project closure, with support from SEAM and MAG. The ICR attributes project's success to Itaipu’s management of the project after restructuring (ICR paragraph 105). Constrained by budget and personnel issues, in the last two years of the project, SEAM built a close alliance with Itaipu to support project implementation (ICR paragraph 106).

Implementing Agency Performance Rating
Satisfactory

Overall Borrower Performance Rating

Moderately Satisfactory

10. M&E Design, Implementation, & Utilization

a. M&E Design

M&E design assesses the extent to which the project was designed to collect appropriate (input, output, outcome, and impact) data and conduct appropriate evaluations, given project objectives, and given already available data. According to the PAD (paragraph 46-49), the Project Management Unit hosted at Itaipu was responsible for M&E design and implementation.

b. M&E Implementation

M&E implementation assesses the extent to which appropriate data were collected, using appropriate collection methods that ensure data quality, and analyzed in a methodologically sound manner. The ICR mentions the importance of the Mid Term Review for project restructuring and revision of targets for the indicators. This restructuring was based on M&E data collected, and more comprehensive data collection was in place according to the ICR. However, there were still major deficiencies in the information on changes in biodiversity. This shortcoming was underlined when towards the end of the project, Itaipu signed a cooperative agreement with the Smithsonian Institution Center for Conservation and Sustainability to advance initiatives in monitoring and conversation of biodiversity in the Corridor (paragraph 38).

c. M&E Utilization

M&E utilization assesses the extent to which appropriate data and evaluations were used to inform decision-making and resource allocation. The ICR states that (paragraph 39) the project monitoring systems were comprehensive and included monthly or biweekly visits of technical experts from the central project implementation unit hosted at Itaipu. The project also financed a Biodiversity Database Management tool tailor-made for SEAM. Both the Itaipu and the SEAM systems continue in use. According to the ICR, Reports on the Itaipu monitoring are available on the integrated data project management system, informing decision-making and subsequent resource allocation.

M&E Quality Rating

Modest

11. Other Issues

a. Safeguards

The project was classified as category "B" rating for environmental and social safeguards.

According to the PAD, the safeguards policies triggered by the project included: OP 4.01 Environmental Assessment, OP 4.04 Natural Habitats, OP 4.09 Pest Management, OP 4.10 Indigenous Peoples, OP 4.36 Forests.

However, the ICR only mentions and reports on OP 4.09 Pest Management and OP 4.10 Indigenous Peoples. On Pest Management (OP 4.09), the project prepared a pest management plan that incorporated traditional and indigenous methods utilizing organic control technology (paragraph 44). Regarding OP 4.10 (Indigenous Peoples), the project focused on implementation of the Indigenous Peoples policy through an Indigenous Peoples Planning Framework prepared for the project (paragraph 45).

Clear evidence of compliance is not provided in the ICR for the safeguards.

b. Fiduciary Compliance

According to the ICR (paragraph 47-48), the project showed adequate Financial Management arrangements that complied with Bank requirements. Audit reports were reviewed by the Bank and found acceptable. In terms of Procurement, most of the funds were invested via community driven development projects (paragraph 49) supervised by a full-time procurement specialist trained by the Bank, and the procurement processes were found to be acceptable.

c. Unintended impacts (Positive or Negative)

According to the ICR, the biggest positive 'unintended' impact was on the Indigenous Peoples, some of the most impoverished members of the Paraguayan society, who also collectively hold the largest portion of the remaining forests of Paraguay, outside the public and private protected area systems. Indigenous peoples received significant financing through 291 subprojects carried out with 55 indigenous communities (paragraph 89). Although the project was not designed to have an IP ‘component’, according to the ICR, it provided a triple-win scenario for its positive results on biodiversity, maintenance of traditional systems of production, and improving income generation and food security for Indigenous communities. This review believes that like the Government stated in its December 2016 letter (Annex 7), the project design could have planned and 'anticipated' impacts for the varied heterogeneous communities involved in the project corridor area.

d. Other

The ICR states that the project supported the strengthening of 30 local NGOs, associations, cooperatives that serve as regional implementing agencies in areas of environmental management, biodiversity conservation, agroforestry, financial and accounting management, communication, and project management (paragraph 90). The project also, in later stages, included INDI (National Indigenous Peoples Institute) in the Executive Working Group (paragraph 88) and the institutional strengthening plan – INDI was involved in the in the implementation of natural resource management activities with indigenous peoples that lived in remote areas and as a channel to communicate with this population, assist in their food security, and to ensure participation.

12. Ratings

Ratings	ICR	IEG	Reason for Disagreements/Comment
Outcome	Satisfactory	Moderately Satisfactory	The main reason for the disagreement between the ratings was that this Review rated the project's efficiency as modest whereas the ICR rated efficiency as high at the project's close.
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 identified five lessons paragraphs 109-113. Those with some general applicability, with some editing, are summarized below

- Sustainable landscape management and restoration projects require long timeframes (as compared to 4

years in this project).

- The close participation of indigenous communities and their champion/leadership is a necessary condition for successful overall project outcomes
- In the context of a weak institutional framework, sophisticated economic incentive schemes will usually not function effectively

This Review suggests an additional lesson, namely

- Monitoring and evaluation is often a weakness that thwarts a satisfactory assessment of a project's results. This is an old lesson but worth repeating because it was relevant to this project.

14. Assessment Recommended?

No

15. Comments on Quality of ICR

Overall the ICR was comprehensive, albeit repetitive and in places not concise. The quality of the analysis of available evidence was substantial. Generally, the narrative in the ICR was based on evidence and results-based. However, the ICR did not clearly articulate the difficulties created by the project design for implementation. It would have benefitted from stronger editing and structuring to present a concise and focused narrative of the project's outcomes on the ground. Lessons in the ICR had limited general applicability. The ICR had useful information in the annexes.

a. Quality of ICR Rating

Substantial