The Nature Conservancy
Protecting nature. Preserving life.™

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June 30th, 2016

Ms. Anne Liv Evensen
Senior Advisor, Civil Society Department
Norwegian Agency for Development Cooperation
Pb 8034 Dep. 0030 Oslo, Norway

Re: Contract No. GLO-4251 QZA-13/0538
Progress Report 2015: Sustainable Landscapes in Brazil and Indonesia Norad/CFI funding scheme for civil society 2013-2015

Dear Ms. Evensen:

Enclosed are the reports for the above-referenced contract for the period of 1-Jan-2015 through 31-Dec-2015. At this time, The Nature Conservancy is providing the following as required by the terms and conditions of the contract:

1. Final progress report of project, 2013-2015 (includes financial report)
2. Menu of indicators, as submitted in March 2016: Brazil (São Félix do Xingu Program)
3. Menu of indicators, as submitted in March 2016: Indonesia (Berau Forest Carbon Program)
4. Audited financial statements and external auditor's report: GLO-4251 QZA-13/0538
5. External auditor's letter to management – not applicable this year: no deficiencies or weaknesses found: TNC's Organizational Annual Report – FY 2015
6. TNC's Organizational A-133 audit – FY 2015
7. Annex for GLO-4251 QZA-13/0538
8. TNC's Organizational Annual Report – FY 2015
9. TNC's Organizational A-133 audit – FY 2015

We greatly appreciate NORAD's support of The Conservancy's activities under this contract over the last three years and we look forward to continuing to work with you.

Should you have any questions or require additional information, please do not hesitate to contact me at 1-703-841-4594, or by email at gfishbein@tnc.org.

Sincerely,

Greg Fishbein
Managing Director, Tropical Forests

Cc: M. Henshaw, TNC
J. Blockhus, TNC
J. Francis, TNC

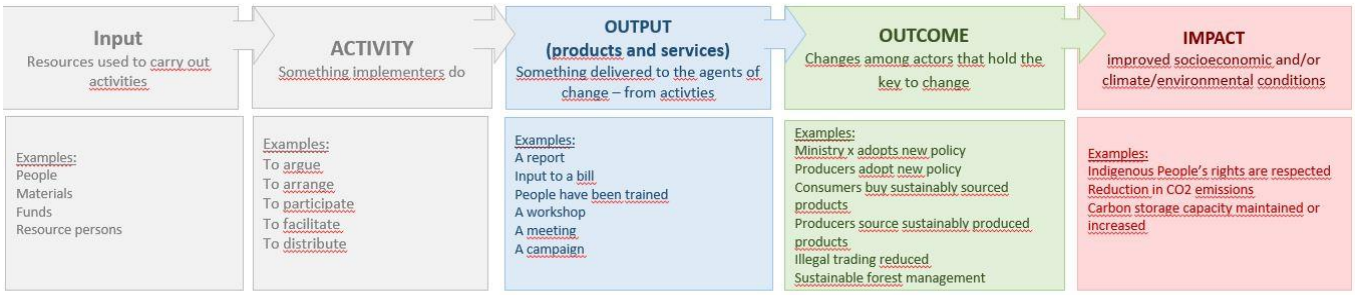
Norad

1. General Project Information:

1.1 Name of recipient organisation: The Nature Conservancy
1.2 Reporting year:2013-2015
1.3 Agreement Number: GLO-4251 QZA-13/0538
1.4 Name of project: Sustainable Landscapes in Brazil and Indonesia NORAD/CFI funding scheme for Civil Society 2013-2015
1.5 Country and region in the(se) country if applicable: São Félix do Xingu (Pará State, Brazil) and Berau (East Kalimantan, Indonesia)
1.6 Financial support to the project from Norad for last calendar year 2015: $1,615,379 (USD)
1.7 Thematic area: Sustainable Landscapes

2 Please describe the project's progress for the whole grant period

Result chain:



With reference to the Result Chain as illustrated above, Norad requires reporting on the effect on target groups (outcomes) for this final report. If possible, we also highly appreciate reporting that reflect any results at impact level. Please remember to relate the reporting to the baselines.

Reporting of results: The achievements should be documented (for example by data on indicators or examples).

2.1 Please repeat the **project's target group(s)** and the baseline for the target group at the start of the project (from the approved project document). The project's target group consisted of governments (national, state and municipal), communities and/or local land stewards, private industry, NGO's and others. The baselines developed at the start of the project included the following:

BRAZIL (São Félix do Xingu Program)

1. Emissions: The emissions reductions target was measured using a reference emission level (REL), set as the average annual gross historic emissions per year in São Félix of 39.6 million tonnes CO2. This was calculated over the 10-year period 1999-2008, before São Félix was placed on the Brazilian Ministry of Forestry's blacklist and before TNC began work there. This emissions estimate is based on INPE PRODES forest loss data and the assumption that 100 tonnes C was emitted per ha deforested (an assumption by the Amazon Fund that is consistent with our preliminary field data in São Félix).

2. Legal Reserves and Riparian zones: After the recent Forest Code changes occurred in 2012, new analysis had to be conducted to assess the degree to which the legislation was being respected as most landowners were in non-compliance with laws related to

maintaining 80% of their land ecologically-sensitive areas under forest cover. Prior to the new grant, TNC contracted a company to map 2008 data (a reference year in the new Forest Code) in order to start the compliance analysis, which is set to be completed in 2015.

3. Improved practices: Official data from the Brazilian Institute of Geography and Statistics (IBGE) indicates the total numbers of farms in São Félix to be around 6,000. It is very hard to access data and assess the practices of all of them. TNC intended to use this project to develop a baseline for the number of actors using improved practices versus conventional practices implemented by the TNC project. Since the start of this project, TNC has begun working with family farmers to implement improved production practices, with the goal of reaching 400 family farms by the end of 2015. We were able to indirectly impact more than 1,250 smallholder families through a variety of workshops and technical meetings.

4. Management plans: The Indigenous Lands and Protected Areas in the project area did not have management plans at the start of this project and the most up-to-date municipal land-use plan needed revision. TNC intended to use this project to help start the process of assisting the Trincheira Bacajá and Apyterewa indigenous communities in the development of Environmental Management Plans (PGTA) for their territory. The territorial management plans are on track to be completed by the end of the project (2015).

5. Informing Municipal, state, and national REDD+ programs: At the municipal scale, a municipal commission has been established for reducing deforestation and TNC was in the process of establishing a municipal Fund to support this goal. Both need to be consolidated and strengthened. At the state level, the state of Pará has established an ambitious Green Municipalities Program and TNC are providing input to operationalize this program. TNC's work on Rural Environmental Registry has been an important tool for monitoring the Forest Code other policies. Work now is to build on the information in that registry to help landowners comply with the laws.

INDONESIA (Berau Forest Carbon Program)

1. Emissions: The emissions reductions target was measured using a reference emissions level (REL) set as the average annual gross emissions per year in Berau during 2000-2010 of 11.5 million tonnes of CO2.

2. Effective Management: As part of our support to the 800,000 ha Berau KPH (Forest Management Unit), we will measure the effectiveness of natural forest concessions management that covers 650,000 hectares and the effectiveness protection forest conservation management that covers 150,000 hectares. Deforestation caused by conversion from forest to oil palm plantation will also be monitored. 210, 000 hectares of the 800, 000 hectares was the baseline that represented areas effectively managed before the project began.

3. Livelihood and Community Benefits: We will measure progress towards achieving our target by measuring: i) # households benefiting from project-supported livelihood activities, ii) changes in households' income, iii) changes in households' assets, such as land, livestock, vehicles, etc., iv) the amount of savings made by the communities through the Credit Union, and v) # households that have increased access to school, health service, clean drinking water, electricity. Baseline data have been collected from four villages using household survey (with support from the Center for International Forestry Research) and secondary data collection. See below for data used to determine the baseline.

No.		Baseline in 2013			
		Merabu	Long Duhung	Lesan Dayak	Long Laai
1.	# households benefiting from project-supported livelihood activities	39 % (farmers, labor, unemployed, etc)	37 % (farmers, labor, unemployed, etc)	26 % (farmers, labor, unemployed, etc.)	49 % (farmers, labor, unemployed, etc.)
2.	changes in households' income	15 % from land based (agri & forest)	25 % (agri, forest, livestock)	33 % (agri, forest, livestock)	54 % (agri, forest, livestock)
3.	changes in households' assets, such as land, livestock, vehicles, etc.	Land: 5,77 ha/HH	Land: 4,95 ha/HH	Land: 1,99 ha/HH	Land: 4,41 ha/HH
4.	the amount of savings made by the communities through the Credit Union (accumulated)	IDR.5.935.600 /HH	IDR. 3.500.000/HH	IDR. 3.300.000/HH	IDR. 4.900.000/HH
5.	# households that have increased access to school, health service, clean drinking water, electricity	Health: 65% HH School: 30 % HH Water: 70% HH Electricity: 12 % HH Sanitation: 21% HH	Health: 27 % HH School: 40% HH Water: 43 % HH Electricity: 94 % HH Sanitation: 40 % HH	Health: 25% HH School: 24 %HH Water: 78 % HH Electricity: 35 % HH Sanitation: 19% HH	Health 19% School: 25 % HH Water: 19 % HH Electricity: 12% HH Sanitation: 46% HH

Notes:

HH: Household

N/A: Not Available

1. # households benefiting from project-supported livelihood activities: potential beneficiaries that will involve in project implementation, their major jobs are farmers, forestry/plantation labour, unemployed, etc.
2. changes in households' income: the baseline only taken to major land based source of income, agriculture and forestry
3. changes in households' assets, such as land, livestock, vehicles, etc.: The assets data we included in this baseline is average land that manage by community
4. the amount of savings made by the communities through the Credit Union (accumulated) : This data based on interview we made, and this is average number of saving in Credit Union per household, the currency is in IDR (Indonesian Rupiah).
5. # households that have increased access to school, health service, clean drinking water, electricity:
   - Health service: average household visit to health facility
   - School: average household who sending their kids to the school (elementary, junior high school, high school, university) but mainly the family only have elementary school

at the village, for higher education they must go to sub district capital or district capital (Tanjung Redeb)
- Water: Water facility are combination of the facility with pipeline to the house and public facility with water resource not far from the village
- Electricity: come from public facility like main grid, micro hydro, solar cell
- Sanitation: Toilet with closed water facility (septic tank)

4. Incorporating Learnings: Alignment vertically from district to national and horizontally across sectors is the crucial aspect for REDD+ implementation to be successful in Indonesia. As the only district-based official REDD+ Demonstration Program, BFCP is in the best position to test approaches and share and disseminate tools, methodologies, experiences and learnings to other sub-national as well as national programs. For example, overlapping permits and licenses from the Ministry of Forestry, Ministry of Agriculture, and Ministry of Mining must be resolved for REDD+ to be successful in Berau. The financial mechanism is also another important part of the implementation of BFCP, and must link district activities to activities, policies and incentives at the provincial and national level. How these issues are resolved in Berau will inform how they can be resolved at provincial and national levels.

2.2 Please repeat the project's **desired impact** (from the approved project document).
The desired impact of the proposed project is to increase economic development and human well-being while minimizing carbon emissions and habitat loss in two important sub-national demonstration landscapes and at the State, Province and National levels. The project will achieve these impacts by building out large-scale demonstration programs located in Pará State, Brazil and East Kalimantan, Indonesia. These programs are well-designed REDD+ models, enjoy significant stakeholder buy-in and have attracted funding for certain areas of implementation. However, TNC requires deeper capacity to implement key elements of these programs, to support partners in implementation, and to link the lessons learned from these projects to the design and implementation of REDD+ programs at State, Province and National levels in Brazil, Indonesia and other forest nations. Support from NORAD to fill this gap will make a critical difference for program success.

2.3 Is the project still relevant for the desired impact? (Yes/No) If No, please give a short explanation. Yes.

2.4 **Main outcome(s).**

a) Please repeat the project's planned outcome(s) (effect on project´s target group(s), beneficiary (-ies)) (from the approved project document).

BRAZIL (São Félix do Xingu Program)

1. Farmers and ranchers adopt low-carbon agriculture and ranching practices.
2. Indigenous communities better protect their territories and manage their natural resources sustainably.
3. Climate, social, and environmental measures are established to guide land-use planning and implementation of best practices.
4. Relevant stakeholders are effectively influencing municipal land-use planning processes.
5. State and national governments utilize lessons learned from the project and global experience to shape policy frameworks.

INDONESIA (Berau Forest Carbon Program)

1. Effective institutions are governing and managing the Berau Forest Carbon Program (BFCP).
2. Key village communities have developed village development and natural resource management plans and have the capacity to secure additional funding through the BFCP and other channels to implement those plans.

3. BFCP is integrated with Provincial and National REDD+ frameworks, including through performance based incentive agreements and a functioning MRV system.
4. Increased consensus is reached among senior government officials and industry representatives on the potential for REDD+ to contribute to Indonesia's development goals.

b) Please report on all outcomes from the project document:

BRAZIL (São Félix do Xingu Program)

Outcome 1: Farmers and ranchers adopt low-carbon agriculture and ranching practices

i. What changes have been achieved with reference to the baseline?

1. The Association of Family Farmers in Alto Xingu (ADAFAX) has the technical and operational capabilities to support farmers and ranchers who are adopting and implementing low-carbon, forest-friendly agricultural practices in São Félix do Xingu. ADAFAX is recognized as a strong, technical institution in São Félix do Xingu that provides long-term technical support to farmers and ranchers in the municipality. Also, family farmers and small ranchers on 11 pilot farms in São Félix do Xingu are implementing a variety of sustainable agricultural practices on his/her property and as a result:
   - Participating family farmers are supportive of forest-friendly, agricultural practices and promotes his/her pilot as a model for the uptake of land use and natural resource planning in the region.
   - There is evidence and improved understanding of how sustainable livestock practices can be profitable and protect the environment.
   - There is increased interest among participating family farmers in the implementation of sustainable ranching practices, particularly rotational grazing.
   - There is increased knowledge about smarter, sustainable production practices on small plots of land.

ii. Please report on the key indicators used to document that the desired change has occurred.

Indicator: Number of people whose main income/livelihood is from sustainable land use in targeted landscapes. More than 44 family members (both male and female) from the 11 pilots have participated in meetings and trainings led by ADAFAX and TNC and implemented the practices shared

iii. Please reflect on whether targets that were originally set have been achieved, and what project outputs were key to achieving them. If relevant reflect on why outputs delivered as planned did not help meet the targets

TNC trained ADAFAX staff on a variety of sustainable, forest-friendly agricultural production practices, including cocoa agroforestry systems for degraded areas and the implementation of practices under the Brazilian Forest Code. TNC also supported ADAFAX to draft 3-year work plans that outlined a plan for the implementation of practices on the 11 pilots. TNC and ADAFAX worked together to train individuals from the 11 family farms on issues related to recovery of degraded areas; family farming (emphasis livestock milk); the isolation of permanent protected areas (APP) and the implementation of new production practices. ADAFX has also facilitated a number of regional learning Exchanges on Family Farming. With technical support from ADAFAX, the farmers from the 11 pilots have been implementing these practices on their land. ADAFAX conducted a social and environmental diagnostic on the 11 pilot properties, collecting and analyzing data such as social and economic identification of farmers,

identification of properties, information on livestock, cocoa and other production practices, creation of degraded areas recovery plans and the implementation of sustainable production practices.

iv. Are the outcomes expected to be sustainable?
By building the capacity of ADAFAX, we help to ensure that improved technical assistance will be available to support farmers and ranchers after the project is completed. The farmers and ranchers have also seen increased productivity and improved access to credit, which will ensure continued adoption.

Outcome 2: Indigenous communities better protect their territories and manage their natural resources sustainably.

i. What changes have been achieved with reference to the baseline?
1. The Pará kanã people of the Apyterewa Indigenous Land and the Xikrin people of the Trincheira Bacajá Indigenous Land have completed and validated ethno-maps and Environmental Management Plans (PGTA) for their territories. The ethno-map and plan articulate the indigenous peoples vision for their land, and integrates environmental, political, demographic and geo-spatial data with cultural values and traditional land use strategies. The plan contributes to a national policy framework to shape better environmental and territorial management, biodiversity conservation and human well-being in indigenous pilot lands. In 2012, the Brazilian government officially recognized this framework and is currently partnering the United Nations Development Programme and the Global Environment Facility to roll out the framework more broadly. This is key to achieving benefits for indigenous people and nature at a large scale in Brazil.

ii. Please report on the key indicators used to document that the desired change has occurred.
Indicator(s): Hectares of targeted landscapes covered by sustainable land use plans; Number of people whose main income/livelihood is from sustainable land use in targeted landscapes; Contribution to changes in policy and plans for land use in targeted landscapes; Models developed/piloted and practices changed; Adoption of REDD+ safeguards (UNFCCC Cancun Safeguards). The Apyterewa and Trincheira Bacajá Indigenous Lands in the project area did not have management plans at the start of this project and the most up-to-date municipal land-use plans needed revision. Now, over 2.4 million hectares of forest will be protected as a result of these management plans, impacting the lives of over 1300 indigenous peoples who make up these two groups. This process was implemented in collaboration with the National Indian Foundation (FUNAI), the Brazilian government agency that establishes and carries out policies related to indigenous peoples. FUNAI recognizes the process for the creation of these two plans as successful models that can be duplicated in other indigenous Brazilian territories.

iii. Please reflect on whether targets that were originally set have been achieved, and what project outputs were key to achieving them. If relevant reflect on why outputs delivered as planned did not help meet the targets.
The development of the ethno-maps was divided into four major stages: (1) discussions with the Indigenous communities to increase awareness about the use of the ethno-map and context on Brazilian territorial and environmental management policies for indigenous lands; (2) trainings for Indigenous mappers on GPS, mind maps and social

cartography. Forty-five (45) Indigenous Peoples were trained to use GPS and create ethno-maps (25 Xikrin form the Trincheira Bacajá Indigenous Land and 20 Parakanã from the Apyterewa Indigenous Land); (3) gathering of field data by Indigenous mappers including areas of threats to the territory, areas for the collection of forest products and plantations, hunting areas and fishing areas, gathering and field (agricultural) activities; (4) validation of ethno mapping with the Indigenous communities, with representatives of FUNAI present. In the end, the final products consisted of thematic ethno-maps. This product enabled communities to look at their territory and the environment and make decisions related to the ethno-zoning and PGTAs.

Next, was the ethno-zoning process and the creation of PGTAs, a participatory process facilitated by TNC staff that involved all groups in the villagers (including elders, youth, and women) ad the participation of stake holders from FUNAI. As a result of the ethno-zoning process, the Parakanã and Xikrin indigenous peoples established priority of areas for protection, areas for sustainable management of natural and cultural resources, such as Brazil nuts and materials used in crafts and strategies for the surveillance of the boundaries of their territories.

iv. Are the outcomes expected to be sustainable?
The development of these ethno-maps and the ethno-zoning process is part of the National Policy for the Environmental Management of Indigenous Lands (PNGATI). This policy is expected to promote continued resources for these activities in the future.

Outcome 3: Climate, social and environmental measure are established to guide land-use planning and implementation of best practices.

i. What changes have been achieved with reference to the baseline?
The São Felix Green Development Program has 1) key carbon accounting tools that aid in the monitoring and verification of emissions reductions achieved from the implementation of low-carbon practices by ranchers and farmers supported by the program 2) a socio-economic baseline and monitoring plan which will be used until 2020 to measure and monitor the impacts if TNC's conservation strategies on the well-being of local stakeholders under TNC's Sustainable Cocoa Project and Sustainable Beef project. The carbon accounting tools are available to Municipal Commission for the End of Illegal Deforestation to facilitate the monitoring of the impacts of projects and public policies for sustainable rural development on emissions reductions in the municipality

ii. Please report on the key indicators used to document that the desired change has occurred.
Indicator(s): Emissions reductions (metric tons CO2) in project area; change in forest area in targeted landscapes; Development and adoption of MRV methodology indicators; Hectares of targeted landscapes covered by sustainable land use plans. The forest carbon monitoring plan incorporates a streamlined version of TNC's methods for estimating historic emissions. We will continue to use PRODES data to track and monitor forest loss. Also a benchmark forest biomass map from the Gonçalves et al. 2014 study is used as the basis for estimating past and future deforestation emissions.

iii. Please reflect on whether targets that were originally set have been achieved, and what project outputs were key to achieving them. If relevant reflect on why outputs delivered as planned did not help meet the targets.

The first and biggest step in carbon accounting process involved estimating historic forest carbon flux (net emissions), as the empirical basis for setting a reference emissions level (REL) from which we can monitor emissions reductions and/or enhanced sequestration in the São Felix program area (Fig. 1). Once a REL has been established, TNC staff worked on estimating expected emissions reductions achieved with planned conservation strategies, and applying deductions based on the risk of leakage associated with conservation strategies, and the risk of non-permanence of expected emissions reductions. TNC staff also commissioned the new spatially explicit aboveground live woody biomass (AGB) map of the Xingu river basin, because of the high uncertainty in prior estimates of forest biomass for the region. The final step is the monitoring, reporting, and verification of emissions reductions actually achieved from planned conservation strategies under the São Felix Green Development Program.

For the social and environmental monitoring plan, TNC staff developed a number of key products:

- A report presenting a landscape study of São Félix do Xingu (and respective executive summary), with detailed information/mapping (at 1:25 000 scale) about size and distribution, within private areas, of forest fragments. This information can be used as a proxy to priority areas for biodiversity and provision of ecosystems services.
- A report presenting a broad environmental diagnostic of São Félix do Xingu, taking into account forest remnants, deforestation, forest degradation and fire incidence, as well as governance factors (Environmental Land Registry - CAR, Restauration Program for Degraded Areas - PRAD).

The socio-economic monitoring plan and its baseline was finished in December 2015. The plan focused on two local main stake-holder groups: small-holding cocoa producers and medium to large cattle ranchers. The components of socio-economic plan are divided into a) environmental compliance of rural properties to the Brazilian Forest Code b) sustainable rural production income and improved welfare of families and c) strengthened capacity of social organization and institutions.

Additionally, TNC collaborated with Rainforest Alliance to develop a paper approved by the Journal of Sustainability Science entitled, “Commodity production as restoration driver in the Brazilian Amazon? Pasture re-agro-forestation with cocoa (Theobroma cacao) in southern Pará” (Link). The purpose of this study is to help improve the design of the sustainable, cacao Agro-forestry Systems (AFS) that are being implemented by TNC in Sao Felix do Xingu, to both sequester more carbon and provide better habitat for native fauna and flora within the agroforestry landscape.

iv. Are the outcomes expected to be sustainable?

The completion of these two monitoring plans will assist the São Felix Green Development Program in better planning and implementation of projects and the indicators will be monitored over time to detect changes in stakeholder well-being and biodiversity in the municipality.

Outcome 4: Relevant stakeholders are effectively influencing municipal land-use planning processes

i. What changes have been achieved with reference to the baseline?

Over 87% of rural properties are in the Rural Environmental Registry (Cadastro Ambiental Rural - CAR). The efforts of the Municipal Commission for the End of Illegal Deforestation (the Commission) has contributed to the municipality of São Félix do Xingu having the largest area registered in the States Environmental Licensing and Monitoring System (SIMLAM).

It is expected that the positive results of the Sustainable Cocoa Project will influence broader rural policies and practices at the Municipal, State and the Federal level in the Brazilian Amazon. Already, there was a significant change in cocoa planting methodology in São Felix do Xingu municipality. Producers realize that it is possible to plant cocoa on degraded pastures, thus promoting reforestation throughout cocoa agroforestry systems. The Commission's investment in low-carbon activities has resulted in increased recognition of the economic, biodiversity and climate benefits of cocoa plantations in Agro-forestry Systems.

Farmers from APA Triunfo do Xingu conservation units will implement a variety of sustainable rural production practices - mainly cocoa plantation, horticulture and small livestock project – on his/her lands. This was possible due to technical and financial support from the Xingu Terra Verde Action Fund. The Xingu Terra Verde Action Fund, a financial mechanism to invest in low-carbon development, which is overseen by the Commission to End Illegal Deforestation is the first fund to effectively support the efforts of APA Triunfo do Xingu conservation unit territories.

ii. Please report on the key indicators used to document that the desired change has occurred.

Indicator(s): Hectares of targeted landscapes covered by sustainable land use plans; Number of people whose main income/livelihood is from sustainable land use in targeted landscapes; Models developed/piloted and practices changed; and Adoption of zero-forestation policies, changes or improvements in practice or policies among producers, traders and consumers in targeted commodities. The twenty-one (21) members of the Commission, who are representatives from a number of different municipality council committees, including deforestation monitoring, technical assistance, agricultural production and land regulation are present and active participants at capacity-building meetings, workshops and trainings facilitated by TNC and other active stake-holders. Since the start of this project, the members of the Commission have been actively using the knowledge from these trainings to increase support and share more broadly the Commission's deforestation agenda in São Félix do Xingu. TNC's cocoa agroforestry pilot is a partnership with the Municipal Commission for the End of Illegal Deforestation and involves 82 family farmers in São Félix do Xingu. A total area of 312 hectares of degraded pasture were replaced for cocoa plantations. The goal of the pilot was to restore degraded pastures (PRADAS), while determining the economic benefits of biodiversity and climate cocoa plantations in Agro-forestry Systems (AFS). As reported above, the positive results of the Sustainable Cocoa Project may influence broader rural policies and practices at the Municipal, State and the Federal level in the Brazilian Amazon.

iii. Please reflect on whether targets that were originally set have been achieved, and what project outputs were key to achieving them. If relevant reflect on why outputs delivered as planned did not help meet the targets.

Since the start of this project, the technical and operational capacity of the Municipal Commission for the End of Illegal Deforestation has increased. Members of the Municipal Commission for the End of Illegal Deforestation can better analyze local deforestation data, better identify the number of producers receiving technical assistance, and better identify properties that are/not in compliance with the Rural Registry System (CAR). TNC staff facilitated a number of trainings and workshops to help the Commission improve its knowledge and skills with respect to the monitoring of illegal deforestation in São Félix do Xingu.

Staff of the Municipal Environmental Observatory are able use the database more effectively to identify land use areas by type (indigenous lands, settlements, urban, and state), and to produce maps and technical reports that identify areas of deforestation. This information has been used by Commission in its efforts to advocate for better environmental and territorial land management policy and planning. By supporting the functioning of the Observatory, TNC is strengthening the Commission and improving the organization's technical capabilities so that it can better implement its agenda to end illegal deforestation in the municipality

The institutional and technical capacity of the other local institutions, the Municipal Environmental Council and the Municipal Council for Rural Development, have improved after members of the Commission who were trained and eventually transitioned to the boards of those organizations.

The Commission has also supported a number of low-carbon activities, particularly the cocoa agro-forestry projects. Since the start of the project, three cocoa agro-forestry participatory demonstrations units (UDPs) have been launched and over 82 farmers have been trained on technical and financial management of his/her cocoa crops. The purpose of UDPs is to involve small-holders in collective activities that contribute to the restoration of degraded areas. The first year's harvest of cocoa fruit and beans will be in 2016, but producers already benefited by producing and selling corn, manioc and bananas- shade crops products planted in initial phases of the project.

iv. <u>Are the outcomes expected to be sustainable?</u>

Yes, The Municipal Commission is expected to be formally recognized by local government as an official instance or policy, and therefore being perpetuated through public policies. However, the Commission members sit on a variety of boards throughout the municipality and can positively influence land-use decision plans in São Félix do Xingu. In addition to the expected governmental recognition of the Commission, the training knowledge will remain with the participants for future phases and challenges regarding land-use planning. Also, by influencing the Municipal Sustainable Rural Development Plan (and budget), the project will support sustainable practices during the 4-year term of the mayor. Additionally, we will set a precedent for future plans.

Public technical assistance agencies (at the municipal and state level) are also involved in the projects like the APA Triunfo do Xingu conservation units and will provide technical support in 2016 and beyond. The support from public technical assistance agencies also means that it is expected that more families get involved in sustainable rural production in coming years.

Outcome 5: State and national governments utilize lessons learned from the project and global experience to shape policy frameworks

i. What changes have been achieved with reference to the baseline?

The São Felix do Xingu Green Development Program has become one of most important and well-known models of subnational deforestation control and sustainable rural development in Tropical Countries. As a result, there is increased demand from policy makers NGOs and corporations for dissemination of lessons leant, particularly related to improved environmental municipal governance and implementation of sustainable rural farming and ranching activities. Initiatives in the municipality, spearheaded by TNC such as the Sustainable Cattle and Cocoa projects, are considered important and replicable models to both the Brazilian Federal Government and the Pará State Government.

The Nature Conservancy has played a key role supporting the Pará Government throughout the development of its long term goals for the "New Green Economy - Pará Green Development Plan for 2020 – 2030". This plan was presented in the Global Landscape Forum session at the UNFCCC COP21, in Paris by Justiniano de Queiroz Netto (Secretary of State Extraordinary, Green Municipalities Program Coordination, Brazil).

The ethno-mapping and ethno-zoning of the Apyterewa and the Trincheira Bacajá Indigenous Lands has resulted in key lessons and experiences that have been shared with FUNAI, National Indian Foundation, and will help to shape the national policy for territorial and environmental management of indigenous lands in the future.

ii. Please report on the key indicators used to document that the desired change has occurred.

Indicator(s): Contribution to international consensus on REDD+ and increased REDD+ financing. Our indicators of success under this output are both qualitative and quantitative. The increasing numbers of family farms adopting TNC's low-emissions, sustainable production projects are examples of the success and support for this work at the community level that will hopefully influence municipal, state and national level government officials. Also, the number of municipal, national and international events, workshops, seminars that TNC staff are invited to to present on the work in São Felix do Xingu, show the importance of collecting, documenting and disseminating information on our work to help advance jurisdictional scale programs globally. Furthermore, we are seeing the international dialogue around low emissions development reflect the approaches and lessons generated by TNC's work in São Felix do Xingu.

iii. Please reflect on whether targets that were originally set have been achieved, and what project outputs were key to achieving them. If relevant reflect on why outputs delivered as planned did not help meet the targets.

1. Building on lessons learnt from the work in Indonesia and Brazil, The Nature Conservancy and the World Bank's Forest Carbon Partnership Facility, published a report entitled, "Early Lessons from Jurisdictional REDD+ and Low Emissions Development Programs". The report features eight REDD+ / LED programs worldwide and provides insights into the dynamics and realities experienced on the ground by these jurisdictions in their efforts to reduce forest related emissions. Link.
2. TNC was an active participant at the UNFCCC COP 21 in Paris. At the Global Landscape Forum, the work in Brazil was featured prominently in two sessions:

- Green Growth Compacts: "How three states are pursuing a different industrial development". In this session, political leaders from three critical jurisdictions, East Kalimantan, Indonesia; Pará, Brazil; and Quintana Roo, Mexico, presented on the industrial development strategies that were being implemented in their respective jurisdictions and the rationale for incorporating environmental and social considerations. The panelists included Justiniano de Queiroz Netto (Secretary of State Extraordinary, Green Municipalities Program Coordination, Brazil), Carlos Rafael Antonio Muñoz Berzunza (Secretary of Ecology and Environment, Quintana Roo State, Mexico), Daddy Ruhiyat (Chairman, Provincial Climate Change Council (DDPI) of East Kalimantan, Indonesia) and Frances Seymour, Senior Fellow, Center for Global Development. The session was moderated by Mark Terek, President and CEO, The Nature Conservancy. Link
- Indigenous Peoples' rights and land tenure: Fostering partnerships to tackle climate change: In this session, representatives from Indigenous Peoples' organizations, corporations and government officials explored the crucial question: Is a triple-win – where the economy, people and the climate all benefit – possible, despite the many documented and potential conflicts? The work in Brazil was presented by TNC's indigenous partner, Maximiliano Correa Menezes (General Coordinator, Coordination of Indigenous Organizations of the Brazilian Amazon (COIAB)) and a corporate partner, Antonio Fonseca dos Santos (Director of Environment and Sustainability of Brookfield Renewable Energy Group). Link

3. In September 2015, TNC presented the results of strengthening environmental management and sustainable rural development in Sao Felix do Xingu municipality in Amazon Forest to an audience that included the Brazilian Ministry of Environment, the Amazon Fund and representatives from Norway's Environment Ministry. This invitation was issued to TNC from the Brazilian Ministry of Environment due to TNC's contributions to deforestation reduction in the municipality. TNC also supported the Pará Government in its development of the long term goals for the "New Green Economy - Pará Green Development Plan for 2020 – 2030".
4. TNC conducted a seminar with FUNAI and other relevant government officials on integrated land-use planning between private lands and indigenous lands drawing on lessons learnt during the ethno-mapping process on the Xikrin and Trincheira Bacajá indigenous lands.
5. TNC worked with the Center for International Forestry Research Center for International Forestry Research (CIFOR) to develop a deep analysis related to Conservancy's early REDD+ initiative in São Felix do Xingu Municipality and deforestation strategy reduction lessons learned (Link). TNC also produced and shared two (20) videos highlighting the efforts of the São Felix do Xingu Green Development program (Link 1), (Link 2)

iv. Are the outcomes expected to be sustainable?
Yes, TNC believes that the creation of a national REDD+ strategy based on tested methodologies will be more sustainable than one that does not incorporate such lessons.

INDONESIA: (Berau Forest Carbon Program)

Outcome 6: Effective institutions governing and managing Berau Forest Carbon Program

i. What changes have been achieved with reference to the baseline?
The Berau REDD+ Working Group and the East Kalimantan REDD+ Working Group have become important resources for the coordination and sharing of lessons learned through

the implementation of REDD+ projects in Berau at the provincial level. The increase in the technical and operational capacity of the BFCP Steering Committee has contributed to the development of strong institutional linkages at the district level, supporting the delivery of information and other coordination services relevant to the SC's terms of reference.

District agencies such as the Forestry, Agriculture, Plantation, Planning, Spatial Planning, and Community Empowerment agencies now have improved understanding on REDD+ and climate change issues which has resulted in a number of major accomplishments including:

- The East Kalimantan REDD+ Working Group, who played important role in revising the Forest Carbon Partnership Facility (FCPF) Emission Reductions Program Idea Note (ER-PIN) for the East Kalimantan Program
- The Bappeda (District Planning Agency) staff, who contributed to the development of the Mid-term Development Plan of Berau District (including the Strategic Environmental Assessment as one of key documents of this plan) accommodating the climate change issues. This plan would be referred by all district agencies in developing their operational plans.

The Community Learning Network has enabled community institutions to become stronger and community members are inspired by the achievements of other groups. The forum becomes a platform to exchange lessons on how to strengthen their ability to control decisions and choices over natural resource use and management which help to improve the district institutions and governance.

Local Community Based Organizations (CBOs)s & Non-governmental organizations (NGOs) better understand and more effectively engage in implementation of REDD+ programs. These groups have also been able to access additional funding to support their pursuit of sustainable development activities.

ii. Please report on the key indicators used to document that the desired change has occurred. *Indicator(s): Adoption of REDD+ Safeguards (UNFCCC Cancun safeguards); and contribution to international consensus on REDD+ and increased REDD+ financing*
Since the start of this project, a secondee to the District Planning Agency was appointed and this person will also serve as secondee to BFCP Steering Committee Secretariat. Despite the change of key officials in the Berau local government, the BFCP SC has managed to hold two meetings held by the BFCP SC. These all indicate that efforts are on track to ensure the long-term strengthening of the BFCP. Relevant district government institutions have seen an increase in technical capacity and human resources to support the integration of the BFCP agenda into the strategic and operational plans of the institutions. More then 30 – 40 people (male and female) participate in the Community Learning Network meetings and representatives range from a variety of different land use areas (palm oil concessions, timber concessions, and district community groups) and groups such as Berau NGOs and CSOs groups, various district level officials, TFCA grantees and TNC staff.

iii. Please reflect on whether targets that were originally set have been achieved, and what project outputs were key to achieving them. If relevant reflect on why outputs delivered as planned did not help meet the targets

- TNC continued providing financial support for the Berau REDD+ Working Group by providing grant to the working group from Jan to Aug 2015 and Oct 2015 to March 2016. Because NORAD funding was expired in Dec 2015, grant provided to the working group was also allocated from other source of funding.
- TNC continued supporting East Kalimantan REDD+ Working Group by providing grant to the working group this year. The working group received new grant in October 2015 and would last in March 2016. Because NORAD funding was expired in Dec 2015, grant provided to the working group was also be allocated from other source of funding.
- The annual BFCP SC Meeting was held in March 25, 2015. The SC agreed to continue the implementation of demonstration activities of BFCP until the end of this year. SC Meeting could not be held in the 2nd semester of 2015 as there was regional election in Berau District in November 2015. Vice of Berau District Head as the Head of SC was running to be the Head of Berau District. In addition, some adjustments related to BFCP institutional arrangement may be done to cope with the latest Regional Government Law
- Dialogues with relevant district agencies on the integration of TNC developed methodologies, approaches, and tools into district agencies plans have been made: (1) TNC has provided technical support to the District Planning Agency on the development of Mid-term Development Plan of Berau District (including the Strategic Environmental Assessment as one of key documents of this plan) accommodating the climate change issues; (2) TNC has conducting series of discussions with the Community Empowerment Agency on the implementation and adoption of SIGAP REDD+ by the Berau District Government; (3) TNC has supported the development of Berau WebGIS and establishment of WebGIS Working Group consisting of district civil servants from district agencies managing land-based sector; and (4) TNC has conducting series of discussions with the District Forestry Agency (incl. the FMU as part of the District Forest Agency) on village forest and application of RIL-C
- Community Learning Forum was held in April 2015 involving communities from Merabu, Long Duhung, Long Laai, Long Pai and Nehas Liah Bing villages. The participants shared lessons learned on forest management activities done in their villages.
- TNC continued supporting CBOs and NGOs to mobilize funding from TFCA2 cycle 2 through technical assistance on proposal development. This technical assistance was provided to 11 CBOs and NGOs, and 7 of them received TFCA2 funding. These CBOs and NGOs received TFCA2 funding to support the implementation of community-based natural resources management
- TNC continued providing technical support to CBOs and NGOs receiving TFCA2 funding in the 1st and 2nd cycles through provision of trainings, regular meetings, and site visits. These are done to ensure that these CBOs and NGOs can implement their activities as expected and generate results with good quality.

iv. <u>Are the outcomes expected to be sustainable?</u>

The BFCP SC was established as a temporary institution (through 2015) that will be replaced when long-term institutional arrangements for REDD+ are determined. This is still under discussion. The SC will help inform the decision-making on long-term governance structures for REDD+ in districts.

Outcome 7: Key village communities have developed village development and natural resource management plans and have the capacity to secure additional funding through the BFCP and other channels to implement those plans.

i. What changes have been achieved with reference to the baseline?

The SIGAP REDD+ approach, and its toolkit of methods and approaches for implementing the BFCP community engagement framework is used by more than 24 village communities in Berau and implemented by more than 10 Local NGOs and CBO's who were trained. These communities are on their way towards securing management rights over the forest, increase income and livelihood options, mobilize resources, and control decisions and choices over natural resource use and land management. Of these villages, two have become models for community land-use practices related to natural resource and forest management in Berau - Merabu and Long Duhung. Also, as reported in 2013, the village of Merabu, a close-knit community of 235 people of mainly Dayak Lebo descent, was granted *hutan desa* (village forest), giving the village the right to manage the forest in their area through an arrangement between the community and the governments. This arrangement was made binding through a decree that was sanctioned Forestry Ministerial Decree. The Village Forest of Merabu is a new land mark in the history of communities in the district as Merabu was able to get access of management of 8,425 hectares.

ii. Please report on the key indicators used to document that the desired change has occurred. *Indicator(s): Hectares of targeted landscapes covered by sustainable land use plans; Number of people whose main income/livelihood is from sustainable land use in targeted landscapes indicators; Models developed/piloted and practices changed; hectares of land which Indigenous Peoples and forest dependent communities gain rights over.* Since 2014, TNC as one of the partners of debt swap for nature, has committed to providing funds to support the replication of SIGAP REDD+ approach in the Berau District which was developed with funding from Norad. There are now 24 villages replicating SIGAP REDD+ covering an area of over 1, 099, 183 ha, after the process was implemented in two model villages. There is also over ten (10) institutions consisting of eight (8) CBOs and NGOs who have assisted in the implementation of the SIGAP REDD+ approach in the 24 villages using funding from the Tropical Forest Conservation ACT (TFCA). Also, over 27, 000 hectares of community land now have sustainable land use plans to support activities related to village planning, sustainable livelihood development and natural resource management planning.

iii. Please reflect on whether targets that were originally set have been achieved, and what project outputs were key to achieving them. If relevant reflect on why outputs delivered as planned did not help meet the targets

Since the creation if the SIGAP REDD+ toolkit in 2013, an updated version is now available. A video on SIGAP REDD+ has been produced in both Indonesian and English. A financial tool software on village fund allocation has been developed and was tested in 100 villages in Berau. This application has helped villagers to plan and report the use of village funds, including their expenditures for activities on natural resources management.

TNC continued to provide grants to the two (2) model villages, Merabu and Long Duhung, as a performance based mechanism. An evaluation of both villages by TNC staff found that the communities were meeting their commitments satisfactorily. Since NORAD

funding will end by the end of this year, grants provided to these villages will also be allocated from other source of funding.

TNC continued providing training on SIGAP REDD+ to 10 institutions, who will be receiving TFCA funding in the 2nd cycle. This group consisted of 8 CBOs and NGOs (Payo-payo, Kanopi, Menapak, Jala, Kerima Puri, FLIM, BP Segah, and Lekmalamin), PT. Berau Coal, and Community Empowerment Agency.

TNC continued providing grants & technical assistance to 4 NGOs, Menapak, Bestari, KALAM, and JALA, to implement SIGAP REDD+ toolkits in Teluk Sumbang, Merasa, Birang, and Tanjung Batu Villages respectively. The first grant reports from 3 organizations, except JALA which entered into agreement with TNC in mid of 2015, have been submitted in June 2015. The second grant was provided in September 2015 to Menapak. Bestari and KALAM grants were not extended due to poor performance of KALAM and political turmoil occurred in Merasa Village. Because NORAD funding will end by the end of this year, grant provided to Menapak will also be allocated from other source of funding. TNC continued providing technical advice to Merabu, Long Duhung, and Long Ayap Villages for livelihood development which support their engagement in BFCP. In addition, TNC also provided technical advice on the development of alternative energy for the villages, such as micro hydro and solar panel, and facilitates village development plan and village's livelihood through grant to BP Segah.

Refined versions of Annual Development Plans (RPTK) for Long Duhung and Merabu villages arising from the application of SIGAP REDD+ have been developed. Both documents have been submitted to Berau Government and have received village fund for one-year plan.

iv. Are the outcomes expected to be sustainable?
Yes. This strategy is designed to support villages in the development of long-term natural resources and land management plans, institutional capacity, implementation of sustainable livelihood activities and ability to secure funding from government and private sector.

Outcome 8: BFCP is integrated with Provincial and National REDD+ frameworks, including through performance-based incentive agreements and functioning MRV (Measurement reporting and verification) system.

i. What changes have been achieved with reference to the baseline?
The Berau district was formally selected by the Government of Indonesia as one of seven districts in Indonesia's ER-PIN proposal to the Carbon Fund of the World Bank's Forest Carbon Partnership Facility in September 2014, a $400 million fund to purchase emissions reductions from leading jurisdictions globally that are pursuing sustainable development pathways. In September 2014, the Government of Indonesia submitted an Emission Reductions – Program Idea Note (ER-PIN) for consideration, under the FCPF Carbon Fund. In Indonesia, the Ministry of Forestry - Center of Climate Change & Policy was the implementing agency for the FCPF Carbon Fund process and engaged with the REDD+ Agency through long and intensive multi-stakeholder consultation process at different levels (national, provincial, district). TNC was actively involved in the facilitating services to support negotiations between the Berau and national REDD+ agencies to secure this funding for performance-based financing mechanisms in a number of ways:

- By presenting Berau as a case study of a jurisdictional district scale program implementing successful REDD projects, TNC was influential in the Ministry of Forestry framing Indonesia's ER-PIN proposal with a focus on district-scale, integrated REDD programs
- TNC also worked to bring together representatives from the Ministry of Forestry and representatives from BP REDD in a working group that developed Indonesia's process for selecting the seven districts included in the ER-PIN proposal.

ii. Please report on the key indicators used to document that the desired change has occurred. *Indicator(s): Contribution to international consensus on REDD+ financing; Development and adoption pf MRV methodology*

iii. Please reflect on whether targets that were originally set have been achieved, and what project outputs were key to achieving them. If relevant reflect on why outputs delivered as planned did not help meet the targets

- TNC supported the development of Forest Reference Emissions Level (FREL) at national level. In addition, TNC also helped to update data on forest cover and FREL at East Kalimantan Province and Berau District. The historic emissions estimate for Berau is used as key reference by other stakeholders, including the East Kalimantan Government since it is scientifically proven by credible scientists. FREL of the East Kalimantan Province adopted this study, particularly for the calculation of emissions from logging practices
- TNC has developed carbon measurement methodology for production forest. The double-validation process for the VCS RIL-C methodology was approved and is the first methodology to allow verification of emissions reductions from improved forestry practices under selective logging systems - which dominate the tropics. The hope is that this methodology will be used not just as part of VCS, but integrated into emerging broader MRV frameworks to link pantropical green forestry with climate financing.
- A comprehensive estimate of forest carbon flux in East Kalimantan (published in PLOS ONE) that integrates carbon flux accounting systems for logging and forest loss. (Link).

iv. Are the outcomes expected to be sustainable?
TNC was included in Indonesia's ER-PIN proposal as an existing partner involved in Indonesia's ER-PIN proposal. The lessons learned, best practices, and experiences of the Berau Forest Carbon Program in partnership with key stakeholders in the East Kalimantan Province will continue to ensure that the ER-PIN proposal is well implemented.

Outcome 9: Increased consensus among senior government officials and industry representatives on the potential for REDD+ to contribute to Indonesia's development goals.

i. What changes have been achieved with reference to the baseline?
The Berau Forest Carbon Program has established itself as an important and well-known model of subnational deforestation control and sustainable rural development in Tropical Countries. TNC staff has worked closely with our government, corporate, NGO and community partners to design and advance the outcomes described above. In 2014, we hosted a successful learning exchange in Indonesia that brought together over 200 Conservancy staff and external partners globally to find solutions to common challenges.

We have created multiple publications to share our experiences, including a study coauthored with the World Bank on early lessons from jurisdictional programs and the toolkit of methods and approaches for implementing the BFCP community engagement framework, SIGAP REDD+. We have contributed our experience to Indonesia's ER-PIN proposal to the $700 million World Bank Carbon Fund, which has accepted 18 forest countries into its pipeline to demonstrate the concept of payments for forest carbon emissions reductions. We also sponsored numerous panels and events at the UN climate conference in Paris (COP21) to build support for greater investment in forest conservation as a critical solution to climate change. We have seen increased global momentum and commitments in support of this agenda among indigenous and community leadership, civil society, government and business in Berau.

ii. Please report on the key indicators used to document that the desired change has occurred. *Indicator(s): Contribution to international consensus on REDD+ financing.* We track our progress under this output by the fact that the Jurisdictional approach piloted in Berau is adopted and used by REDD+ Agency to shape national REDD policies & program. Similarly, to the São Felix do Xingu Green Development Program, we also track our progress by the number of municipal, national and international events, workshops, seminars that TNC staff are invited to to present on the work in São Felix do Xingu, show the importance of collecting, documenting and disseminating information on our work to help advance jurisdictional scale programs globally.

iii. Please reflect on whether targets that were originally set have been achieved, and what project outputs were key to achieving them. If relevant reflect on why outputs delivered as planned did not help meet the targets

1. TNC actively participated in COP 21 meeting in Paris. TNC Indonesia hosted a panel discussion focusing on "Catalyzing green growth in Indonesia: Lessons learnt from East Kalimantan" at Indonesia Pavilion during COP 21. Four speakers shared their thoughts on green growth development in Indonesia in regards to challenges and opportunities to promote green growth. The speakers were Dr. Awang Farouk (Governor of East Kalimantan), Dr. Ir. Lukita Dinarsyah Tuwo, M.A (Secretary of the Coordinating Ministry of Economy), Mr. Pavan Sukhdev (UNEP Goodwill Ambassador), Ms. Jane Wilkinson (Climate Policy Initiative), and Saipul Rahman (TNC Indonesia Senior Manager). At the Global Landscapes Forum, TNC hosted 2 panels discussing the leadership role of Indigenous peoples and communities in sustainable natural resources management, and green growth.

   Furthermore, TNC has been involving in the development of strategic REDD+ documents at the national level which were Indonesian Intended Nationally Determined Contribution (INDC), Indonesian FREL, and FCPF ER-PIN (East Kalimantan):
   - TNC provided crucial inputs in the development of Indonesia INDC document, especially regarding the jurisdictional approach to REDD+;
   - TNC joined the technical task force for Indonesia FREL development; the document was submitted to UNFCCC in September 2015. TNC role related to INDC is still continuing as TNC will be involved in the technical assessment process that will be conducted in 2016.

- TNC played an important role in the development of FCPF ER-PIN for east Kalimantan, a lot of TNC's lesson learns and experiences have been adopted in the ER-PIN document. Particularly for FREL in ER-PIN document, the emission calculation from TNC was fully adopted.

2.5 Are there any internal and/ or external factors that have affected the project in any significant way?

a) Please specify deviations from plans

- ***Brazil (São Félix do Xingu Program):*** The Nature Conservancy and Funbio launched the Sustainable Landscape Fund in 2014. It was structured as a non-reimbursable fund that would be managed by the São Felix do Xingu Municpal Commission to End Illegal Deforestation. However, in the early stages of the execution of the Sustainable Landscape Fund, TNC and Funbio had difficulties getting financial support for the Fund as Brazil's economic crisis reduced the number of potential investors and donors. Funders were also wary about putting resources in a newly created Fund whose administration had little experience in this type of financial operation.
- ***Overall grant:*** Most of the work under each outcome stayed on track despite the impact of the exchange rate which reduced the project budget significantly.

b) Please provide a short assessment of the risks occurred:

- ***Brazil (São Félix do Xingu Program)***: The Sustainable Landscape Fund is now a call for projects funded by TNC and Funbio are contributors. Submissions are reviewed and provided with funding based on select criteria.
- ***Overall grant:*** To mitigate the impact of the exchange rate losses on the projects under the grant, TNC used alternative funding to supplement projects under the grant.

2.6 **Cross cutting concerns.** Please report on whether the project has had any effect (positive or negative) on

a) Corruption

- ***Brazil (São Félix do Xingu Program)***: This project helped to improve the environmental management and monitoring tools of the municipality of São Felix do Xingu. It also serves as a mechanism of social control which can help reduce corruption related to illegal deforestation and illegal licensing for timber and mining.

b) Gender equality

- ***Brazil (São Félix do Xingu Program):*** The Indigenous Strategy and the development of the PGTAs played an important role in strengthening female participation thus contributing to a more inclusive decision making within the communities. The project supported the emergence of the Xikrin Assembly of Women, a group that focuses on the implementation of small economic projects, such as the sale of "babassu" products and the creation of clothes with indigenous drawing.
- ***Indonesia (Berau Forest Carbon Program):*** Under the community work, women were always encouraged to participate in the decision making process, especially the preparation of village development plan. Trainings and meetings conducted by TNC and partners were inclusive of all sexes and age groups.

c) Respect for human rights

- ***Brazil (São Félix do Xingu Program):*** The construction of the Belo Monte damn has many social and environmental implications for the Apyterewa and Trincheira Bacajá Indigenous Lands. The PGTA process has played an important role in providing a platform and opportunity for the Brazilian government to address the

concerns of the Xikrin and Parakanã Indigenous peoples regarding this new development.

- *Indonesia (Berau Forest Carbon Program):* TNC's community strategy is a partnership with forest dependent communities. It's a voluntary process that ensures community buy-in and leadership in the effort to secure community management rights over forests.

2.9 **Lessons learned**. For final report, please summarize lessons learned for the whole agreement period. Both internal and external factors are relevant. What could have been done differently? How can lessons learned be incorporated in future plans? We are interested in learning based on positive and negative experiences.

Brazil (São Félix do Xingu Program):

- Since 2012, TNC has been in discussion with local stakeholders about developing a fund that would be an incentive to reduce the impact of small-stakehold deforestation practices. It was assumed that this initiative would attract the attention of different donors and investors because of the potentially high economic, social and environmental outcomes. However, the effort failed to consider the impact of the Brazilian economical crisis as well as the risk aversion of major institutions who were hesitant about contributing to a fund managed by local stakeholders without financial management experience.
- There were a number of lessons learned regarding the establishment of the socio-economic baseline and respective monitoring plan are:
    - Inter-organizational processes need to be factored. For example, the interview forms need to follow standards indicated in TNC's SOP regarding Research Involving Human Subjects. These forms also need to be approved by TNC chief scientist prior to application of the work.
    - Interviews can only be conducted under the free, prior and informed consent of the interviewees.
    - It is essential to engage and train a local support team who can help during the interview process.
    - When identifying a time to conduct interviews with community members at the field site, some main factors to be considered are weather season, accessibility, harvesting period and participant availability.
    - Overall results of the monitoring should be shared with the local community and interviewees.
- As reported in year 2, activities and discussions are best achieved and completed through a holistic, participatory process that includes input from social and indigenous groups and/or organizations. The success of the Indigenous Land Environmental Management Plans required the full consent and participation of the Apyterewa and Trincheira Bacajá indigenous communities.

Indonesia (Berau Forest Carbon Program):

- It is important to provide technical assistance to local organizations implementing the SIGAP REDD+ community framework such as regular trainings, meetings, and site visits. This will help ensure that these organizations deliver results as expected e.g. communities are able to secure management rights over their forests, there is increased income and livelihood opportunities, communities are able to effectively mobilize resources, and communities are able to have decision over natural resource use and management.
- The BFCP should invest more time to allow for earlier engagements with SC members because aligning the interests of the BFCP Steering Committee (SC) members is challenging. In 2013, the BFCP (SC) annual meeting was postponed until 2014 due to some conflicting dynamics within the SC, especially from members at district level. Then in 2014, due to the Indonesian general and presidential elections, a good portion of time of public-elected officials, such as District Head & Vice-District Head, was spent engaged in political activities. This all reduced the attention of Vice-District Head (the Chairman of the BFCP SC) on the

BFCP SC meeting and led to the delay of the SC meeting in 2014. This lack of attention was later compensated with more proactive involvement from national level members, such as Bappenas (Ministry of National Development Planning) and Ministry of Forestry who pushed through with the plan for SC meeting.

3 Case/success story

3.1 Please see separate format for the result example, max 2 pages

<u>Municipal Plan for Low Carbon Agriculture - Plano Municipal de Agricultura de Baixo Carbono (ABC) - of São Felix do Xingu / PA</u>

São Felix do Xingu, Pará, is the first municipality in Brazil to create a local committee to execute on the Municipal Plan for Low Carbon Agriculture - Plano Municipal de Agricultura de Baixo Carbono (ABC). The municiplaity has asked for the support of the Ministry of Agriculture, Livestock and Supply - Ministério da Agricultura, Pecuária e Abastecimento (MAPA) - to plan their actions.

The municipal committee of the ABC Plan was set up late last year with the publication of the decree that created the Sector Plan for Mitigation and Adaptation to Climate Change to Consolidation of Economy Low Carbon Agriculture of the Municipality of Sao Felix do Xingu. The goal is to reduce emissions of greenhouse gases in São Félix du Xingu- in southern Pará - to improve efficiency in the use of natural resources and increase the resilience of production systems and rural communities, and enable the adaptation of the agricultural sector to climate changes.

This effort is a partnership between the municipality and The Nature Conservancy that has already resulted in the creation of 15 ABC demonstration units, focused on livestock and cocoa agroforestry. There is a proposal is that will allow county producers to visit these demonstration sites to learn about the technical aspect of this new public policy. "We want to make them aware about way that they may implement low-carbon agricultural practices," adds the coordinator of the NGO.

Currently, São Félix du Xingu has around 6,000 ranchers registered in the Rural Environmental Registry - Cadastro Ambiental Rural (CAR). However, there is a contingent of about 10, 000 small producers who are not yet registered under CAR. The ABC proposal will bring technical assistance, training and access to credit for sustainable technologies to producers in the municipality. The national plan is divided into six areas of action: recovery of degraded pastures; crop-livestock-forest integration, tillage system, biological nitrogen fixation, planted forests and treatment of animal waste. The credit lines for these activities are available through the ABC program - executive branch of the federal public policy.

Photo: Meeting of the Municipal Steering Committee for the Sao Felix Xingu ABC Plan
Photo: Erivaldo Alves / TNC -2016

4 Project's accounts for last year:

4.1 The accounts must relate to the approved budget for the year in question. All deviations (positive and/ or negative) must be clearly shown and explained.

The Government of Norway's International Climate and Forest Initiative - Sustainable Landscapes – 2015 (US Dollars)

	For the period of January 1, 2015 - December 31, 2015					
I.São Félix do Xingu Program, Brazil	Complete Year 3 (2015) Budget	Year 3 (2015) Exchange Rate Losses	Complete Year (2015) Budget Net of Exchange Rate Losses	Year 3 (2015) Actuals	*Variance*	*% rem*
Personnel	534,523	(44,184)	490,339	499,624	(9,285)	2%
Sub-grants	5,688	-	5,688	5,688	-	0%
Contracts	279,457	(187,545)	91,912	89,024	2,888	-3%
Travel	68,376	(15,210)	53,166	67,455	(14,289)	27%
Meetings & Workshops	141,005	(89,608)	51,397	39,339	12,059	-23%
Communications, supplies, equipment	94,132	(17,008)	77,124	80,533	(3,409)	4%
Indirect Costs @ 7% (including 7% on half of audit costs)	80,373	(24,539)	55,834	56,676	(843)	2%
Sub-Total, São Félix do Xingu Program	**1,203,554**	**(378,094)**	**825,461**	**838,339**	**(12,879)**	2%
II. Berau Forest Carbon Program, Indonesia						
Personnel	528,855	(122,574)	406,280	412,640	(6,360)	2%
Sub-grants	103,800	(76,604)	27,196	21,610	5,586	-21%
Contracts	219,793	(11,692)	208,101	195,235	12,865	-6%
Travel	93,150	(40,427)	52,723	62,738	(10,015)	19%
Meetings & Workshops	85,000	(34,154)	50,846	57,497	(6,651)	13%
Communications, supplies, equipment	29,417	(19,017)	10,401	13,351	(2,950)	28%
Indirect Costs @ 7% (including 7% on half of audit costs)	75,951	(21,103)	54,848	55,375	(527)	1%
Sub-Total, Berau Forest Carbon Program	**1,135,966**	**(325,571)**	**810,394**	**818,446**	**(8,051)**	1%
Total					-	
Personnel	1,063,378	(166,758)	896,619	912,263	(15,644)	2%
Sub-grants	109,488	(76,604)	32,884	27,298	5,586	-17%
Contracts	499,250	(199,238)	300,012	284,259	15,753	-5%
Travel	161,526	(55,637)	105,889	130,193	(24,304)	23%
Meetings & Workshops	226,005	(123,762)	102,243	96,836	5,408	-5%
Communications, supplies, equipment	123,549	(36,024)	87,525	93,884	(6,359)	7%
Indirect Costs @ 7%	156,324	(45,642)	110,682	112,052	(1,370)	1%
Total	**2,339,520**	**(703,665)**	**1,635,855**	**1,656,785**	**(20,930)**	1%
External Audit	**50,000**	**6,000**	**56,000**	**56,000**	**-**	0%
Total Award Costs	**2,389,520**	**(697,665)**	**1,691,855**	**1,712,785**	**(20,930)**	1%
Norwegian Kroner (NOK)	***18,160,351***	***(5,302,252)***	***12,856,144***	***13,015,189***	***(159,045)***	
effective exchange rate	*7.60*	*7.60*	*7.60*	*7.60*	*7.60*	

Note: The Nature Conservancy experienced a currency exchange rate loss of $697,665 in 2015 which is reflected in the Year 3 (2015 Budget). The Nature Conservancy notified Norad of significant currency exhange rate losses and managed the grant to the funding available.

Deviations:

BRAZIL (São Félix do Xingu Program)

- Travel: When we adjusted the budget (by line item) in early 2015, we increased the funds for travel for two reasons:
    - Anticipation of TNC staff participation in the UNFCCC COP 21 to share lessons learnt from projects under the São Félix do Xingu Program
    - Supporting the participation of our indigenous partners at the event

  Unfortunately, some of our proposals for indigenous sessions at COP 21 were not accepted. Also, we over budgeted our expectations on spending for this line item.
- Meetings and Workshops: When we adjusted the budget in early 2015, we underestimated the cost of funding some of the meetings and workshops planned for the year. This included events related to our partnership with ADAFAX, technical training provided to farmers involved in the Sustainable Cocoa Project and the Sustainable Cattle Project, as well as meetings and seminars related to the Indigenous Lands PGTA process.

INDONESIA (Berau Forest Carbon Program)

- Sub-grants: When we adjusted the 2015 budget, we budgeted for the distribution of fewer sub-grants due to the anticipated exchange rate loss.
- Travel: When we adjusted the 2015 budget, we decreased travel in anticipation of the exchange rate loss. However, there was significant participation from TNC Indonesia staff at the UNFCCC COP 21 that contributed to overspending on this line item.
- Meetings and workshop: There was an increase in the meetings anticipated related to the village projects for the community outreach work under Outcome 7. We had to increase the number of trainings for local NGOs and CSO (cicil society organizations) who were replicating and implementing the TNC community development model, SIGAP REDD+.
- Communications, supplies, equipment: This overspend was as a result of the creation of hard-copy of materials for the UNFCC COP 21 events.

Per letters from the Norwegian Agency for Development Cooperation dated 19.11.2013 and 03.04.2014, The Nature Conservancy was approved to carry forward US $628,661 of the unused 2013 funds to the 2014 budget. Then, per a letter dated 11/12.2014, The Nature Conservancy was approved to carry forward US $365,628 of the unused 2014 funds to the 2015 budget. Per guidance from Eva Hauge dated 2.3.2015, The Nature Conservancy monitored the currency exchange rate continuously and revised the Year 3 budget accordingly. Total currency exchange rate loss for 2015 was $697,665. This information is reflected in the budget below.

	Norad Sustainable Landscapes Budget and Actuals				
I.São Félix do Xingu Program, Brazil	Complete Year 1 (2013) Budget	Complete Year 2 (2014) Budget	Complete Year (2015) Budget Net of Exchange Rate Losses	Total Approved Budget	Total Actuals
Personnel	427,290	495,891	490,339	1,413,520	1,498,440
Sub-grants	8,000	31,052	5,688	44,740	24,740
Contracts	76,224	363,319	91,912	531,455	447,999
Travel	53,769	72,355	53,166	179,290	338,844
Meetings & Workshops	23,066	116,429	51,397	190,892	99,694
Comunications, supplies, equipment	36,174	191,396	77,124	304,694	279,268
Indirect Costs @ 7% (including 7% on half of audit costs)	43,717	90,331	55,834	189,881	191,169
Sub-Total, São Félix do Xingu Program	668,240	1,360,772	825,461	2,854,473	2,880,153
II. Berau Forest Carbon Program, Indonesia					
Personnel	559,606	630,495	406,280	1,596,381	1,641,509
Sub-grants	15,700	139,300	27,196	182,196	111,218
Contracts	83,630	328,833	208,101	620,564	485,987
Travel	48,345	114,305	52,723	215,373	231,414
Meetings & Workshops	41,389	89,111	50,846	181,346	212,055
Communications, supplies, equipment	39,854	8,446	10,401	58,701	74,604
Indirect Costs @ 7% (including 7% on half of audit costs)	55,197	93,134	54,848	203,179	195,915
Sub-Total, Berau Forest Carbon Program	843,722	1,403,623	810,394	3,057,739	2,952,704
Total					
Personnel	986,896	1,126,386	896,619	3,009,901	3,139,948
Sub-grants	23,700	170,352	32,884	226,936	135,959
Contracts	159,854	692,152	300,012	1,152,018	933,987
Travel	102,115	186,659	105,889	394,663	570,257
Meetings & Workshops	64,455	205,540	102,243	372,238	311,749
Communications, supplies, equipment	76,029	199,841	87,525	363,395	353,872
Indirect Costs @ 7%	98,913	183,465	110,682	393,061	387,085
Total	1,511,962	2,764,396	1,635,855	5,912,213	5,832,857
External Audit	-	40,000.00	56,000.00	96,000.00	84,000.00
Crrrency Exchange Rate Loss Reduction to Budget CarryForward funds from Years 1 and 2.	(73,436)	(38,850.23)		(112,286.00)	
Total Funding Request (for 3 years)	1,511,962	2,804,396	1,691,855	5,895,927	5,916,857
Norwegian Kroner (NOK)	*9,086,891*	*18,056,966*	*12,856,144*	*40,000,000*	*40,116,289*
effective exchange rate	*6.01*	*6.44*	*7.60*	*6.78*	*6.78*

Note: Of the $628,661 budget approved to be carried forward from the Year 1 (2013) Budget to the Year 2 (2014) budget, an additional $73,436 was not carried forward to offset the Year 1 currency exchange rate loss. Of the $365,628 budget approved to be carried forward from the Year 2 (2014) Budget to the Year 3 (2015) budget, An additional $38,850 was not carried forward to partially offset the Year 2 currency exchange rate loss. The Nature Conservancy experienced a currency exchange rate loss of $697,665 in 2015 which is reflected in the Year 3 (2015) Budget.

Date: 6/30/2016
Signature:

Greg Fishbein
Managing Director, Tropical Forests

Date: 6/30/2016
Signature:

Laura Bracis
Managing Director, Accounting & Financial Reporting

Attachment: Audited accounts and completed form from the accountant for last year's accounts. Only after a contract expires should unspent funds be returned to Norad.

1. Audited accounts and completed form from the accountant for last year's accounts. Only after a contract expires should unspent funds be returned to Norad.
2. TNC FY15 Annual Report
3. TNC Annual Financial Statements and A-133
4. Annex: Materials produced in 2014:
   Brazil (São Félix do Xingu Program)
   - Outcome 3: Climate, Social and environmental baseline and plans (Link)
   - Outcome 5: Communications materials (Link)
     - Other:
       - Green Growth Compacts: "How three states are pursuing a different industrial development" (Link)
       - Indigenous Peoples' rights and land tenure: Fostering partnerships to tackle climate change (Link)
       - TNC worked with the Center for International Forestry Research Center for International Forestry Research (CIFOR) to develop a deep analysis related to Conservancy's early REDD+ initiative in São Felix do Xingu Municipality and deforestation strategy reduction lessons learned (Link). TNC also produced and shared two (20) videos highlighting the efforts of the São Felix do Xingu Green Development program (Link 1), (Link 2)

   Indonesia (Berau Forest Carbon Program)
   - Outcome 8: Incentive agreements/Carbon accounting (Link)