Annual Report to Norad

Reporting period 2013 to 2015

Protecting forests and engaging farmers and ranchers in REDD+ through sustainable commodity supply in the Brazilian Amazon and Cerrado

Project Contract: BRA-2044, BRA-13/2013/0003

Contract implementation Period
1º January 2013 to 31 December 2015

submitted on 08 November 2016

**ALIANÇA
DA TERRA**

1. General Project Information

1.1 Name of recipient organization: Aliança da Terra

1.2 Reporting year: 2015

1.3 Agreement number: BRA-2044 BRA-13/2013/0003

1.4 Name of project: Protecting forests and engaging farmers and ranchers in REDD+ through sustainable commodity supply in the Brazilian Amazon and Cerrado (REDD+ commodity supply in Brazil)

1.5 Country and/or region: Brazil

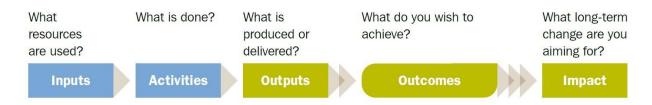1.6 Financial support to the project from Norad for year 2015:   NOK 6.000.000,00 (six million Norwegian Krone)

1.7 Thematic area: REDD+ relevant commodity supply chains

2. Describe the project's progress for previous calendar year

Result chain:

With reference to the Result Chain as illustrated above, Norad requires feedback mainly on products/services (outputs) and end effect on target groups (outcomes) in the progress report.

2.1   Give a short description of the **project's target group(s)** and what the baseline for the target group was at the start of the project (from the approved project document).

The project's target group is comprised of private landowners, agrarian reform settlement families, and one indigenous tribe living in abject poverty, on the Amazon and Cerrado frontiers.

During the course of the project, land management will be improved on more than 4 million ha, delivering more than 1 million head of cattle to slaughter in a clean, transparent and low deforestation beef supply chain, also preparing more than 300 soy farms for international certification, thus contributing to the supply needed for expected demand created by corporate commitments to sustainably produced beef and other commodity products. In addition, it will be demonstrated that it is possible to include marginalized settlement communities in formal REDD+ programs and value-added supply chains. To complement this work, the vulnerability of forests to fire will be reduced on more than 7 million ha of private lands, as well as the protected area forests near those lands, securing the carbon that is vital for REDD+ programs. Finally, the much-needed link

to the agricultural and ranching sectors will allow emerging Jurisdictional REDD+ programs to succeed on private lands.

2.2   Please repeat the project's **desired impact** (from the approved project document).

The impact of this project is an increasing contribution by private landowners throughout the Brazilian Amazon and Cerrado to the goals of REDD+, sustainable development and food security through responsible commodity production and forest and water protection, thus facilitating the success of REDD+ programs at State and National levels.

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

2.4   Please repeat the project's outcomes' effect on project´s target groups, counterpart(s), beneficiary (-ies)) (from the approved project document).

Project Outcome: Transparent commodity supply chains include marginalized communities and support governance on forest frontier in preparation for emerging markets in ecosystem services.

Private landowners and agrarian reform settlement families are responsible for almost all deforestation activities. The societal change expected from this project is that these two groups will engage as part of the solution in the balance between production and conservation, rather than the current state wherein they consider conservation activities as barriers to production.

This will be possible through: 1) engagement of landowners in frontier governance, including firefighting, improved forest management and other ecosystem services developed in properties; 2) agrarian reform settlement families participating in transparent high-quality beef supply chain and improved overall management of settlement lands within conservation area; 3) indigenous community holding land rights, managing their territory and developing income generation activities.

2.5   Are there any internal and/ or external factors that have affected the project in any significant way? No

   a) Specify deviations from plans
   The project did not present any deviations from its original plans throughout its implementation period.

   b) Give a short risk assessment

    During its implementation period, the project did not present any relevant risk to be reported.

Results:

Reporting of results must at least be at the output level (above the activity level). In addition, outcome must be stated where possible (see result chain above). Where it is too early to document outcome, please explain why.

2.6   **Main outputs and outcome(s).**
  a)   Report on the main products/services (outputs) the project has delivered to achieve the planned outcomes.
       The information on outputs are documented on pages 9 to 23.

  b)   Report on all outcomes from the project document where possible:

       1.   What changes have been achieved with reference to the baseline?
       The results achieved during the project implementation period year are detailed on pages 5 to 8.

       2.   Report on the key indicators used to document that the desired change has occurred.
       The information on key indicators is presented on pages 5 to 8.

       3.   Are the outcomes expected to be sustainable?

       Yes. The outcome is expected to be sustainable because we are implementing societal change, i.e., a group's perception of themselves and their roles and responsibilities in society. This is different than implementing a new policy or set of conditions that a group must respond to.   Our assumption, born of many years of production experience, is that most farmers and ranchers are hidden environmentalists. At the start of this project, so far, the producers participating in the Producing Right Platform have committed more than USD 15 million in conservation activities. We are confident that our assumptions will prove correct over a larger scale and the results will be the replication of these decisions far beyond our work.

Project Outcome: Transparent commodity supply chains include marginalized communities and support governance on forest frontier in preparation for emerging markets in ecosystem services

Target Group	Societal Change	Key Indicators	Baseline (indicators at the commencement of the project)	Results 2013-2015
Private landowners in the Brazilian Amazon and Cerrado	Landowners engage in frontier governance, including firefighting, improved forest management and other ecosystem services development on properties. Landowners informed about REDD and other PES options and begin to see themselves as part of the conservation movement and responsible for caretaking natural resources	Number of properties RSR	451 properties	2013: 101 new properties 2014: 100 new properties 2015: 231 new properties
		Number of hectares under better management	2.813.595 ha	2013: 358,385 ha 2014: 340.657 ha 2015: 582.367 ha
		Forested area in recovery or increased protection	1.243.556ha	2013: 157.664 ha 2014: 96.146 ha (*) 2015: 194.773 ha
		Independent scientific analysis on RSR impact – for example, mammal populations, fire events, forest, carbon, etc.		2 (**)
		Farmers financial investments in conservation activities	R$ 9.412.923	2013: R$ 2.364.602* 2014: R$ 9.686.964* 2015: R$ 15.012.790* *actual investiments Committed investments from 2007 to 2015: R$ 49.960.393,61
		Participation in fire prevention & management activities	302 rural producers and workers trained	2013: 73 rural producers and workers trained 2014: 91 individuals trained (rural producers, workers, civil firefighters and indigenous people) 2015: 30 individuals trained during an event held by SEMADES (Environment an

				Water Resources Agency) from Tocantins state
		Sales in transparent commodity supply chains conducted and tracked	0	2014: 13,5 tons of beef, the equivalent of 50 heads of premium cattle were slaughtered following the criteria of the Producing Right Seal of Origin pre-launch in Dec.14 2015: The Producing Right Seal of Origin was approved by the Rio Sustainable Food Initiative (see more details in the case study on page 24) and it was adopted for responsible beef products supplies to be consumed during the 2016 Rio Olympic Games, but price was chosen over sustainability and because of that there was almost no consumption of traceable sustainable products during the games.
Agrarian reform settlement families	Marginalized communities organize and participate in transparent high-quality beef supply chain and tie this activity into overall management of settlement lands within conservation corridor	Settlements formally registered within RSR	2	1
		Associations formed and functioning	2	02 associations actively working in partnership with Aliança da Terra
		Cattle herd producing high-quality animals for inclusion in clean supply chain	0	2013: 702 cows inseminated 2014: 3.256 cows inseminated and, in total, 605 calves were born until Dec.14 2015: 3.256 cows inseminated, approx. 1800 calves born until Dec.15 In total, AdT achieved 6.732 artificial inseminations during the three-year project, including 11.134 ultrasounds done and 956 pre-synchronization performed in heifers. The estimated average pregnancy rate is 35% for all AIFT procedures performed. By Dec.14, calves born with improved genetics had 80% average increase in their

				sales price, from USD250 to USD450* per unit. By Jun.15, the sales price was 270% higher compared to the price applied in Jan.13. (*USD 1 = BRL 2 used in Dec.14).
		Forested area in recovery or increased protection	163.773 ha	11.691 ha
		Independent scientific analysis on RSR impact – for example, mammal populations, fire events, forest, carbon, etc.		1 (*)
		Sales in transparent commodity supply chains conducted and tracked	0	0
		Participation in fire prevention and management activities	(**)	(**)
Indigenous community	Indigenous community holds land rights and begins managing entire territory, developing income earning activities and moving out of abject poverty	Cattle herd producing high-quality animals for inclusion in clean supply	300	2014: 152 cows inseminated 2015: Due to lack of resources to improve the Xavantes corral structures, the Xavantes cowboys did not keep the inseminated cows separated from the others, especially from the bulls, in order to register the number of calves born from the insemination procedure performed in 2014.
		Forested area in recovery or increased protection	0	92,085 ha (at Maraiwatsede Indigenous Reserve)
		Independent scientific analysis on RSR impact – for example, mammal populations, fire events, forest, carbon, etc.		2 (**)
		Sales in transparent commodity supply chains conducted and tracked	0	0

		Participation in fire prevention and management activities	108 indigenous people trained	2013: 61 indigenous people trained
				2014: 22 indigenous people trained
				2015: 67 indigenous people trained

(*)A secong technical report on ""Environmental performance monitoring and evaluation of AT's fire brigades and the rural properties participating in the Registry of Social Environmental Responsibility" was concluded in the first semester of 2016 by the Remote Sensing Center (CSR – Centro de Sensoriamento Remoto) from the Federal University of Minas Gerais (UFMG – Universidade Federal de Minas Gerais). **The report is attached to the same email containing this report.**

(**) number of smallholders receiving training on firefighting is included in the number reported for the target group of private landowners

Output 1. Farms and ranches join Aliança's Registry of Social and Environmental Responsibility (RSR) and invest in better land management practices, delivering clean, low deforestation supply that is ready for certification. This output comprises institutional strengthening within Aliança to improve the delivery and quality of the RSR, field work directly with landowners to bring them into the RSR and raise their production standards to a level suitable for certification, REDD+, or other market-based incentives, and finally, we will demonstrate that this is feasible by creating a clean, transparent and low deforestation supply chain for beef and delivering more than 1 million head to slaughter during the project lifetime.

Activity	Indicator	Executed from 2013-2015
Improve RSR information management and application efficiency;	Revised protocols and criteria, average processing time monitored and declining, producers to access real-time information on property and management.	✓ Aliança da Terra concluded the development of the *Producing Right Platform*, a web-based database that stores all data related to the social, environmental and productive aspects of the rural properties integrating the Registry of Social-Environmental Responsibility (RSR). ✓ By Dec 2015, the platform was storing data from more than 883 partner properties, totalling over 4 million hectares across 13 Brazilian states and the Federal District. In the same year, Aliança da Terra had the opportunity to expand its reach to Mexico, adding 24 rural properties or 280.000 ha. ✓ The Platform is a tool that promotes transparency and it is available on Aliança da Terra's website http://www.aliancadaterra.org/ under "Acesse a PPC" or use the following shortcut https://goo.gl/aArIuw
Identify and register properties in RSR	Number of properties in RSR (3-Year Project Goal = 600 properties, involving 300 pre-certifications of medium to large scale properties and 300 smallholders properties)	✓ Registration of medium/large properties in 2013: 101 (total 358.385 ha) ✓ Registration of medium/large properties in 2014: 100 (total 340.655 ha) ✓ Registration of medium/large properties in 2015: 230 (total 582.367 ha) ✓ Registration of smallholder properties in 2013: 3 (1,164 ha)

		✓ Registration of smallholder properties in 2014: 35 (9,583 ha) ✓ Registration of smallholder properties in 2015: 23 (13,035 ha) + 1 rural settlement (451 families, 30.379 ha)
Identify and pre-certify 300 medium-large scale properties	Number of properties receiving pre-certification evaluation (3-Year Project Goal = 300 pre-certifications of medium to large scale properties)	✓ Properties on the way to certification (RTRS and ISCC) in 2013: 113 (380.070 ha) ✓ Properties on the way to certification (RTRS and ISCC) in 2014: 72 (175.620 ha) ✓ Properties on the way to certification (RTRS and ISCC) in 2015: 141 (146.583 ha)
Register 3 agrarian reform settlements in the RSR, with more than 1,000 families,	Management plans created for 3 settlements and settlements registered in RSR (3-Year Project Goal = 3 agrarian reform settlements)	✓ Registration of agrarian reform settlements: 1 ✓ PA Dom Pedro (451 families)

Create clean, transparent and low deforestation beef supply chain developed and delivering product to market	Tracking of beef product sales from ranch origin to market and consumer.	✓ Aliança da Terra pre-launched the Producing Right Seal of Origin, endorsing a fully transparent beef supply, tracking animals from birth through to the supermarket shelf. The partnership in this case is between producers in the AT's platform, a beef supply chain consultant Beef&Veal, and a boutique beef market from São Paulo, FEED.
		
		  - This first exercise involved 50 heads of cattle (or 13,5 tons of beef) originated from Fazenda Três Irmãos, in the municipality of Naveraí, Mato Grosso do Sul state.
		
		  - The first fully traced beef went on the shelves in December 2014 at FEED store, in São Paulo.
		
		  - A digital link (QR code) was created to compose the seal inserted into the beef package and into the paper

tag accompanying it. This link gave access to the beef producer's social-environmental profile directly from AT's database when consulted through a smartphone

- This partnership served as a practical exercise to insert AT's Seal of Origin in the market, testing all the mechanisms behind the seal using a smaller scale model. This "test drive" is strategic to show how our tracking system and seal works in the real world

- After great reaction from FEED's clientele, AT is currently working to expand this fully tracked beef product to other supermarkets with the support of the beef supply chain consultant Beef&Veal.

✓ Following the successful launch of the Producing Right Seal of Origin in 2014, Aliança da Terra was invited in 2015 to become one of the organizations supporting the Rio Sustainable Food Initiative for 2016 Olympic and Paralympic Games (http://rio-alimentacaosustentavel.org.br/site/parceiros/)

- The Producing Right Seal of Origin was approved by the initiative and it was adopted for responsible beef products supplies. For almost a year, Aliança da Terra participated in numerous meetings and budget planning exercises with several catering companies, but in the end, the product price was chosen over sustainability. Unfortunately, traceable beef presents an added value when compared to ordinary beef offered by the market, which makes competition impossible.

- In the end it was a great disappointment to the entire initiative because the concept of promoting the consumption of healthy and sustainable food supplies was downgraded to a meaningless contract clause

		between the catering companies and the Olympic Committee.
		- More details on page 24
Engage within Roundtables and other market-based opportunities to deliver financial incentives	Participation in Roundtables process, including meetings, organizing events and general support	✓ AT has been actively taking part in 3 different round tables: - **GRSB - Global Roundtable for Sustainable Beef:** AT's Founder and President of the Board, John Cain Carter, is part of the GRSB Executive Committee - in November 2014, AT participated in the Annual GRBS Conference held in São Paulo - **RTRS - Round Table on Responsible Soy:** AT participated on the 10th International Forum on Responsible Development of the Soybean Industry held in Brussels, Belgium, on 19-29th May 2015 - **GTPS - Grupo de Trabalho da Pecuária Sustentável (Brazilian Work Group of Sustainable Cattle Farming):** AT is part of the Executive Committee and our General Director participates in monthly meetings

Output 2. Income earnings increased in three agrarian reform settlements (1,000+ families totalling 5,000+ people) and 1 indigenous tribe (1,000 people) based on agricultural and ranching production in balance with the environment. This output is specifically aimed at demonstrating the possibility of poverty alleviation in coordination with conservation investment in agrarian reform settlements and the inclusion of indigenous peoples in the regional economy. With almost 1 million families settled (or soon to be settled) in the Amazon and Cerrado there is both massive rural poverty and great potential for a successful market-based project to be replicated widely.

Activity	Indicator	Executed from 2013-2015

Organize communities and identify 300 collaborating smallholders	Associations formed and functioning; families formally committed to participation in project
	
	(3-Year Project Goal = 300 collaborating smallholders)
		✓ **APEPASA** – Associação dos Pequenos Produtores Agrícolas de Santo Antonio do Rio das Mortes: focus on smallholders based in the Mata Azul settlement
		
		  ✓ As a result of the support given to APEPASA since the commencement of this project, their number of associates has increased from 28 to 68 members in 2014, and declined to 56 members in 2015. The main reason for this decline is lack of payment of the annual membership fee.
		
		✓ **ASR** - Associação Serra do Roncador: focus on the smallholders of the Macife I settlement
		
		  ✓ 17 ASR members are participating in the insemination program
		
		✓ During the implementation period of this project, it was found that the biggest challenge to engage smallholders to become active members in both associations was due to the annual fee charges that very few were willing to pay. A second reason was also the differences in political and power views among the associates and executive members.

Train smallholders and indigenous people in better ranch and herd management	Smallholders trained and executing better land management practices.	✓ AT entered in an official partnership with the Institute of Ranch Management from the Texas Christian University (TCU) to provide capacitation on ranch management for

smallholders from the rural agrarian settlement of Novo Santo Antonio da Mata Azul

- ✓ 18 smallholders are engaged in the course that will take 5 years to be completed. The subject modules will be implemented by AT and twice a year TCU representatives will have field trips to monitor and evaluate the implementation of the course

- ✓ This capacitation initiative is in its 3rd year and it is going strong. The attendance is high and TCU professors are consistent to their field visits and information dissemination.

✓ AT organized few one-day events named "Dia de Campo" (Field Day) at Mata Azul Settlement. Besides offering technical presentations on artificial insemination, native pasture, dairy cattle husbandry, animal health and data collecting to smallholders from the settlements and surrounding areas. One specific field-day in 2014 was dedicated to present to all involved the first calves born from the first insemination batch conducted during Dec 2012 and May 2013

✓ A total of 18 rural producers benefited from two seminars organized by SENAR - Serviço Nacional de Aprendizagem Rural (National Service for Rural learning) on dairy cattle management on May 5th 2014 in Novo Santo Antonio

✓ AgroGenética, the company contracted to perform the artificial insemination in cattle, provided a workshop on the same subject to 9 smallholders from Mata Azul settlement, held at Moruema Farm, from 16 to 18 October 2014 in Novo Santo Antonio

		✓ AT and APEPASA organized a trip for 16 smallholders affiliated to the association to attend to the 80th ExpoZebu Fair, in Uberaba, state of Minas Gerais. It was a unique opportunity offered to them to experience and learn about the latest technologies and equipment related to livestock production, including the chance to participate in several lectures on animal husbandry ✓ Regular technical assistance *in loco* hired to orient small producers in the associations

Transfer improved genetic technology to herds	Herd quality improvement – higher weight at sale; improved calf quality and condition	✓ By December 2013, a total of 702 cows were artificially inseminated
		
		✓ By December 2014, a total of 3,256 cows were artificially inseminated
		
		✓ In 2014, three "Pure Origin" Bull Sale events were organized in the following municipalities:
		
		  - Novo Santo Antonio da Mata Azul, on 06.09.2014, a total of 29 out of 31 "Pure Origin" bulls were sold (sales rate of 94%)
		
		  - Confresa, on 13.09.2014, a total of 17 out of 44 "Pure Origin" bulls were sold (sales rate of 39%)
		
		  - Bom Jesus do Araguaia, on 20.09.2014, a total of 44 out of 103 "Pure Origin" bulls were sold (sales rate of 44%)
		
		  - In total, the three events facilitated the sales of 90 out of 178 "Pure Origin" bulls (51%) to smallholders based in the northeastern part of Mato Grosso state
		
		✓ In 2015, as a result of the experience acquired from the previous bull sales events, APEPASA decided to organize an independent Bull Sales Event held on August 8th 2015, in the municipality of Bom Jesus do Araguaia/MT. Aliança

		da Terra provided support on infrastructure (sound equipment, tents and cattle troughs), plus three staff members. During the event, local smallholders purchased 22 out of 50 bulls on sale. Sincred bank was present at the event facilitating credit to those producers who needed it.
Coordinate supply chain to secure markets for improved quality animals	Beef sales and prices	✓ By Dec.14, a total of 605 calves with improved genetics were born from the artificial insemination exercise ✓ By Dec.15, approx. 1800 new calves with improved genetics were born from artificial insemination ✓ By Dec.14, calves born with improved genetics had 80% average increase in their sales price, from USD250 to USD450* per unit. By Jun.15, the sales price was 270% higher compared to the price applied in Jan.13. (*USD 1 = BRL 2 used in Dec.14). ✓ In total, AdT achieved 6.732 artificial inseminations during the three-year project, including 11.134 ultrasounds done and 956 pre-synchronization performed in heifers. The estimated average pregnancy rate is 35% for all AIFT procedures performed.

Output 3. Reduced forest fire events in the Xingu and Araguaia Basins on the eastern side of Mato Grosso and increased voluntary firefighting units capable of reducing the vulnerability of remaining forests. Without an active an effective firefighting network on the Amazon and Cerrado agricultural frontiers, the forests will succumb to total degradation. Contact with producers in the Aliança da Terra registry (RSR), our on-going collaboration with the Mato Grosso Fire Department and PrevFogo and training support from the US Forest Service enables us to extensively provide wildfire monitoring and combat training of volunteer firefighters on ranches, reservations and even state parks.

Activity	Indicator	Executed from 2013-2015
Design and implement basin-wide fire management network in Xingu, including aerial assets and voluntary brigades	Management and coordination system in place and accessible in real time on AT website	✓ System in place and it is engaging 121 farms in 18 municipalities based in the Xingu basin. Individual visits to each farm was done and inventory of firefighting equipment was documented.

Provide training to 300 more volunteer fire fighters in collaboration with US Forest Service Smokejumpers	Training sessions conducted and number of forest firefighters trained	2013:
		✓ Brigada Aliança had a successful training trip to the USA in June 2013 with support from the US Forest Service. Also, received training in Forest Management
		✓ A total of 134 rural producers and staff plus 61 indigenous people were trained during the year
		
		2014:
		✓ Brigada Aliança, comprised by 10 firefighters, received specialized training in:
		  - Civil Firefighting: 240 hours
		  - Rescue in large angles – rappel training: 20 hours
		  - Training of trainers: 8 hours
		  - Tactical ground operations training: 96 hours
		  - Advanced team assessment: 27 hours
		  - Advanced training for vehicle use: 24 hours
		  - Fireline leadership course (L-380 USFS): 40 hours
		✓ Brigada Aliança provided training in:

		- Basic Firefighting for the Corpo de Bombeiro in Alta Floresta, Mato Grosso state: 25 participants, 32 hours
		- Basic Firefighting for the Environmental Analysts working at the Operational Department of Aliança da Terra: 12 participants, 16 hours
		- Advanced training in wildfire fighting: 32 participants from Alta Floresta firefighting team, in Mato Grosso state, 32 hours
		- Advanced training in Fireline Leadership: 22 Xavantes people, 24 hours
		- A total of 91 individuals received training
		2015:
		✓ Brigada Aliança team received specialized training in:
		- Vehicle Operation and Maintenance Training
		- Risks and prevention of accidents at work and at daily life
		- Leadership for wildland firefighters, four team members of Aliança Brigade received this training to become instructors for the 2015 indigenous firefighting upcoming training events.
		✓ Brigada Aliança provided training in:
		- Basic Firefighting for 13 environmental analysts of Aliança da Terra to support private landowners surrounding the Xingu Indigenous Reserve in fire prevention methods, to include property-level firefighting plans, inventorying firefighting equipment and machinery, identifying water

collection points, providing employee training, etc. This information was integrated to Aliança da Terra's intelligence to be used in both future fire prevention and fire suppression activities by the Brigada Aliança.

- Basic Firefighting for 15 different tribes from Xingu National Park: 49 participants, 32 hours

  - A firefighting training facility was built at the Kamayurá Indigenous Ipavu village in the Xingu Indigenous Reserve in anticipation to this training event.
  - This training event was planned for the 1st semester 2015, but was requested to be postponed until September 2015 by Chief Kotok Kamayurá due to the death of his father, a famous leader of the Park, and the subsequent death ceremony, the Kuarup. This ritual demands a mourning period whereby the relatives of the chief are prohibited from only do basic activities until the completion of the ceremony in late July.
  - This training exercise is part of a long-term plan to capacitate the indigenous in using prescribed burns for traditional uses while protecting the now-vulnerable native forest within which they live.

    - During this training exercise, the Water Brothers from TVO Canada (Alex and Tyler Mifflin) shot videos to compose a documentary in partnership with the Flying

		Rivers Project. The episode has not yet been released.
		- Refreshment firefighting course for the Xavantes Fire Brigade: 18 participants, 16 hours
6House and equip 3 key additional units to effectively coordinate with AT	Physical support structure in place	✓ Two firefighting bases set up in two locations with high fire risk - Novo Santo Antonio (base moving to town) and Bordolândia (renovation of the base).
		✓ Negotiations for new monitoring and forest firefighting bases in Confresa and Alta Floresta in Mato Grosso never consolidated
		✓ In Jun 2015, negotiations with the Public Attorney's office in Barra do Garças, Mato Grosso, started in order to establish a joint management project with SEMA (State Environmental Agency) to coordinate firefighting actions at Serra Azul State Park. The agreement was signed in 2016 and a new base is fully operational.
Fight more than 200 fires during project lifetime	Firefighting reports	✓ 2013: total of 20 fire combats or 268 firefighting hours or 3.771 man.hours of action
		✓ 2014: total of 61 fire combats or 826 firefighting hours or 7.176 man.hours of action
		✓ 2015: total of 19 fire combats or 200 firefighting hours or 2.232 man.hours of action
Collaborate with scientific teams to evaluate impact of fires and design improvements in identification and control	Independent scientific work on-going	✓ A second technical report on "Environmental performance monitoring and evaluation of AT's fire brigades and the rural properties participating in the Registry of Social Environmental Responsibility" was concluded in the first semester of 2016, on 2015 season, by the Remote Sensing Center (CSR – Centro de Sensoriamento Remoto) from the Federal University of Minas Gerais (UFMG – Universidade Federal de Minas Gerais).

		✓ The report is attached to the same email containing this report.

Output 4. Carbon volume and value available on private lands integrated into emerging jurisdictional programs.

This output is designed to provide a contact point between emerging REDD+ programs and projects and to ensure that the landowners in the RSR, and elsewhere, are able to meet those standards and participate in REDD+ incentive mechanisms.

Specific activity list:

Activity	Indicator	Executed from 2013-2015
RSR database updated and fully functional, providing foundation for clean supply and REDD+	Database functioning and accessible for PES markets	✓ Aliança da Terra concluded the development of the *Producing Right Platform*, a web-based database that stores all data related to the social, environmental and productive aspects of the rural properties integrating the Registry of Social-Environmental Responsibility (RSR). - The platform is fully prepared to providing the foundation for clean supply and REDD+
Carbon Monitoring and Accounting System fully implemented on RSR properties	System functioning and carbon measurements available (CMAS)	✓ By the end of this project, the integration between the Producing Right Platform and CMAS was not yet concluded, but the carbon stock for member rural property has been calculated in the Platform. Please, refer to https://goo.gl/aArIuw. (methodology available upon request)
Landowners informed of REDD+ programs at State, National and International levels	Meetings and workshops to inform landowners	✓ Three workshops on "How to produce right while keeping the Cerrado and the Forest" were organized in Novo Santo Antônio and Serra Nova Dourada, municipalities located in the northeastern part of Mato Grosso, reaching out to 106 rural producers
AT REDD+ work coordinated with REDD+ partners	Meetings and workshops held	✓ Did not happen
Lay the foundation for a measurable low carbon certification program for participating producers	Certification protocols and criteria developed and available on AT website	✓ Carbon certification program still under discussion with Dr. Daniel Nepstad ✓ Still ongoing development of the Carbon protocols

2.7 **Cross cutting concerns.** Report on whether the project has contributed to

a) Reduced corruption

This project addresses the issue of reduction of corruption as it supports the expansion of the Registry of Social-Environmental Responsibility, which promotes good land stewardship as well as improved agricultural practices. As rural producers commit themselves to follow official regulations such as the national forest code, labor and social laws, in order to improve the environmental and social management of their properties, transparency and commitment are fomented and the chances of corruption are reduced (e.g. bribery, illegal land acquisition, etc).

b) Gender equality

This project, as all other projects implemented by Aliança da Terra, promote gender equality. Aliança da Terra registers rural properties whose owners are man and women as well as training firefighters from both gender. In addition, male and female employees are given equal opportunities within Aliança da Terra's work environment.

c) Respect for human rights

This project addresses the issue of Human Rights as it promotes the insertion of a marginalized population into a clean and deforestation-free beef supply chain, assisting them in the development and consolidation of economic activities, which will ensure a better livelihood in the long-term.

2.9 **Lessons learned**. Give a short description of lessons learned during the year in question. For final report, please summarize lessons learned for the whole agreement period.

A relevant lesson to be reported is the fact that rural producers have been showing a significant resistance to accepting the idea of raising their production standards to a level suitable for certification, REDD+, or other market-based incentives. Below, we present a list of reasons (but are not limited to):

✓ Lack of knowledge on certifications
✓ Large number of environmental liabilities in properties hampers adoption of certifications due to the high cost to perform adjustments, which implies the reduction of profitability and, consequently, the lack of interest of producers to adhere
✓ Most rural producers do not have the means to invest in the correction of environmental problems within the stipulated time given by certification agents
✓ There is no assurance that a premium will be paid to producers, which could impact in the recovery of the investments done to reach certification standards

On the other hand, Aliança da Terra has been managing this scenario through:

✓ Regular technical support to all rural producers
✓ Information dissemination on the different types of certification available in the market and their respective benefits
✓ Close relationship with potential buyers of certified commodities (Aliança da Terra has already secured commercial deals for certified soy)
✓ Social Environmental Diagnostics are prepared and delivered to rural producers serving as a guide during the process of improving their properties to reach the standard level for certification

With regards to the work done with the smallholders on improving the quality of their cattle production through the introduction of Artificial Insemination at Fixed time (AIFT) and PO Bulls, the most significant challenges encountered along the implementation of this project were:

- ✓ Limited access to credit lines by settlers to improve their productive infrastructure, mostly due to the absence of clear land titles. Consequently, AdT managed to negotiate a credit line with Banco do Brasil by getting the bank to extend credit to Mata Azul smallholders.

- ✓ During the second semester of 2014, the artificial insemination exercise did not achieve great numbers because the inseminations occurred mostly during the months of July to October, the dry months of the year. Since the cattle from the rural settlements depends on natural grazing to feed themselves, during those months, pasture was limited, cows were underweight and, therefore, they were not prepared for their reproduction cycle. Also, the rainy season started later than expected, in November/14, extending the dry season in one more month.

- ✓ As the project progressed, AdT realized that the insemination cost was getting higher than originally estimated and the number of cattle available at Mata Azul settlement was overestimated by INDEA (Institute of Agricultural and Livestock Defense of Mato Grosso). Hence that, AdT had to make two strategic choices: 1) perform as many insemination as possible with the available funds and 2) to expand the project area to Macife I settlement in order to reach a larger number of animals.

- ✓ By the end of the project, each insemination was costing approximately EUR 26,00. Which included specialized veterinary services, purchase of hormones and support materials and ultrasound exams. Also, the costs with the require logistics to reach out to all 103 beneficiaries was higher. AgroGenética covered a total of 77.033 km in order to attend all participants of this project. In the end, AdT achieved 6.732 artificial inseminations (AIFT) which was the equivalent of 90% of the re-established project goal of 7.500.

3. Case/success story

3.1   Please give a short description of a positive result (at any level of the results chain) which the project has achieved the last year. The case should include a short description of the activity, a description of what was achieved and how this relates to the planned outcomes. The case may be shown on norad.no or other public Norwegian website.
Please attach a relevant picture, which can be used by Norad, including name of photographer.

For 2015 the case we would like to present is on the progress of the Producing Right Seal of Origin, which was highlighted in the 2014 Annual Report, due to its importance on achieving this project's outcome by creating a clean, transparent and low deforestation beef supply chain developed and delivering product to market

Following the successful launch of the Producing Right Seal of Origin in 2014, resulted from a partnership established with a beef supply chain consultant Beef&Veal (http://beefveal.com.br/) and a beef boutique store from São Paulo, FEED (http://www.feed.com.br/), a total of 13,5 tons of beef fully traceable to its origin farm was offered to high-end consumers interested to buy a differentiated product presenting its social-environmental origin status. As a consequence of this first step, Aliança da Terra was invited to become one of the organizations supporting the *Rio Sustainable Food Initiative for 2016 Olympic and Paralympic Games* (http://rio-alimentacaosustentavel.org.br/site/parceiros/)

The Rio Sustainable Food Initiative was the result of an alliance between civil society organizations, government and research institutions, under the coordination of Conservation International (CI-Brasil)

and WWF-Brasil, aiming to support the Rio 2016 Committee to find viable healthy and sustainable food supplies for the 2016 Olympic Games, leaving a legacy of transformative results in food value chains for Rio de Janeiro and Brazil.

Overall, the idea was great, but the reality was a different story.

The Producing Right Seal of Origin was approved by the initiative and it was adopted for responsible beef products supplies. For almost a year, Aliança da Terra participated in numerous meetings and budget planning exercises with several catering companies, but in the end, the product price was chosen over sustainability. Unfortunately, traceable beef presents an added value when compared to ordinary beef offered by the market, which makes competition impossible.

In the end it was a great disappointment to the entire initiative because the concept of promoting the consumption of healthy and sustainable food supplies was downgraded to a meaningless contract clause between the catering companies and the Olympic Committee.

We can say that during the 2016 Olympic Games, almost no food with traceable origin was consumed.

Figure 1: *Rio Sustainable Food Initiative* website, page of partners
(http://rio-alimentacaosustentavel.org.br/site/parceiros/)

Figure 2: Label designed and inserted into the beef cuts sold at FEED

Launching this seal represents a very important stepping stone in the expansion of the Producing Right Platform and for the agricultural commodity supply chain actors in Brazil to improve transparency, adopt and invest in better management practices, help alleviate poverty, and participate in REDD Programs, while filling the demand generated by the market or international certifications.

4. Project's accounts for last year:

Below, we present a financial summary with the history of funds received and spent per year. Find attached to the same email containing this final report, the 2015 Project Audit Report done by PwC and the spreadsheet giving details on the outputs expenditures.

Figure 1: The table below presents the 3-Year Financial Report in NOK

In NOK	2013			2014			2015			TOTAL		
	Budget	Reported	Variance	Budget	Audited	Variance	Budget	Audited	Variance	Budget	Actual	Variance
Balance at January 01		-			389.294			(55.488)				
Funds received		6.000.000			6.000.000			6.000.000			18.000.000	
Funds spent		5.610.706			6.444.782			6.178.351			18.233.839	
Balance at December 31		389.294			(55.488)			(233.839)			(233.839)	
Total Project	6.000.003	5.610.706	389.297	6.000.003	6.444.782	(444.780)	6.000.003	6.178.351	(178.348)	18.000.006	18.233.839	(233.833)
Output 1 - RSR expanded, clean supply and REDD+ programs	2.534.345	3.058.137	(523.792)	2.534.345	2.436.120	98.225	2.534.345	2.077.549	456.796	7.603.035	7.571.805	31.229
Output 2 - Fire Fighting, Network, Training and Fighting	1.192.367	974.282	218.085	1.192.367	1.946.859	(754.493)	1.192.367	2.098.991	(906.625)	3.577.100	5.020.132	(1.443.032)
Output 3 - Poverty Alleviation through herd improvement	1.219.539	875.025	344.514	1.219.539	1.126.577	92.962	1.219.539	1.072.512	147.027	3.658.617	3.074.115	584.502
Output 4 - Linking jurisdictional REDD+ to private lands	1.053.753	703.262	350.491	1.053.753	935.226	118.526	1.053.753	929.299	124.454	3.161.258	2.567.787	593.471
Total Project	6.000.003	5.610.706	389.297	6.000.003	6.444.782	(444.780)	6.000.003	6.178.351	(178.348)	18.000.006	18.233.839	(233.833)

Figure 2: Figure 1: The table below presents the 3-Year Financial Report in BRL (Reais)

In Reais	2013			2014			2015			TOTAL		
	Budget	Reported	Variance	Budget	Audited	Variance	Budget	Audited	Variance	Budget	Actual	Variance
Balance at January 01	-			143.651			(20.095)					
Funds received	2.089.412			2.208.969			2.470.833			6.769.214		
Funds spent	1.945.761			2.372.715			2.450.729			6.769.205		
Balance at December 31	143.651			(20.095)			9			9		
Total Project	2.043.060	1.945.761	97.299	2.043.060	2.372.715	(329.655)	2.043.060	2.450.729	(407.669)	6.129.186	6.769.205	(640.019)
Output 1 - RSR expanded, clean supply and REDD+ programs	862.971	1.043.733	(180.762)	862.971	896.883	(33.912)	862.971	824.089	38.882	2.611.487	2.764.705	(153.217)
Output 2 - Fire Fighting, Network, Training and Fighting	406.013	332.519	73.494	406.013	716.757	(310.744)	406.013	832.594	(426.581)	1.214.430	1.881.870	(667.441)
Output 3 - Poverty Alleviation through herd improvement	415.265	329.488	85.777	415.265	414.761	504	415.265	425.427	(10.162)	1.270.855	1.169.676	101.179
Output 4 - Linking jurisdictional REDD+ to private lands	358.814	240.021	118.793	358.814	344.313	14.501	358.814	368.619	(9.805)	1.102.507	952.954	149.553
Total Project	2.043.060	1.945.761	97.299	2.043.060	2.372.715	(329.655)	2.043.060	2.450.729	(407.669)	6.129.186	6.769.205	(640.019)

Date: 08.11.2016

Signature: Lilian Costa Scheepers
              Project Manager

Attachments: PwC 2015 Auditing Reports on Aliança da Terra and on NORAD project