



Darwin Initiative Main/Post/D+ Project Half Year Report (due 31st October 2018)

Project reference	23-016
Project title	Yerba mate – a market-driven model for conserving Paraguay's Atlantic Forest.
Country(ies)/territory(ies)	Paraguay
Lead organisation	BirdLife International
Partner(s)	Guyra Paraguay
Project leader	Nonie Coulthard
Report date and number (e.g., HYR3)	31 st October 2018 HYR3
Project website/blog/social media etc.	http://www.birdlife.org/americas/partners/paraguay-guyra ; https://twitter.com/guyraparaguay https://twitter.com/BirdLife_News

1. Outline progress over the last 6 months (April – Sept) against the agreed baseline timetable for the project (if your project has started less than 6 months ago, please report on the period since start up to end September).

1.4 Development of participatory community business and enterprise plans, with support from the private sector

The Business Plan was developed for the whole San Rafael shade-grown yerba mate enterprise (both Mbya Guarani indigenous producers inside the Reserve and 'campesino' farmers outside). The 'best' scenario in the Plan involves sales to the private sector company Guayaki (market leader in export sales to the United States – where premium prices can be obtained for organic and shade-grown product for use in energy and sports drinks). The internal rate of return (IRT) would be 51.9% if the product were sold to Guayaki for export, (compared with selling the same product into conventional markets in Paraguay which provides an IRT of 27.7%). However, investments are required in order to achieve exports and premium prices – including construction (or access to) an industrial drying plant ('secadero') which can produce yerba mate dried without exposure to smoke and probably also organic and Fair-Trade certification. The proposal from the Business Plan consultancy is to form alliances with a private sector company which might help finance these requirements. Commitments from companies are being negotiated to achieve the best outcome for San Rafael communities (for example ensuring that no one company demands exclusive buying rights in return for investments in production or certification). It is estimated that developing product for export will take two years from the first shade-grown, organic harvests (in 2019) and that an export business will provide return on investment and go into profit from the third year of sale (prices of 2.5 USD/kg for 'pure-leaf' product). If the San Rafael product is sold only into conventional markets ('worst case'), the business would be viable only from the fifth year of sale onwards (and lower profits). Although this 'worst-case' is also viable, the conclusion is that best value for communities will be achieved through investment in production and quality of a shade-grown, organic product sold at premium prices into export markets.

1.5 Training of the communities on farm and business management, focused on marketing and commercialization

Technical visits continue weekly to producers and their parcels, to monitor yerba mate plantations and provide technical support to maintenance. A second series of training workshops on harvesting and pruning was carried out in Santa Ana in April, with attendance of 27 producers

(26 men; 1 woman) including new producers (from Joveré community) who started work with the project in Year 3. Other training topics included the yerba mate drying plant (need for fuelwood); organic management and certification; disposal of solid residues (avoiding use of chemicals).

A training workshop on “financial goals” was carried out in June 2018 following the methodology and trainers’ guidelines of the “*Más Vale Saber*” Programme (“*It is worth knowing*”). Copies of the materials were supplied to every participant so that they can review this with their families. More than 50 % of the project producers attended (22 men and 2 women) and discussed personal, family and community “life” goals, and the importance of saving (topics not often addressed by communities). The problem of attendance by women was highlighted – although men and women were invited equally, someone in the family (usually women) has to remain home with small children. The producers found the workshop very valuable and requested further business training. A second workshop in September (25 men and 4 women) focussed on “Budget elaboration” and financial forecasting and management and was equally well-received.

The project continues to help 4 communities (1 Mbya Guarani and 3 ‘*campesino*’) to obtain all necessary documentation for product certification and sale, plus registration documents for the producers’ groups. These were obtained for the Oga Ita producers’ group, but other communities presented documentation to the Municipality of Alto Verá for renewal and did not keep copies (as they have no access to copying machines). It was highlighted that it is elementary to keep copies of important documents and the team will assist in obtaining copies (or photographs) next quarter.

1.6 Meetings, negotiation and agreements with the companies committed to and interested in the purchase of the product

Several meetings were carried out with potential purchasers, resulting in progress on deals for the project beneficiaries. Follow-up meetings with Guayaki (who have supported the project since its inception) led to interest in buying part of the 2018 organic production (30,000 kg = 10,000 Kg of processed leaves). This was not achieved (due to lack of access to a drying plant in which smoke is kept away from the drying leaves) so the 2018 harvest was sold locally at “conventional” prices. The project team is helping to negotiate sales agreements for the 2019 harvests (potentially using the drying plant of another company (Yerba Mate Pajarito) for a negotiated fee).

A first meeting was also held with Yerba Mate Montana in August, who also expressed interest in buying organic yerba mate in 2019 and contributing funds to support the San Rafael industry. Guyra Paraguay are supplying data on the production volume to be harvested in 2019 and Yerba Mate Montana will seek for funds to cover the costs of drying. They are also considering funding the construction of a local yerba mate drying plant. This is of great interest to the San Rafael producers but there might be a disadvantage if they request exclusivity for the product, so, the project team continues to help evaluate the best option for the project beneficiaries.

Samples of San Rafael yerba mate leaf were presented at the Ordinary Assembly of Guyra Paraguay in August 2018. Three project producers presented their experiences of organic yerba mate production. This event was very important to share progress on the project with Guyra Paraguay’s members, employees, volunteers and potential purchasers, and to promote the importance of shade-grown yerba mate and its forest conservation and local livelihoods benefits.

2.2 Planting of 10 ha of yerba mate in Mbya Guarani and 40 ha (*campesino*) communities

An additional 23 ha of yerba mate were planted in Joveré (new project community) and Oga Ita *campesino* communities in 2018, taking the total project-planted area to 48 ha (very close to the target of 50 ha). In addition, significant areas of 2017 planting had to be supplemented or re-planted in 2018 (seedling/ planting success in Year 2 was lower than in Year 1).

2.5 Monitor biodiversity in the parcels of production of yerba mate

Further data on birds, amphibians and reptiles were collected (summer, autumn and winter seasons). A total of 112 bird species, 7 amphibians and 3 reptiles have been recorded to date (57 species in shade-grown yerba mate parcels; 64 at the border of shade-grown yerba mate parcels and 52 in open areas). A total of 20 endemic Atlantic Forest species have now been recorded under the project monitoring. Four amphibian and reptile species were recorded; 2 reptiles (*Teius oculatus* and *Stenocercus caducus*) and 2 amphibians (*Rhinella* sp. and *Leptodactylus fuscus*). Of these, *Stenocercus caducus* was collected at the forest border and the other three species were collected in open areas. Average temperature in autumn was 5.8°

higher than the previous year and humidity 5% lower (with no precipitation during the monitoring visits), which may account for higher activity levels and higher numbers of amphibians and reptiles recorded in autumn 2018. A publication is in preparation (see 3.4 below).

2.6 Monitor livelihoods and wellbeing impacts, based on participatory indicators identified at household and/or community level, and against a year 1 baseline

The project Monitoring and Evaluation Committee met twice during the period and focussed on the socio-economic (wellbeing, livelihoods and capacity) monitoring. The socio-economic and capacity consultancy reports (Bragayrac) were finally received but do not provide the baseline (Year 1) data that were asked for – to allow for monitoring of change and impact attributable to the Darwin project. There is useful information and the M+E committee are reviewing the reports to extract ‘baseline’ data collected in Years 1 and 2 and to devise a follow-up questionnaire to allow for Year 3 ‘self-assessment’ by communities of the project impacts on wellbeing, livelihoods and capacity. BirdLife Secretariat social scientists and M+E experts are providing advice.

2.7 Monitoring of the forest cover through satellite images; monitor incidences of environmental crimes and other threats

Threat monitoring continues through patrolling and exchange of information of overflights carried out by the Procosara Association. Analysis of the satellite images from July 2018 showed land use change of 1.5 ha in Arroyo Moroti, 0.3 ha in Oga Ita, 2.45 ha in Santa Ana and 1.73 ha in Joveré. A total of 14 cases of illegal activities were identified in San Rafael during the first semester of 2018, 6 of them due to wood extraction, 3 of them due to land use change, 2 of them due to wood traffic and one due to illegal crops.

3.2 Develop a guidance/manual document about the process of production and commercialization of shade grown yerba mate

This is being addressed through the production of a summary of presentations given at the Yerba Mate Related to Native Forest Forum in 2017. Eight lecturers supported the elaboration of the document with summaries of the topics presented at the Forum. This document will be used to disseminate and share information including: shade-grown yerba mate production in San Rafael; experiences of recovery of yerba mate agro-ecosystems in Paraguay; best practices in organic yerba mate production and forest conservation; agroforestry management in yerba mate parcels; amphibians and reptiles in shade grown yerba mate production in the Reserve for San Rafael National Park; birds in shade-grown yerba mate; and production of seedlings in nurseries. The idea is to distribute the document among the producers, on Guyra Paraguay’s website and on the Guyra Paraguay stand at the National Yerba Mate Congress (in Itapúa in October 2018).

3.4 Publication of articles about the factors that affect biodiversity in the process of production of yerba mate

The Guyra biodiversity monitoring team are preparing a paper for publication in ‘Conservation Evidence Magazine’ in January 2019. The paper will focus on the contribution of the shade-grown yerba mate production system to biodiversity conservation, using birds, amphibians and reptiles as indicators. Data on diversity in shade-grown yerba mate parcels, at the border of shade-grown parcels and under conventional crops (open fields) will be compared. All students who helped with data collection will be co-authors, supporting their continuing professional development.

3.5 Production of a short video on community-based production of shade yerba mate and biodiversity conservation, local livelihoods and indigenous culture, for showing national, regionally and internationally.

Photos and video images were recorded over 4 days in June at Oga Ita, Joveré, Santa Ana and Arroyo Moroti communities, as well as the Guyra Paraguay Kanguery Field Station, with the goal of producing a series of at least three videos about shade-grown yerba mate production and biodiversity conservation. Four project producers (3 men; 1 woman) were interviewed. The videos will facilitate much wider understanding of shade-grown yerba mate production and the way of life of farmer and indigenous communities in the Reserve for San Rafael National Park and project influence area. ‘Guarani Soul’, the video production and editing team, will ensure wide dissemination via the ‘Red Guarani’ TV Channel and YouTube.

4.2 Meetings with government authorities to promote the farming of shade grown yerba mate as a market-based approach supporting conservation of Atlantic Forest biodiversity

4.5 Provide information to and lobby the National Forestry Institute (INFONA) to use and help promote the project's lessons, approach and evidence-based guidelines to establish the shade-grown yerba mate model as part of an Atlantic Forest conservation strategy (Paraguay and regionally)

Presidential elections in Paraguay in April were followed by a period of instability and delays in appointment of officials and all processes in public institutions. Several joint (government) training events which Guyra were requested to organize (for INFONA) or were invited to (Paraguay-Bio in Itaipu) were cancelled and no support was received in response to Guyra requests for provision of seedlings for Arroyo Moroti from government-supported institutions.

Following the change of regime (once new appointments were confirmed at the National Forestry Institute (INFONA)), Guyra Paraguay held an introductory ('socialization') meeting in September with INFONA's new president. He is a young forestry engineer who has previously worked for the yerba mate industry and has new ideas for the institute. Their current priorities are the strengthening of the monitoring and control system for deforestation; ecological restoration in the Oriental Region of the country; and systematization of the processes for national forests management. The meeting was successful and resulted in the decision to sign a cooperation agreement with Guyra Paraguay to join forces to work with specific topics of interest. A draft of the cooperation agreement is being drafted by the project team and Guyra Paraguay staff.

2a. Give details of any notable problems or unexpected developments/lessons learnt that the project has encountered over the last 6 months. Explain what impact these could have on the project and whether the changes will affect the budget and timetable of project activities.

The need for replenishment/ replanting of Year 2 yerba mate seedlings (see 2.2), together with costs of additional planting in Year 3 to reach the project targets caused some budget difficulties. To compensate, the decision was taken to cancel an additional exchange visit to other indigenous yerba mate producers in Brazil (activity 2.3) as the benefits for the project and communities had already been realized through the highly successful visit (to Ache of Kué Tuvy) in Year 1.

The lack of socio-economic baselines for monitoring change attributable to the Darwin project is an issue (2.6). However, the consultant reports contain good basic data on communities (e.g. household data and hectares of yerba mate/ other crops at the project start). The M+E Steering Committee is working out how to use these data and design a follow-up questionnaire for the field team to use with communities in 3rd quarter Year 3 to assess Darwin impacts.

Policy engagement continues to be difficult – due to lack of regional and national government commitment and interest in yerba mate as a forest product and model for livelihoods/ income and forest conservation. There appears to be much greater potential for INFONA engagement and commitment following elections in 2018 and Guyra will accelerate efforts to achieve policy objectives in Year 3. A Stage 2 Darwin proposal is in preparation to take forward the San Rafael Business Plan and shade-grown yerba mate/ forest conservation model developed under this project and to achieve wider uptake, political influence and policy support in a next phase.

There was some confusion over the AR2R which reviewed the AR2 against the original project Log Frame instead of the revised one (approved Change Request). This was resolved through discussion with LTS advisers. A response to some other AR2R comments will be submitted separately (together with English summary translations of M+E reports as requested).

2b. Have any of these issues been discussed with LTS International and if so, have changes been made to the original agreement?

Discussed with LTS: Yes/No

Formal change request submitted: Yes/No

Received confirmation of change acceptance ~~Yes/No~~ N/A

3a. Do you currently expect to have any significant (e.g., more than £5,000) underspend in your budget for this year?

Yes No Estimated underspend: £

3b. If yes, then you need to consider your project budget needs carefully. Please remember that any funds agreed for this financial year are only available to the project in this financial year.

If you anticipate a significant underspend because of justifiable changes within the project, please submit a rebudget Change Request as soon as possible. There is no guarantee that Defra will agree a rebudget so please ensure you have enough time to make appropriate changes if necessary.

4. Are there any other issues you wish to raise relating to the project or to Darwin's management, monitoring, or financial procedures?

No

If you were asked to provide a response to this year's annual report review with your next half year report, please attach your response to this document. Additionally, if you were funded under R24 and asked to provide further information by your first half year report, please attach your response as a separate document.

Please note: Any planned modifications to your project schedule/workplan can be discussed in this report but **should also be raised with LTS International through a Change Request.**

Please send your **completed report by email** to Eilidh Young at Darwin-Projects@ltsi.co.uk . The report should be between 2-3 pages maximum. **Please state your project reference number in the header of your email message e.g. Subject: 22-035 Darwin Half Year Report**