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INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

PROJECT PAPER

ON A

PROPOSED STRATEGIC CLIMATE FUND–FOREST INVESTMENT PROGRAM
(SCF–FIP)

SMALL GRANT

IN THE AMOUNT OF
US\$ 1.00 MILLION

TO THE

FUNDACAO PRO-NATUREZA (FUNATURA)

FOR A

BRAZIL INVESTMENT PLAN COORDINATION
September 29, 2017

Environment & Natural Resources Global Practice
Latin America And Caribbean Region

CURRENCY EQUIVALENTS

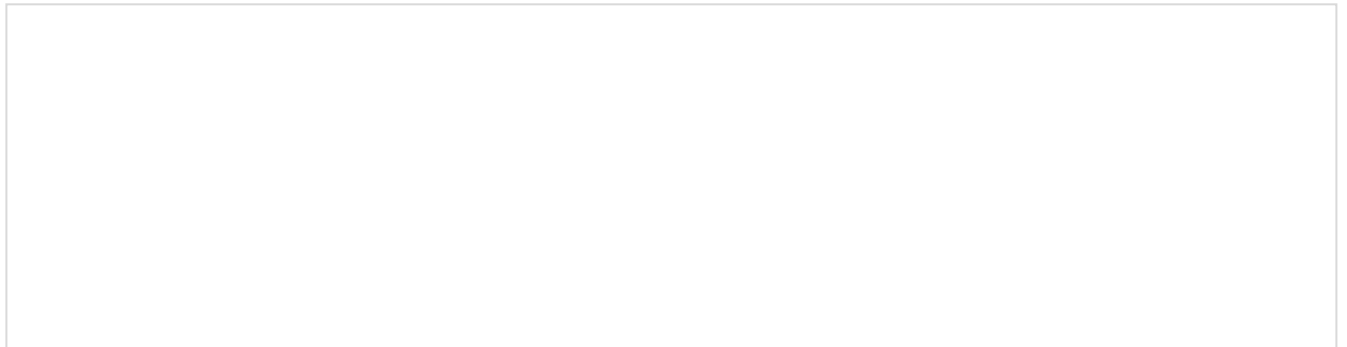
(Exchange Rate Effective {Sep 27, 2017})

Currency Unit = Brazilian Reais

BRL3.14 = US\$1

FISCAL YEAR

January 1 - December 31



ABBREVIATIONS AND ACRONYMS

ABEMA	<i>Associação Brasileira de Entidades Estaduais de Meio Ambiente</i> (Brazilian Association of State Environmental Entities)
AFOLU	Agriculture, Forestry and Other Land Use
BIP	Brazil Investment Plan
BIP-IEC	BIP's Interministerial Executive Committee
CAR	<i>Cadastro Rural Ambiental</i> (Rural Environmental Cadastre)
CIF	Climate Investment Funds
CO ₂	Carbon dioxide
CONACER	<i>Comissão Nacional do Programa Cerrado Sustentável</i> (National Commission for the Sustainable Cerrado Program)
CPF	Country Partnership Framework
DEFRA	Department for Environment, Food and Rural Affairs of the United Kingdom
DGM	Dedicated Grant Mechanism for Indigenous Peoples and Local Communities
EMBRAPA	<i>Empresa Brasileira de Pesquisa Agropecuária</i> (Brazilian Agricultural Research Corporation)
FIP	Forest Investment Program
FM	Financial Management
FOG	Framework Operational Guidelines
G-DGM	Global Dedicated Grant Mechanism
GHG	Greenhouse Gas(es)
GoB	Government of Brazil
ha	Hectare(s)
IBRD	International Bank for Reconstruction and Development/ The World Bank
IDB	InterAmerican Development Bank
ICMBio	<i>Instituto Chico Mendes de Conservação da Biodiversidade</i> (Chico Mendes Institute for Biodiversity Conservation)
IFRs	Interim Unaudited Financial Reports
IPCC	Intergovernmental Panel on Climate Change
IPLCs	Indigenous Peoples and Local Communities
IT	Information Technology
km ²	Square kilometer(s)
LUCF	Land Use Change and Forestry
M&E	Monitoring and Evaluation
MAPA	<i>Ministério da Agricultura, Pecuária e Abastecimento</i> (Ministry of Agriculture, Livestock and Food Supply)
MCTI	<i>Ministério da Ciência, Tecnologia e Inovação</i> (Ministry of Science, Technology and Innovation)
MDA	<i>Ministério do Desenvolvimento Agrário</i> (Ministry of Agrarian Development)
MDB	Multilateral Development Bank

MMA	<i>Ministério do Meio Ambiente</i> (Ministry of Environment)
SBPC	
NEA	National Executing Agency
NGO	Nongovernmental Organization
NSC	National Steering Committee
PDO	Project Development Objective
PNMC	<i>Política Nacional de Mudanças Climáticas</i> (National Policy on Climate Change)
PPCerrado	<i>Plano de Ação para Prevenção e Controle do Desmatamento e das Queimadas: Cerrado</i> (Action Plan to Prevent and Control Deforestation and Fires in the Cerrado Biome)
REDD+	Reducing emissions from deforestation and forest degradation; and the role of conservation, sustainable forest management and enhancement of forest carbon stocks
SBPC	<i>Sociedade Brasileira para o Progresso da Ciência</i> (Brazilian Society for Scientific Progress)
SCF	Strategic Climate Fund
SecEx	Secretaria Executiva (Executive Secretariat, under MMA)
SIAFI	<i>Sistema Integrado de Administração Financeira</i> (Federal Integrated Financial Administration System)
STEP	Systematic Tracking of Exchanges in Procurement
tCO _{2eq}	Tons of carbon dioxide equivalent
TORs	Terms of Reference
UGPI	<i>Unidade de Gestão do Plano de Investimento do Brasil</i> (Brazil Investment Plan Management Unit)
UNFCCC	United Nations Framework Convention on Climate Change



BASIC INFORMATION

Is this a regionally tagged project? No		Country (ies)
Financing Instrument Investment Project Financing		Classification Small Grants
<input type="checkbox"/> Situations of Urgent Need or Assistance/or Capacity Constraints <input type="checkbox"/> Financial Intermediaries <input type="checkbox"/> Series of Projects		
Approval Date 30-Nov-2017	Closing Date	Environmental Assessment Category C - Not Required
Approval Authority CD Decision	Bank/IFC Collaboration No	
Please Explain		

Proposed Development Objective(s)

The objective of the Project is to strengthen the Federative Republic of Brazil's capacity in (i) coordinating Brazil Investment Plan (BIP) projects; (ii) supervising, planning, monitoring, evaluating, and reporting on BIP's implementation.

Components

Component Name	Cost (USD Million)
Brazil Investment Plan Coordination	900,000.00
Project Management	100,000.00



Organizations

Borrower : Fundacao Pro-Natureza - FUNATURA

Implementing Agency : Ministry of Environment

PROJECT FINANCING DATA (US\$, Millions)

[] Counterpart Funding [] Trust Funds [] Parallel Financing

Total Project Cost:
1.00

Total Financing:
1.00

Financing Gap:
0.00

Financing (in USD Million)

Financing Source	Amount
Strategic Climate Fund Grant	1.00
Total	1.00

Expected Disbursements (in USD Million)

Fiscal Year	2018	2019	2020	2021	2022
Annual	0.30	0.20	0.20	0.20	0.10
Cumulative	0.30	0.50	0.70	0.90	1.00

INSTITUTIONAL DATA

Practice Area (Lead)

Environment & Natural Resources

Contributing Practice Areas



Private Capital Mobilized

No

Gender Tag

Does the project plan to undertake any of the following?

a. Analysis to identify Project-relevant gaps between males and females, especially in light of country gaps identified through SCD and CPF

No

b. Specific action(s) to address the gender gaps identified in (a) and/or to improve women or men's empowerment

No

c. Include Indicators in results framework to monitor outcomes from actions identified in (b)

No

OVERALL RISK RATING

Risk Category

Rating

Overall

● Moderate

COMPLIANCE

Policy

Does the project depart from the CPF in content or in other significant respects?

Yes No

Does the project require any waivers of Bank policies?

Yes No

Safeguard Policies Triggered by the Project

No



Legal Covenants

Sections and Description

Technical Cooperation Agreement (TCA) between MMA and FUNATURA.

Sections and Description

Establish and maintain the UGPI up to 3 months after the signature of the TCA.

Conditions

PROJECT TEAM

Bank Staff

Name	Role	Specialization	Unit
Maria Bernadete Ribas Lange	Team Leader(ADM Responsible)		GEN04
Frederico Rabello T. Costa	Procurement Specialist(ADM Responsible)		GGO04
Miguel-Santiago da Silva Oliveira	Financial Management Specialist		GGO22
Alberto Coelho Gomes Costa	Social Safeguards Specialist		GSU04
Carolina Abreu Dos Santos	Team Member		LCC5C
Daniella Ziller Arruda Karagiannis	Team Member		GEN04
Marcio Cerqueira Batitucci	Environmental Safeguards Specialist		GEN04
Wanessa De Matos Firmino Silva	Team Member		LCC5C

Extended Team

Name	Title	Organization	Location
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BRAZIL
BRAZIL INVESTMENT PLAN COORDINATION

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I. STRATEGIC CONTEXT

A. Country Context

1. **Brazil is a vast country and its development prospect matter globally.** A continental power, Brazil is the fifth largest country on earth (in both land area and population)¹, with 204 million inhabitants. Strong progress has been made in reducing poverty and increasing shared prosperity in recent years, with extreme poverty and poverty rates dropping to 2.8 percent and 7.4 percent, respectively. However, the extreme poverty rate is estimated at 7.5 percent among the rural population, and particularly among Indigenous People and Quilombola communities (PNAD, 2014)².
2. **Brazil has been assuming global responsibilities.** Launched by Brazil in 2009, the National Policy on Climate Change (Política Nacional de Mudanças Climáticas, PNMC) defines the objectives and guidelines for operations related to climate change in Brazil. It officially determines the country's commitment to reduce emissions, which could generate a reduction of 36.1 to 38.9 percent in the projected emissions for 2020. In 2015, the Brazilian government announced at the United Nation Climate Conference in Paris the intended Nationally Determined Contribution (NDC) to the global effort of mitigating climate change. The NDC calls for reducing GHG emissions by 37 percent below 2005 levels by 2025 and 43 percent by 2030. The NDC includes a combined target of restoration and reforestation of 12 million hectares (7 million hectares of tree plantation plus 5 million hectares of restoration), along with zero net emissions from land-use change, zero illegal deforestation and other land-based targets by 2030³.
3. The Government of Brazil (GoB) recognizes that improving the effectiveness and efficiency of Brazil's environmental management system is a necessary step to: (i) improve the resilience of environments to climate change; (ii) address the challenges imposed by economic growth which demand greater natural resource use; and (iii) promote inclusive and environmentally sustainable growth.
4. Furthermore, a sustainable path toward poverty reduction and development would be one that manages natural resources for future generations, ensures social inclusion, and adopts fiscal responsibility to ensure that gains are not short-lived or achieved at the cost of future prosperity.

B. Sectoral and Institutional Context

5. **The Forest Investment Program (FIP).** The FIP is a targeted program of the Strategic Climate Fund (SCF), which is one of two funds under the framework of the Climate Investment Funds (CIF), a multi-donor trust fund managed by the World Bank and established in 2009. The FIP supports developing countries' efforts to reduce deforestation and forest degradation and to promote sustainable forest management that leads to emission reductions and the enhancement of forest carbon

¹ Realizing Brazil's potential and fulfilling its promises. World Bank. Report N 101431-BR

² http://www.ibge.gov.br/english/estatistica/indicadores/trabalhoerendimento/pnad_continua/

³ Brazil's INDC restoration and reforestation target – Analysis of INDC land-use target. The World Bank. July 2017



stocks (REDD⁴) by: (i) providing up-front bridge financing for readiness reforms and public and private investments identified through national REDD+ readiness strategy-building efforts; (ii) identifying opportunities to help them adapt to the impact of climate change on forests; and (iii) contributing to a range of beneficial activities such as biodiversity conservation, protection of the rights of Indigenous Peoples and local communities, poverty reduction and improvement of rural livelihoods. The FIP finances efforts to address the underlying causes of deforestation and forest degradation, and to overcome barriers that have hindered past efforts to do so in selected countries.

6. The FIP was designed to achieve four specific objectives: (i) to initiate and facilitate steps toward transformational change in developing countries' forest-related policies and practices; (ii) to replicable models to generate understanding and learning of the links between the implementation of forest-related investments, policies and measures and long-term emission reductions from REDD+; (iii) to facilitate the leveraging of additional financial resources for REDD+, including a possible United Nations Framework Convention on Climate Change (UNFCCC⁵) forest mechanism; and (iv) to provide valuable experience and feedback in the context of the UNFCCC's deliberations on REDD+. In its efforts to achieve these objectives, the FIP supports and promotes, inter alia, investments in the following areas: (i) institutional capacity, forest governance and information; (ii) investments in forest mitigation measures, including forest ecosystem services; and (iii) investments outside the forest sector that are needed to reduce the pressure on forests.

7. **The Cerrado Biome.** The Cerrado is a strategic biome for economic and environmental reasons as well as for food security. It covers a large area that contains significant carbon stocks and water resources, as well as substantial biodiversity. The Cerrado Biome covers approximately 200 million hectares (ha) of the Brazilian Central Plateau (24 percent of the country's total land area). As the second-largest biome in South America, it is home to the headwaters of three major South American river basins: Tocantins–Araguaia, Paraná–Plata, and São Francisco.

8. The Cerrado is responsible for more than half of Brazil's soybean production. Agriculture occupies around 22 million ha, involving mechanized farming on large tracts of land and the widespread use of chemical inputs to correct soil acidity and enhance fertility. The Cerrado has an estimated 50 million head of cattle, nearly 33 percent of the national herd, on 54 million ha of grassland.

9. The rapid expansion of agriculture in the Cerrado Biome has caused the conversion of natural vegetation to alternative land uses and has also increased the use of slash-and-burn as an agricultural practice. In 2015 the Cerrado lost about 9,348⁶ square kilometers (km²) of natural vegetation cover. At same year, Legal Amazon lost 6,207 km², this represents a far higher percentage in absolute and relative terms.

10. **The Brazil Investment Plan (BIP).** Under the above scenario, the BIP, endorsed by the FIP Subcommittee on May 18, 2012, represents an important step in the implementation of the FIP in Brazil.

⁴ REDD-plus (REDD+) stands for "Reducing Emissions from Deforestation and Forest Degradation, and the role of conservation, sustainable management of forests, and the enhancement of forest carbon stocks in developing countries." This policy mechanism is being negotiated under the United National Framework Convention on Climate Change (UNFCCC).

⁵ <http://newsroom.unfccc.int/>

⁶ http://combateaodesmatamento.mma.gov.br/images/conteudo/Planos_ultima_fase.pdf



The BIP seeks to promote sustainable land use and forest management improvement in the Cerrado, the second-largest biome in Brazil and South America, and to contribute toward reducing pressure on the remaining forests, reducing GHG emissions, and increasing carbon dioxide (CO₂) sequestration.

11. The BIP builds on existing climate change-related policies and practices in Brazil and supports the instruments that guide federal and state financing policies in the land-use sector, particularly the Forest Code and the Action Plan to Prevent and Control Deforestation and Fires in the Cerrado Biome (*Plano de Ação para Prevenção e Controle do Desmatamento e das Queimadas: Cerrado, PPCerrado*), and thus overcomes key barriers to their implementation. As such, the BIP invests in replicable models that will catalyze transformational changes in the Agriculture, Forestry and Other Land Use (AFOLU) in the Cerrado Biome, generate new knowledge, and build the foundations to leverage additional financial resources for an eventual future REDD+ mechanism under the UNFCCC.

12. The BIP comprises coordinated actions among three ministries (Ministry of Environment [*Ministério do Meio Ambiente, MMA*]; Ministry of Science, Technology and Innovation [*Ministério da Ciência, Tecnologia e Inovação, MCTI*]; and Ministry of Agriculture and Livestock and Food Supply [*Ministério da Agricultura, Pecuária e Abastecimento, MAPA*]). These actions are focused on building synergies to maximize the impact of a larger set of policies aimed at reducing deforestation in the Cerrado Biome.

13. The BIP covers two thematic areas and includes four interrelated projects, as shown below. Theme 1: Management and use of previously anthropized areas, aims to promote sustainable use on privately run farms. Better land use will result in reduced emissions and improved carbon sequestration, and will ease pressures for deforestation on the remaining forests. Theme 2: Production and Management of Forest Information, aims to generate and make available spatially and temporally consistent environmental information for the biome.

14. The BIP also proposes coordinated and synergistic⁷ actions by different actors to improve the sustainability and efficiency of forest resource management and land use in the Cerrado, in particular on private landholdings, which are prominent in this biome.

15. In addition, complementary contributions to the BIP include a Dedicated Grant Mechanism for Indigenous People and Local Communities (DGM) and a private-sector window specifically designed to promote private-sector investment in Brazil.

⁷ Synergy is the additional value that is generated by combining two actors, thereby creating opportunities that would not have been available to these actors when they operate independently.



Brazil Investment Plan					
Project: Brazil Forest Investment Plan Management Grant:US\$1 million MDB: IBRD ⁸					
Special Window	Theme 1: Management and Use of Already Anthropized Areas		Theme 2: Generation and Management of Forest Information		Set-aside
Dedicated Grant Mechanism for Indigenous Peoples and Local Communities	Project 1.1. Environmental regularization of rural lands	Project 1.2. Sustainable production in areas previously converted to agricultural use	Project 2.1. Forest information to support public and private sectors in managing initiatives	Project 2.2. Development of systems to prevent forest fires and monitor vegetation cover	Private concessional funds
	MDB: IBRD	MDB: IBRD	MDB: IDB ⁹	MDB: IBRD	
	Improvement of producers' access to resources available for Low Carbon Emission Agriculture		Generation and availability of spatially and temporally consistent environmental information		

16. Multi-projects collaborations draw on diverse resources and expertise, but they impose coordination efforts for bridging institutional differences. The experience show that collaborative processes during projects preparation and implementation can offer a broader perspective and a better understanding of the issues.

17. Thus, close coordination and collaboration with all projects is considered critical for the successful implementation of Brazil Investment Plan. Without a coherent and unified coordination, the BIP's outcomes will rely on bits and pieces of projects that would not be well integrated. Moreover, horizontal interaction between the project teams has positive effect on overall project team performance, teamwork quality and commitment to the project. The interaction between project teams seems to change during the development process leaving some of the most significant mechanisms alive and discarding the practices that are not effective.

18. The disparate approach between the projects may result in conflicts due to divergent perceptions of the same situation or asymmetry of information leading to rework and emergence of crisis, and additional costs.

19. Therefore, the BIP Coordination Project will provide a platform for knowledge sharing among BIP projects, the Brazil FIP Dedicated Grant Mechanism (DGM), and FIP private-sector projects, and among other programs and projects.

20. In addition, the continental size and environmental complexity of Brazil's Cerrado Biome and the need to ensure the consistency of the various instruments employed, coordinate efforts in the regions, and share timely and relevant information, are all challenges that call for the building of synergies among the various actors and activities with a view toward securing cost-effective solutions.

21. The aim of the present document is to present a proposal for the coordination of the Brazil Investment Plan and of the other interventions funded by the FIP in Brazil. See Annex 4 for further information.

⁸ IBRD is International Bank for Reconstruction and Development

⁹ IDB is InterAmerican Development Bank



C. Higher Level Objectives to which the Project Contributes

22. The BIP seeks to promote sustainable land use and forest management improvement in the Cerrado, the second-largest biome in Brazil and South America, and thus contribute to a reduction in pressures on the remaining dry forests and in GHG emissions, and to an increase in CO2 sequestration. The BIP comprises four technical projects and coordinated actions among three ministries.

23. The BIP and the proposed project is in line with the National Policy on Climate Change and particularly with the Forest Code and Action Plan to Prevent and Control Deforestation and Fires in the Cerrado Biome (Plano de Ação para Prevenção e Controle do Desmatamento e das Queimadas no Cerrado, PPCerrado), which are considered priority public policies.

24. Sustainability is an overarching theme that frames the World Bank Group's corporate global goals of shared prosperity and poverty reduction. Economic growth, which is critical for continuing the poverty reduction process, must be compatible with the limits imposed by the biome's resources. In addition, unsustainable management of ecosystems has disproportionately affected the poor, who are often more dependent on ecosystems, and on the natural resources and services these ecosystems provide.

25. The Project's objective is in line with the World Bank Group's abovementioned corporate goals by strengthening the Government's capacity to manage the Cerrado Biome's natural resources for future generations, on a sustainable path to promote climate-change resilience.

26. The objectives of the proposed Project are also fully in line with the current Country Partnership Framework for the Federative Republic of Brazil (CPF FY18-23), discussed by the Executive Directors on July 13, 2017 (Report No 113259 BR), under the Focus Area 3: Inclusive and Sustainable Development, objective: support the achievement of Brazil's NDC focusing particularly on land use.

27. As mentioned in the CPF, Brazil committed to a 43 percent reduction in greenhouse gas emissions at the Paris Climate Conference in 2015. In doing so, Brazil affirmed its leadership in the international environmental agenda. However, the current economic crisis is rekindling conflicts over land and natural resources, especially in Brazil's Amazon and Cerrado biomes, highlighting the challenges the country faces in meeting its NDC commitments. The engagement in the Cerrado Biome seeks, inter alia, to help the Federal Government and the private sector to implement Brazil's NDC.

II. PROJECT DEVELOPMENT OBJECTIVES

28. A group of related projects not coordinated as a program is likely to run off the intended path and fail to achieve the desired outcomes. Coordination—providing inputs for and taking inputs from individual projects—is required to ensure that the program as a whole delivers the intended value and achieves overall success.

29. BIP comprises two thematic areas, four technical projects, and coordinated actions among three ministries. In addition, complementary contributions to the BIP include a DGM and a private-sector window specifically designed to promote private-sector investment in Brazil.



30. It is important that the BIP projects are conducted under a coordinated approach that ensures a focus on the overall strategic objectives for which each project is accountable. In addition, this coordination will ensure that each project is properly and periodically evaluated and reported to the Brazil Investment Plan - Interministerial Executive Committee (BIP-IEC). The BIP Coordination Project will also promote a dialogue with representatives of FIP private-sector projects to obtain information about their progresses, as well as with the Brazil-DGM project.

A. PDO

31. The PDO of the Project is to strengthen the Federative Republic of Brazil's capacity¹⁰ in (i) coordinating Brazil Investment Plan (BIP) projects; (ii) supervising, planning, monitoring, evaluating, and reporting on BIP's implementation.

B. Project Beneficiaries

32. The direct beneficiaries of the BIP's coordination are the government institutions - MMA, MCTI, and MAPA - and all implementing agencies that are part of the plan. In a broader sense, Project actions must contribute to the successful implementation and achievement of the objectives of the BIP's projects, and also benefit their respective audiences and other interested parties (stakeholders).

33. Major co-beneficiaries identified are the institutions participating in the program and projects, in terms of the coordination and implementation of government plans and programs linked to the BIP's objectives and themes, through the strengthening of MMA's management capacity for project execution and for generating synergies.

C. PDO-Level Results Indicators

34. The achievement of this Project's results will be measured through the following indicators, considering the particularities of the Brazilian projects:

- Extent and quality of coordination of Brazil Investment Plan across relevant institutions (yes/no)
- Reports on the BIP's performance made available to the public and FIP Subcommittee, within the established deadlines and within the agreed FIP timelines (number of reports).
- Direct project beneficiaries (number), of which female (percentage)

¹⁰ Capacity refers to the "ability to perform functions, solve problems and set and achieve objectives." (Fukuda-Parr, Lopes, and Malik, 2002, in <http://www.csokenya.or.ke/site/uploads/resource/166.pdf>).



35. Using analytical perspectives to assess institutional capacity¹¹, the intermediate indicators will be:

Rules of the Game

- Government institutions provided with capacity-building support to improve the management of forest resources. This refers to the national institutions that receive training, reporting, communication management, etc. The focus is on strengthening the National Commission for the Sustainable Cerrado Program (*Comissão Nacional do Programa Cerrado Sustentável*, CONACER), the BIP-IEC, the Ministry of Environment, and the BIP's project implementation agencies to deliver the BIP's expected results (number).

Internal Organization and Inter-institutional Relationship

- Annual BIP monitoring and evaluation meeting among BIP projects, promoted as result of project (number).
- BIP inter-projects communication developed (yes/no).
- Targeted projects managers satisfied with BIP Coordination performance (yes/no).

36. Projects that have adopted an integrated activity with another project (synergy) as resulted of project coordination.

III. PROJECT DESCRIPTION

37. The BIP proposes a coordinated and synergistic set of actions by different actors in order to improve the sustainability and efficiency of forest resource management and land use in the Cerrado Biome. Since the beginning of the design phase, the successful collaboration among the three ministries (MMA, MAPA, and MCTI) has allowed the development of a strategic approach with the ability to foster synergies not only between the BIP and its projects, but also with ongoing Cerrado government plans and policies already under implementation at federal, state and municipal levels. In addition, IBRD, Inter-American Development Bank (IDB), bilateral development agencies, partner governments and other partners will be coordinated so as to enhance synergies and ensure the continuity of the demonstrated collaboration.

38. As defined by Galbraith (1977¹²), to manage coordination successfully the coordinator can use any or all of three classic mechanisms: (i) programming, which involves the development of clear guidelines about which specific targets need to be achieved by each Project, who exactly is accountable for each output, and a timetable for achievements; (ii) creation of a formal structure with authority and decision-making ability to oversee ongoing interactions among projects and to facilitate information sharing; and (iii) feedback and communication. In cases where partners need to periodically evaluate the

¹¹ Capacity Enhancement Indicators. Review of Literature. Mizrahi. Y., 2004. World Bank Institute.

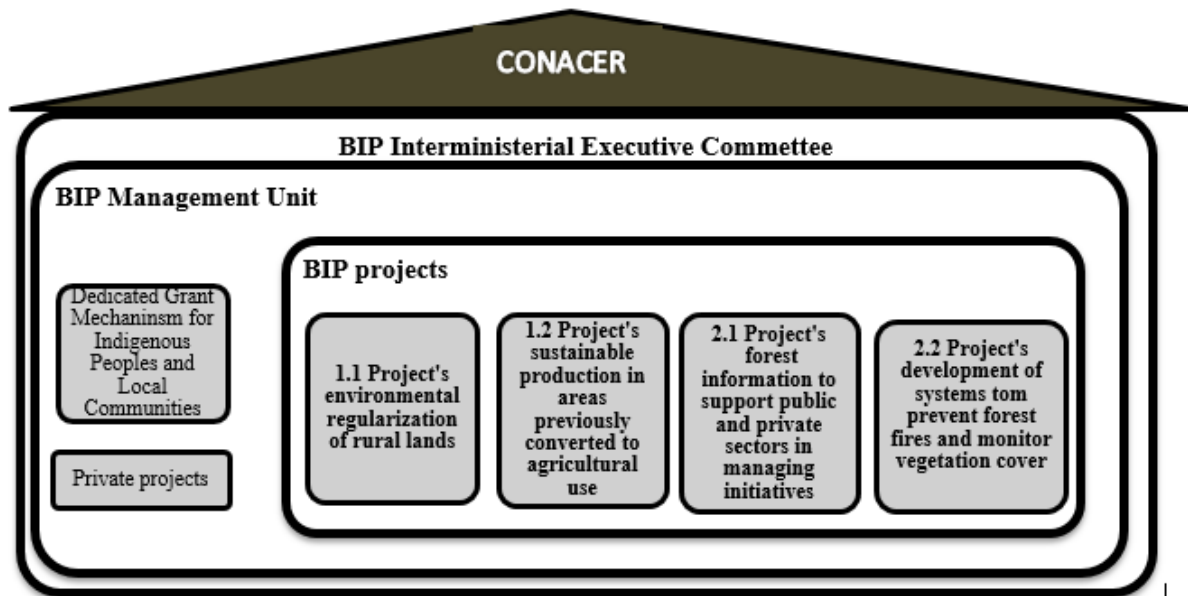
¹² Galbraith, J. (1977). Organization Design. Reading, MA: Addison. Wesley.



evolution of their interdependence and adapt to it, feedback mechanisms as such as meetings and joint teams are helpful in order to quickly process pertinent information.

39. In the present context: (i) the programming mechanism was defined by the Brazil Investment Plan (BIP); (ii) the BIP Interministerial Executive Committee (BIP-IEC), established on March 26, 2014, has the mandate to oversee the BIP’s implementation, (iii) the BIP’s Management Unit (*Unidade de Gestão do Plano de Investimento*, UGPI), established at SECEX/MMA will assist and support the BIP–IEC; (iv) the BIP–IEC will report periodically to CONACER about the BIP’s progress and results and will also receive feedback and guidance for the improvement of the BIP’s execution, and (v) the Project specifically envisages the establishment of strategies for communication, feedback, monitoring and evaluation of the BIP and its projects.

40. The BIP has developed a management arrangement to ensure synergies among the different projects and institutions during the implementation phase. The BIP will also promote synergies among the BIP’s projects, DGM and private projects under the FIP, as shown below.



A. Project Components

41. **Component 1: Brazil Investment Plan Coordination.** (Estimated total cost: US\$0.90 million) The aim of this component is to strength MMA’s capacity in coordinating BIP projects, including planning, monitoring, evaluation, communication and dissemination of BIP projects. The following key activities are proposed:

42. **Planning.** The BIP provides the guiding principles for the implementation of the FIP in Brazil as a whole. In turn, each project has its own specific documents (project document, procurement plan, etc.)



and its own implementing tools and procedures, which have been agreed upon with the respective MDBs that provide the resources for the project's financing.

43. However, it is important to establish and ensure opportunities for information sharing and joint interagency planning. In this sense, meetings, workshops, etc. to align the projects will take place to identify potential synergies and actions aimed at supporting the implementation of the BIP as a whole. These activities can also be leveraged to reach agreement on the distribution of responsibilities and the instruments to be used. Alignment among projects is particularly relevant in light of the temporal differences in the operationalization and coordination of projects. In addition, it will also promote the sharing of information and experiences, as well as mutual learning among the executors.

44. **Implementation.** Implementation will take place in accordance with the three areas of operations: (i) assistance to the Interministerial Executive Committee; (ii) project management and implementation; and (iii) management and implementation of the BIP.

45. **Monitoring and Evaluation (M&E).** Monitoring and evaluation help improve performance and achieve results. More precisely, the overall purpose of monitoring and evaluation is the measurement and assessment of performance to manage the outcomes and outputs more effectively. There is no coordination without M&E. Well-functioning M&E is a critical part of good program coordination/management and accountability. M&E involves analysis, reporting, assessment and communication of progress and results.

46. Results monitoring and periodic evaluation of the BIP's performance and accountability is a core activity of the BIP Coordination Project. The BIP's M&E is expected to use the procedures and rules established by the FIP in 2013¹³ and 2014¹⁴, as well as Brazil Monitoring and Evaluation Strategy¹⁵, as reference, considering the particularities of each BIP project.

47. Because the BIP and its results framework were completed and approved by the FIP Subcommittee in 2012, the GoB may consider revising, streamlining and adapting the BIP's results framework to bring it in line with the content and format of the framework and themes for reporting on progress at level of the BIP.

48. Each one of the BIP projects will have its own report management arrangements, as defined with the respective Multilateral Development Bank (MDB). The UGPI will consolidate the information into a single report, using inputs provided by each project.

49. The GoB will report annually on the FIP's common themes and relevant co-benefits, and will prepare a narrative report.

50. The scope of this Project will therefore stipulate actions to implement the BIP's M&E plan, and would define and interpret the program's indicators in line with and complementary to the indicators adopted by the projects. Expected steps include the operationalization of indicators, including their interpretation; the definition of baselines and targets; and the mechanisms and responsibilities for monitoring.

¹³https://www.climateinvestmentfunds.org/cif/sites/climateinvestmentfunds.org/files/Results_monitoring_and_reporting_in_the_FIP_key_doc_Oct_2013.pdf

¹⁴https://www.climateinvestmentfunds.org/cif/sites/climateinvestmentfunds.org/files/FIP_Monitoring_and_Reporting_Toolkit_final.pdf

¹⁵ Brazil's Monitoring and Reporting Plan, October 2014.



51. **Communication and Dissemination.** The BIP calls for the establishment of a communication plan at the start of the program’s implementation, including tools such as a website for the BIP, annual reports, dissemination activities, stakeholders engagement, and knowledge management.

52. The communication plan will take place in conjunction with the projects and the thematic or institutional initiatives of each executing agency’s communication and dissemination activities (e.g., activities related to the Rural Environmental Cadastre [*Cadastro Ambiental Rural, CAR*]).

53. It is important to highlight the fact that the FIP Report Framework calls for close coordination between monitoring and reporting activities, and communication and dissemination activities.

54. The activities under this theme can also contribute positively to coordination and alignment among different initiatives, programs and projects aimed at addressing deforestation and forest fires in the Cerrado Biome, as well as their connection with climate issues. In this sense, one of the activities to be promoted could be the organization of annual events for planning, knowledge sharing and dissemination of these broad initiatives, bringing together managers as well as stakeholders.

55. This Component would finance studies, technical assistance, publications, consultants, communication materials and services, workshops, seminars, meetings, follow-up visits, national and international travel, exchange visits, and training. The Project also includes the limited acquisition of software and computers.

56. **Component 2: Project Management.** (*Estimated cost: US\$0.10 million*) The aim of this component is to manage and administer the Project, including the carrying out of financial management, and procurement under the Project. This component would finance (i) vehicle operation and maintenance, repairs, fuel and spare parts; (ii) equipment and computer maintenance; (iii) shipment costs (whenever these costs are not included in the cost of goods); (iv) office supplies; (v) utilities; (vi) travel and per-diem costs for technical staff carrying out supervisory and quality-control activities; (vii) communication costs including advertisement for procurement purposes; and (viii) costs associated with audits.

B. Project Cost and Financing

57. The costs would be funded entirely by a US\$1 million grant financed by the Strategic Climate Fund (SCF) under the Forest Investment Fund (FIP).

Project Components	Project cost	Trust Funds	Counterpart Funding
Brazil Investment Plan Coordination	900,000	900,000	0
Project Management	100,000	100,000	0
Total Costs	1,000,000	1,000,000	

Total Project Costs



Total Financing Required

IV. IMPLEMENTATION

A. Institutional and Implementation Arrangements

58. This Project will be implemented over a five-year period. The Fundação Pró-Natureza (Pro-Nature Foundation, Funatura) will manage the Project in close agreement with the MMA. MMA will sign a Technical Cooperation Agreement (TCA) with Funatura aimed at achieving Project objectives. This TCA will commit the parties to implement, in a coordinated manner, all joint actions and control mechanisms, and will set forth their respective responsibilities under the Grant Agreement. Funatura will be responsible for the Project's FM and procurement, and MMA will be responsible for supervising technical activities in order to achieve the Project's overall goals.

59. Funatura will implement the Project in accordance with the respective policies, procedures and approaches for implementation, and will monitor and evaluate the Project (including its indicators) in close coordination with MMA. Funatura will also implement the organizational structure needed for Project execution.

60. Project implementation arrangements will build on lessons learned from past operations with MMA that proved to be robust and effective for meeting objectives in a timely and efficient manner.

B. Results Monitoring and Evaluation

61. BIP monitoring, evaluating and reporting are of critical importance to track performance, provide some accountability and, above all, to learn with the aim of improving ongoing management decision making. The goal is to be able to generate, aggregate, synthesize and report data across BIP's projects to demonstrate results.

62. Results' monitoring and reporting on outcomes of BIP are guided by Brazil's Monitoring and Report Plan¹⁶. In addition, given that BIP financing is channeled through *Multilateral Development Banks* - IBIRD, IBD and IFC-, each follows its procedures for monitoring and evaluation of individual financed project.

63. The Coordination Project will act in synergistic manner by coordinating efforts and activities in the various implementing agencies. The Project will also promote synergies among the BIP's projects, DGM and private projects under the FIP.

64. The overall purpose of Monitoring and Evaluation (M&E) is the measurement and assessment of performance in order to more effectively manage outcomes and outputs. In the absence of effective M&E, it would be difficult to know whether the intended results are being achieved as planned, what corrective actions may be needed to ensure delivery of the intended results, and whether initiatives are making positive contributions toward established goals.

¹⁶ Brazil's monitoring and Report Plan, October 2014.



65. The UGPI will have the primary responsibility for tracking progress related to BIP's outputs and outcomes. Output measurement will report on the implementation of activities such as meetings, studies, reports and plans. Outcome measurement will show the degree to which direct objectives are achieved. The BIP progress reports will be available at FIP website¹⁷.

66. Using FIP guidelines¹⁸, the following themes will be considered in order to assess and monitor the Project progress:

- Role of BIP coordination and synergies among BIP projects;
- BIP synergies with other projects and programs;
- Ongoing stakeholder participation/involvement, including project executing agencies, CONACER and BIP-IEC representatives;
- How the BIP is implemented in the context of broader national policies, including PPCerrado and PNMC;
- Knowledge sharing and management among BIP projects; and
- Analytical work and public communications.

67. The Project's M&E includes performance indicators to monitor implementation progress. See Annex 1 for further information.

68. Project progress reports, including qualitative and quantitative evidence, will be prepared and submitted to the Bank twice a year. The Bank will supervise project implementation through two supervision missions and recommend adjustments as necessary. See Annex 3 for further information.

C. Sustainability

69. Overall, the Project will help MMA, and FIP Projects to comply with the Brazil Climate Change policy. The project proposes coordinated and synergistic actions by different actors in order to improve the sustainability and efficiency of forest resource management and land use in the Cerrado, in particular on private landholdings, which are prominent in this biome.

70. The Project's institutional sustainability is ensured by MMA's legal liability to coordinate the BIP's implementation. The BIP is a program composed of related projects to promote sustainable land use and forest management improvement in the Cerrado Biome. The BIP comprises coordinated actions by three ministries (MMA, MCTI and MAPA) focused on building synergies in order to maximize the impact of a larger set of policies aimed at reducing deforestation in the biome. In this context, the BIP has developed a governance structure to ensure synergies among the different projects and institutions during its implementation phase. BIP governance is a combination of executive and management roles, oversight functions organized into structures, and policies that define management principles and decision-making.

¹⁷ <http://www.climateinvestmentfunds.org/cif/measuring-results/fip-program-progress>

¹⁸ <http://climateinvestmentfunds.org/cif/node/12488>



V. KEY RISKS

A. Overall Risk Rating and Explanation of Key Risks

71. The principal risks inherent in the Project design are: (i) the heavy dependence of the Project's feasibility and success on the participation and commitment of the BIP's project implementing agencies; and (ii) the Project's success is highly dependent on the participation and commitment of key stakeholders such as BIP_IEC and others FIP projects.

72. The overall implementation risk is considered Moderate. Additional measures to mitigate overall project risk have been or will be put in place. These include suitable institutional arrangements and qualified staff to supervise procurement processes and through the BIP-IEC, defined by the Interministerial Ordinance, which has authority over BIP projects.

VI. APPRAISAL SUMMARY

73. **Economic and Financial Analyses.** Multiproject programs draw on diverse themes and expertise, but they impose coordination costs for bridging institutional and timeline differences. However, the costs, benefits and impacts of coordination activities remain poorly analyzed.

74. Although coordination processes impose real costs in terms of time, money and management, a balanced tally clearly indicating the benefits and costs may justify a coordination process.

75. Good coordination enhances the likelihood of program success by reducing costs in several ways: (i) communication costs are minimized because of a common communication plan; (ii) monitoring costs are lower because external third-party monitoring is not required; and (iii) it allows on-time delivery without the need for costly reports. See Annex 4 for further information.

76. **Technical.** The proposed technical assistance Project is focused on strengthening the GoB's capacity for planning, implementation, monitoring and evaluation, as well as for promoting transparency and stakeholder engagement through public information disclosure.

77. The activities under the Project would contribute positively to coordination and compatibility among different initiatives, programs and projects aimed at addressing deforestation and forest fires in the Cerrado Biome, as well as their connection with climate issues.

78. **Financial Management.** On June 5, 2017, the Bank performed a Financial Management Assessment (FMA) of the Financial Management (FM) arrangements for the Brazil Investment Plan Coordination Project (P152285) to be implemented by *Fundação Pró-Natureza – FUNATURA*. The FMA was carried out in accordance with OP/BP 10.00 and the *Financial Management Manual for World Bank-Financed Investment Operations (effective March 1, 2010 and revised February 10, 2017)*. The scope of the FMA included: (i) an evaluation of existing FM systems to be used for Project monitoring, accounting and reporting; (ii) a review of staffing arrangements; (iii) a review of the flow of funds arrangements and disbursement methods to be used; (iv) a review of internal control mechanisms in place, including internal audit; (v) a discussion with regards to reporting requirements, including the format and content of Unaudited Interim Financial Reports (IFRs); and (vi) a review of the external audit arrangements.



79. The overall conclusion of the FMA is that: (i) the FM arrangements for the proposed Project are considered adequate; (ii) the funds flow, disbursements, monitoring, auditing and supervision arrangements have been designed in a way to respond to the Project's implementation arrangements; and (iii) the residual FM risk associated with the Project is rated as Low.

80. The FMA identified the following risk(s) to the achievement of the PDO: (i) the limited experience of FUNATURA, with Bank financed projects, that will be mitigated by close support and supervision.

81. Integrated Fiduciary Risk Rating: The procurement risk rating is Average. The integrated fiduciary risk rating is Average.

82. **Procurement.** The Bank undertook an assessment of the procurement arrangements for the Project. As a result of this assessment, the Bank concluded that the arrangements meet its minimum requirements under OP/BP11.00, and are adequate to provide, with reasonable assurance, accurate and timely information on the status of the Project as required by the World Bank.

83. Assessment of FUNATURA's capacity to implement procurement: FUNATURA currently implements grant TFOA0093 and a full capacity assessment is not necessary. It is a private entity and therefore needs not to follow the national procurement law, what translates in full application of Bank's regulations. Furthermore, due to the nature of the Project, no complex procurement is expected. Its procurement unit is adequately staffed by trained personnel

84. A Project Procurement Strategy for Development – PPSD was prepared for the project and considered adequate on 8/17/2017. Given 70 percent of the proceeds of the grant are to be spent with individual consultants and the remaining 30 percent split among events, logistics, one simple firm consultant and operational costs, the project calls for no special procurement arrangements.

85. Procurement for the proposed Project will be carried out in accordance with the World Bank Procurement Regulations for IPF Borrowers dated July 2016 and the provisions stipulated in the Legal Agreement.

86. For each contract to be financed by the grant, the different procurement methods or consultant selection methods, the need for prequalification, estimated costs, prior-review requirements, and time frame are agreed by the grant Recipient and the World Bank in the Procurement Plan uploaded in Systematic Tracking of Exchanges in Procurement (STEP). The Procurement Plan will be updated at least annually or as required to reflect the Project's actual implementation needs and improvements in institutional capacity.

87. **Safeguard Policies.** The Project is a technical assistance exclusively focusing on the strengthening of the Client's capacity for planning, implementation, monitoring and evaluation and reporting. According to the Interim Guidelines on the Application of Safeguard Policies to Technical Assistance Activities in Bank-Financed Projects and Trust Funds Administered by the Bank,¹⁹ this type of technical assistance project supports activities that have no potential adverse environmental and social implications or risks—such as staff training, study tours, recruitment, payment of salaries, supply of office equipment, etc. As such, the Project is categorized as Environmental Risk Category C.

88. The Project focuses on meetings, workshops, studies centering on progress and result indicators, monitoring reports, and communication activities. There are no investments in physical

¹⁹ See: Interim Guidelines on the Application of Safeguard Policies to Technical Assistance Activities in Bank-Financed Projects and Trust Funds Administered by the Bank.



works and field interventions. Therefore, no adverse environmental impacts are expected for this Project. The activities under the Project will contribute positively to coordination and compatibility among different initiatives, programs and projects aimed at addressing deforestation and forest fires in the Cerrado Biome, as well as their connection with climate issues.

89. Key stakeholders of this Project are government decision makers and environmental managers. The direct beneficiaries of the BIP's coordination are those government institutions and all implementing agencies that are part of the plan. In a broader sense, the Project's actions must contribute to the successful implementation and achievement of the objectives of the BIP's projects, and must benefit their respective audiences and other interested parties (stakeholders).

90. Major indirect beneficiaries identified are those institutions participating in the program and the Projects in terms of the articulation and implementation of government plans and programs associated with the BIP's objectives and themes, through the strengthening of MMA's managerial capacity to execute projects and generate synergies.

91. Stakeholder consultations: The BIP's consultation process was held in two stages. Several rounds of consultations were held with a wide range of stakeholders to discuss the BIP's concept. These took place from May 2011 to March 2012, and included several meetings in Brasília with representatives of states in the Cerrado Biome. Arrangements for involvement and the consultation process were coordinated by MMA, with the participation of MAPA, MCTI, MF, the National Indigenous Foundation (Fundação Nacional do Índio, FUNAI), and the Brazilian Forest Service (Serviço Florestal Brasileiro, SFB).

92. In addition to a number of information sessions held since the BIP scoping mission (May 2011), the plan included direct and online (Internet-based) consultations. This process involved public- and private-sector representatives who are interested in the main themes addressed in the BIP and are active in the geographic area targeted by the intervention. Representatives of the private sector, academia, nongovernmental organizations (NGOs), social movements and State environmental agencies, as well as Indigenous Peoples and traditional communities, were consulted. This process has provided inputs to define the project scope.

93. The second phase of the consultation process discussed specific FIP projects. This consultation phase, which was held in Brasília from January 30 and 31, 2013, was focused on rural civil society organizations, environmental agencies and local communities. The BIP approach and its projects have received broad support from state governments, producers' organizations and local communities.

A. World Bank Grievance Redress

94. Communities and individuals who believe that they are adversely affected by a World Bank (WB) supported project may submit complaints to existing project-level grievance redress mechanisms or the WB's Grievance Redress Service (GRS). The GRS ensures that complaints received are promptly reviewed in order to address project-related concerns. Project affected communities and individuals may submit their complaint to the WB's independent Inspection Panel which determines whether harm occurred, or could occur, as a result of WB non-compliance with its policies and procedures. Complaints may be submitted at any time after concerns have been brought directly to the World Bank's attention, and Bank Management has been given an opportunity to respond. For information on how to submit complaints to the World Bank's corporate Grievance Redress Service (GRS), please visit



<http://www.worldbank.org/en/projects-operations/products-and-services/grievance-redress-service>. For information on how to submit complaints to the World Bank Inspection Panel, please visit www.inspectionpanel.org.



VII. RESULTS FRAMEWORK AND MONITORING

Results Framework

COUNTRY : Brazil

Brazil Investment Plan Coordination

Project Development Objectives

The objective of the Project is to strengthen the Federative Republic of Brazil's capacity in (i) coordinating Brazil Investment Plan (BIP) projects; (ii) supervising, planning, monitoring, evaluating, and reporting on BIP's implementation.

Project Development Objective Indicators

Indicator Name	Corporate	Unit of Measure	Baseline	End Target	Frequency	Data Source / Methodology	Responsibility for Data Collection
Name: Extent and quality of coordination of Brazil Investment Plan across relevant institutions, as result of the project.		Yes/No	N	Y	Annual	Scorecard based on criteria relating to the nature of coordination mechanism.	UGPI

Description: This indicator measures whether the project has supported BIP implementation. The detailed description is presented below.



Indicator Name	Corporate	Unit of Measure	Baseline	End Target	Frequency	Data Source / Methodology	Responsibility for Data Collection
<p>Name: Reports on BIP's performance and results framework consolidated and made available to the public and FIP Subcommittee, as result of the project.</p>		Number	0.00	5.00	Annual	Reports available at FIP website.	UGPI
<p>Description: Reports made available with satisfactory quality, within established deadlines and within agreed FIP timelines.</p>							
<p>Name: Direct project beneficiaries (number), of which female (percentage)</p>		Number	0.00	14.00	Annual	Surveys	UGPI
<p>Description: In the context of this project, direct project beneficiaries are people who directly derive benefits from the BIP Coordination, including BIP's projects managers (10) and Interministerial Committee (4).</p>							



Intermediate Results Indicators

Indicator Name	Corporate	Unit of Measure	Baseline	End Target	Frequency	Data Source / Methodology	Responsibility for Data Collection
Name: Government institutions provided with capacity-building support to improve management of forest resources.		Number	0.00	6.00	Annual	Reports.	UGPI
<p>Description: Reports made available. The following institutions will be monitored: SFB; CONACER: BIP-IEC; MMA; MCTI; MAPA.</p>							
Name: Annual BIP monitoring and evaluation meeting among BIP projects , promoted as result of project.		Number	0.00	5.00	Annual	BIP-IEC meeting notes.	UGPI
<p>Description: Meetings recorded, ensuring regular, structured opportunities for information sharing and joint analysis and planning.</p>							
Name: BIP inter-projects communication developed.		Yes/No	N	Y	Annual	Communication plan, reports.	UGPI
<p>Description: This indicator measure the existence of inter-projects communication tools for information sharing and joint analysis and planning.</p>							



Indicator Name	Corporate	Unit of Measure	Baseline	End Target	Frequency	Data Source / Methodology	Responsibility for Data Collection
Name: Targeted projects managers satisfied with BIP Coordination performance.		Percentage	0.00	80.00	Annual	Surveys	UGPI
Description: This indicator measures the percentage of BIP project managers who expressed satisfaction with the BIP coordination performance based on surveys.							
Name: Projects that have adopted an integrated activity with another project (synergy) as resulted of project coordination.		Number	0.00	4.00	Annual	Reports.	UGPI
Description: This indicator measure the number of BIP projects which implemented an integrated activity with another project.							



Target Values

Project Development Objective Indicators

Indicator Name	Baseline	End Target
Extent and quality of coordination of Brazil Investment Plan across relevant institutions, as result of the project.	N	Y
Reports on BIP's performance and results framework consolidated and made available to the public and FIP Subcommittee, as result of the project.	0.00	5.00
Direct project beneficiaries (number), of which female (percentage)	0.00	14.00

Intermediate Results Indicators

Indicator Name	Baseline	End Target
Government institutions provided with capacity-building support to improve management of forest resources.	0.00	6.00
Annual BIP monitoring and evaluation meeting among BIP projects , promoted as result of project.	0.00	5.00
BIP inter-projects communication developed.	N	Y
Targeted projects managers satisfied with BIP Coordination performance.	0.00	80.00
Projects that have adopted an integrated activity with another project (synergy) as resulted of project coordination.	0.00	4.00





Annex 1: Detailed Project Description BRAZIL: Brazil Investment Plan Coordination Project

A. Forest Investment Program (FIP)

1. The FIP is a targeted program of the Strategic Climate Fund (SCF) which is one of two funds under the framework of the Climate Investment Funds (CIF), a multilateral Trust Fund established in 2009. The FIP supports developing countries' efforts to reduce deforestation and forest degradation and to promote sustainable forest management that leads to emission reductions and the enhancement of forest carbon stocks (REDD+)²⁰ by: (i) providing up-front bridge financing for readiness reforms and public and private investments identified through national REDD+ readiness strategy-building efforts; (ii) identifying opportunities to help them adapt to the impact of climate change on forests; and (iii) contributing to a range of beneficial activities such as the conservation of biodiversity, the protection of the rights of Indigenous Peoples and Local Communities (IPLCs), the reduction of poverty, and the improvement of rural livelihoods. The FIP finances efforts to address the underlying causes of deforestation and forest degradation and to overcome barriers that have hindered past efforts to do so.

2. The FIP was designed to achieve four specific objectives: (i) to initiate and facilitate steps toward transformational change in developing countries' forest-related policies and practices; (ii) to replicable models with the aim of generating understanding and learning about the links among the implementation of forest-related investments, policies and measures and long-term emission reductions from REDD+; (iii) to facilitate the leveraging of additional financial resources for REDD+, including a possible UNFCCC forest mechanism; and (iv) to provide valuable experience and feedback in the context of the UNFCCC deliberations on REDD+.

3. In its efforts to achieve these objectives, the FIP will support and promote, *inter alia*, investments in the following areas: (i) institutional capacity, forest governance and information; (ii) investments in forest mitigation measures, including forest ecosystem services; and (iii) investments outside the forest sector that are needed to reduce the pressure on forests.

4. **Dedicated Grant Mechanism for Indigenous Peoples and Local Communities (DGM).** The DGM is a global initiative that was conceived and developed as a special window under the Forest Investment Program (FIP) to provide grants to IPLCs, with the intention of enhancing their capacity and supporting initiatives to strengthen their participation in the FIP and other REDD+ processes at the local, national and global levels. The DGM is under implementation in these eight countries.

²⁰ REDD+ stands for "Reducing Emissions from Deforestation and Forest Degradation, and the role of conservation, sustainable management of forests, and the enhancement of forest carbon stocks in developing countries." It is a policy mechanism being negotiated under the UNFCCC.



5. The DGM's overall objective is to enhance the capacity and support effective initiatives of IPLCs in the FIP countries in order to strengthen their participation in the FIP and other REDD+ processes at the local, national and global levels. To achieve its objective, the program has two components: (i) a Country Component in each of the FIP's countries; and (ii) a Global Component for knowledge sharing, capacity building, and strengthening of networks and partnerships among IPLC organizations in the countries and beyond.

6. This financial stream is additional to the resources allocated under the FIP's Investment Plans for each FIP country. It will promote and extend participatory governance, transparency and accountability in countries by providing IPLCs with the resources they need to meaningfully engage in REDD+ at the local and government levels.

7. The FIP Subcommittee approved the basic design of the Global Dedicated Grant Mechanism (G-DGM) on October 31, 2011²¹. IPLC representatives endorsed the final version of the basic DGM design and foundational documents, such as the Framework Operational Guidelines (FOG).

8. The Country Component supports two subcomponents. Subcomponent I supports grants to IPLC organizations on a competitive basis for investments of the IPLCs' choice and within the overall framework of the DGM. Subcomponent II supports capacity-building activities for IPLC organizations. The overall program criteria state that the country projects must be: (i) aligned with the objectives of the DGM and the FIP; (ii) aligned with one or more thematic areas of the DGM (capacity development, promotion of rural livelihoods, or investments in sustainable management of forest landscapes); (iii) complementary to the country's FIP investment plan and the projects supported under it; (iv) designed and implemented under the initiative of IPLCs, and must directly benefit them; (v) based on inclusive and accountable processes; and (vi) compliant with the relevant operational and safeguard policies of the corresponding MDB. Activities to be financed under Subcomponent I may fall under two broad thematic areas: (i) promotion of economic activities and rural livelihood practices that enhance climate-change mitigation and adaptation and are consistent with the values of IPLCs; and (ii) investments in sustainable management of forest landscapes that maintain high carbon stocks and conserve biodiversity.

9. **The DGM in Brazil.** The Brazil DGM will act in synergy with other projects under the Brazil Forest Investment Plan (BIP) (see below). To promote these synergies and to address the challenges posed by the geographic dispersion of IPLCs, the Brazil DGM will prioritize its actions in the Cerrado Biome.

10. The Brazil DGM follows the framework guidelines and the set of activities covered under the components designed for the G-DGM. The Project will support capacity building and finance the demand-driven provision of grants to IPLC organizations in Brazil in order to strengthen their participation in the FIP and other REDD+ processes at local, national and

²¹ The DGM Design Document ([link](#)).



global levels, as well as to increase their capacity to adapt to climate change through no-regret initiatives²².

11. The DGM in Brazil has an indicative funding envelope of US\$6.5 million in grant resources. This funding from the DGM will finance activities that are to be determined by the National Steering Committee (NSC) of the DGM in Brazil in accordance with the DGM Project for Brazil, the Brazil DGM Operational Manual and the Framework Operational Guidelines mentioned above. The Project will be executed by a national executing agency (NEA) with the oversight of the National Steering Committee, the Coordination Unit of the Brazilian Investment Program under the FIP (BIP), and the World Bank. The World Bank will enter into an agreement to provide funding to the NEA and, in compliance with DGM Guidelines, will act as an observer in the NSC. The NEA will report back to the World Bank on the program's progress and its safeguard and fiduciary aspects.

12. **FIP and the Private Sector.** In 2012, the FIP Subcommittee agreed that over US\$50 million in concessional funds should be set aside for allocation to private-sector programs and projects, selected on a competitive basis, that promote innovative approaches to engage the private sector in the countries. Such programs and projects should be aligned with the endorsed investment plans and should serve to encourage interest from a broad range of private-sector actors.

13. At its meeting on October 30, 2013, the FIP Subcommittee endorsed two Brazilian concepts that will be further developed for FIP funding approval: (i) Brazil: Macaúba Palm Oil in Silvicultural Systems (implementing MDB: IDB), US\$3 million; and (ii) Brazil: Commercial Reforestation of Modified Lands in the Cerrado (implementing MDB: IFC), US\$15 million²³.

B. The Brazil Investment Plan (BIP)

14. The BIP, endorsed by the FIP Subcommittee on May 18, 2012, represents an important step in the implementation of the FIP in Brazil. The BIP seeks to promote sustainable land use and forest management improvement in the Cerrado, the second-largest biome in Brazil and South America, and to contribute toward reducing pressure on the remaining forests, reducing GHG emissions, and increasing CO₂ sequestration.

15. The BIP builds on existing climate change-related policies and practices in Brazil and supports the instruments that guide federal and state financing policies in the land-use sector, particularly the Forest Code and Action Plan to Prevent and Control Deforestation and Fires in the Cerrado Biome (*Plano de Ação para Prevenção e Controle do Desmatamento e das*

²² "No-regrets" actions are actions by households, communities, and local/national/international institutions that can be justified from economic, social and environmental perspectives, whether or not natural hazard events or climate change (or other hazards) take place. "No-regrets" actions increase resilience, which is the ability of a "system" to deal with different types of hazards in a timely, efficient and equitable manner. Increasing resilience is the basis for sustainable growth in a world of multiple hazards (see Heltberg, Siegel, Jorgensen 2009; UNDP 2010).

²³ The project concepts are available at: <https://www.climateinvestmentfunds.org/cif/node/11389>



Queimadas: Cerrado, PPCerrado), and thus overcomes key barriers to their implementation. As such, the BIP invests in replicable models that will catalyze transformational changes in the Agriculture, Forestry and Other Land Use (AFOLU) sector in the Cerrado Biome, generate new knowledge, and build the foundations to leverage additional financial resources for an eventual future REDD+ mechanism under the UNFCCC.

16. The BIP comprises coordinated actions among three ministries: Ministry of Environment (Ministério do Meio Ambiente, MMA; Ministry of Science, Technology and Innovation (Ministério da Ciência, Tecnologia e Inovação, MCTI); and Ministry of Agriculture and Livestock and Food Supply (Ministério da Agricultura, Pecuária e Abastecimento, MAPA). These actions are focused on building synergies in order to maximize the impact of a larger set of policies aimed at reducing deforestation in the Cerrado Biome by: (i) improving environmental management in areas previously anthropized; and (ii) producing and disseminating environmental information at the biome scale.

17. The BIP covers two thematic areas and includes four interrelated projects, as shown below. Theme 1: Management and use of previously anthropized areas, aims to promote sustainable use on privately run farms. Better land use will result in reduced emissions and improved carbon sequestration, and will ease pressures for deforestation on the remaining forests. Theme 2: Production and Management of Forest Information, aims to generate and make available spatially and temporally consistent environmental information for the biome.

18. The BIP also proposes coordinated and synergistic²⁴ actions by different actors in order to improve the sustainability and efficiency of forest resource management and land use in the Cerrado, in particular on privately run landholdings, which are prominent in this biome.

Brazil Investment Plan					
Project: Brazil Forest Investment Plan Management					
Grant:US\$1 million MDB: IBRD ²⁵					
Special Window	Theme 1: Management and Use of Already Anthropized Areas		Theme 2: Generation and Management of Forest Information		Set-aside
Dedicated Grant Mechanism for Indigenous Peoples and Local Communities	Project 1.1. Environmental regularization of rural lands	Project 1.2. Sustainable production in areas previously converted to agricultural use	Project 2.1. Forest information to support public and private sectors in managing initiatives	Project 2.2. Development of systems to prevent forest fires and monitor vegetation cover	Private concessional funds
	MDB: IBRD	MDB: IBRD	MDB: IDB ²⁶	MDB: IBRD	
	Improvement of producers' access to resources available for Low Carbon Emission Agriculture		Generation and availability of spatially and temporally consistent environmental information		

²⁴ Synergy is the additional value that is generated by combining two actors, thereby creating opportunities that would not be available to these actors operating independently.

²⁵ IBRD is International Bank for Reconstruction and Development

²⁶ IDB is InterAmerican Development Bank



19. Multi-projects collaborations draw on diverse resources and expertise, but they impose coordination efforts for bridging institutional differences. The experience show that collaborative processes during projects preparation and implementation can offer a broader perspective and a better understanding of the issues.

20. Thus, close coordination and collaboration with all projects is considered critical for the successful implementation of Brazil Investment Plan. Without a coherent and unified coordination, the BIP’s outcomes will rely on bits and pieces of projects that would be not well integrated. Moreover, horizontal interaction between the project teams has positive effect on overall project team performance, teamwork quality and commitment to the project. The interaction between project teams seem to change during the development process leaving some of the most significant mechanisms alive and discarding the practices that are ineffective.

21. The disparate approach between the projects may result in conflicts due to divergent perceptions of the same situation or asymmetry of information leading to rework and emergence of crisis, and additional

22. Therefore, the BIP Coordination Project will provide a platform for knowledge sharing among BIP projects, the Brazil FIP Dedicated Grant Mechanism (DGM), and FIP private-sector projects, and among other programs and projects.

23. In addition, complementary contributions to the BIP include a Dedicated Grant Mechanism for Indigenous Peoples and Local Communities (DGM) and a private-sector window specifically designed to promote private-sector investment in Brazil.

24. The table below summarizes the financing plan and status for the BIP projects, and DGM, projects to date.

	Project	MDB	Gov't Agency	FIP Grant	FIP Loan	Others	Total US\$ M	Status on August 30, 2017
Brazil Investment Plan	Environmental regularization of rural lands	IBRD	MMA		32.48	17.50	49.98	Under implementation
	Sustainable production in areas previously converted to agricultural use	IBRD	MAPA	10.62	--	0.50	11.12	Under implementation
	Forest information to support public and private sectors in managing initiatives	IDB	MMA/ Forest Service	16.55	--	8.00	24.55	Under implementation
	BIP Coordination	IBRD	MMA	1.00	--	--	1.00	This project
	Development of systems to prevent forest fires and monitor vegetation cover	IBRD	MCTI	9.25	--	--	9.25	Under implementation
DGM	Brazil Dedicated Grant Mechanism	IBRD	--	6.50	--	--	6.50	Under implementation
	Total			43.92	32.48	26.00	102.40	



25. The continental size and environmental complexity of Brazil's Cerrado Biome and the need to ensure the consistency of the various instruments employed, coordinate efforts in the regions, and share timely and relevant information, are all challenges that call for the building of synergies among the various actors and activities with a view toward securing cost-effective solutions.

C. Brazil Investment Plan (BIP) Governance

26. The BIP is a program composed of related projects to promote sustainable land use and forest management improvement in the Cerrado Biome. The BIP comprises coordinated actions by three ministries (MMA, MCTI and MAPA) focused on building synergies in order to maximize the impact of a larger set of policies aimed at reducing deforestation in the Cerrado Biome.

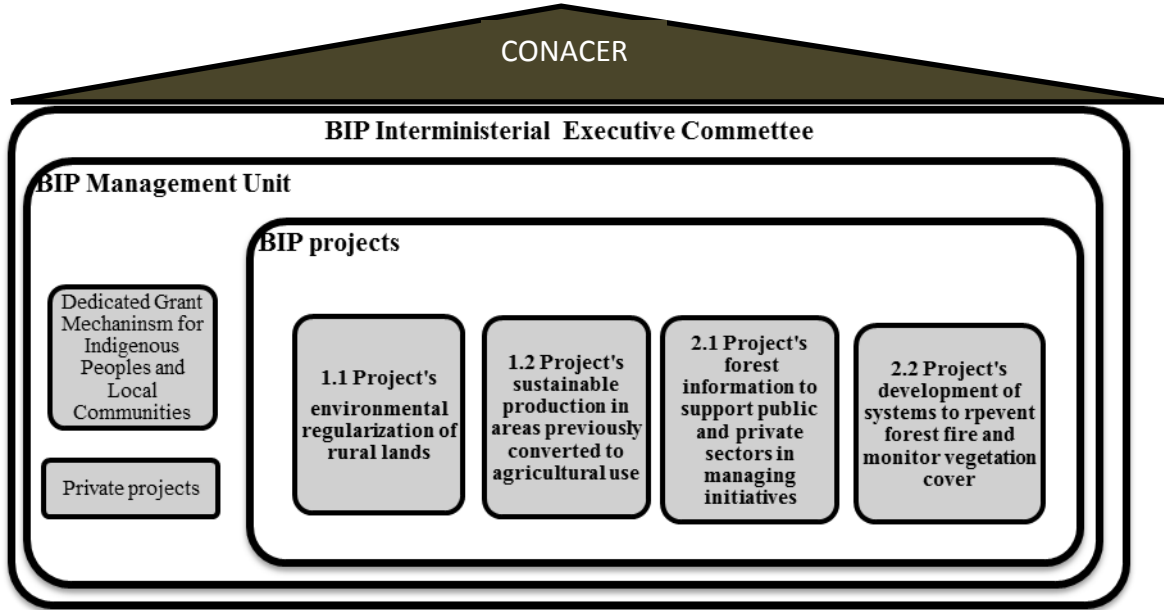
27. In this context, the BIP has developed a governance structure to ensure synergies among the different projects and institutions during its implementation phase.

28. The BIP's governance is a combination of executive and management roles, oversight functions organized into structures (CONACER; BIP-IEC and UPGI), and policies that define management principles and decision-making.

29. According to the BIP, the National Commission for the Sustainable Cerrado Program (Comissão Nacional do Programa Cerrado Sustentável, CONACER), established in 2006, should act as the consultative committee for the Investment Plan. The BIP's Executive Committee (BIP-IEC) will report periodically to CONACER about the BIP's progress and results and will also receive feedback and guidance on how to improve actions mandated to promote the integration of programs, projects and sectoral policies related to the Cerrado Biome. CONACER is composed of representatives from: (i) MMA; (ii) the Chico Mendes Institute for Biodiversity Conservation (Instituto Chico Mendes de Conservação da Biodiversidade, ICMBio); (iii) the Ministry of Agrarian Development (Ministério do Desenvolvimento Agrário, MDA); (iv) the Brazilian Agricultural Research Corporation (*Empresa Brasileira de Pesquisa Agropecuária*, EMBRAPA); (v) the Brazilian Society for Scientific Progress (*Sociedade Brasileira para o Progresso da Ciência*, SBPC); (vi) the Brazilian Association of State Environmental Entities (*Associação Brasileira de Entidades Estaduais de Meio Ambiente*, ABEMA); (vii) civil society organizations (including representatives of NGO networks of indigenous and local communities); and (viii) the rural productive sector.



Figure 1. BIP Management Arrangements



30. The table below summarizes the partners and responsibilities under the BIP.

Table 1. BIP Partners and Responsibilities

	Responsibilities
National Commission for the Sustainable Cerrado Program (CONACER)	CONACER should act as the consultative committee for the Investment Plan. The BIP–IEC will report periodically to CONACER about the BIP’s progress and results and will also receive feedback and guidance on how to improve execution. CONACER is composed of representatives from: (i) MMA; (ii) ICMBio; (iii) MDA; (iv) EMBRAPA; (v) SBPC; (vi) ABEMA; (vii) civil-society organizations (including representatives of NGO networks of indigenous and local communities); and (viii) the rural productive sector.
BIP–Interministerial Executive Committee (BIP–IEC)	The BIP–IEC, established on March 26, 2014 by the Interministerial Ordinance No 110, dated March 26, 2014, is responsible for the BIP’s monitoring and evaluation through the coordination of actions by the different ministries involved, and the interaction of FIP projects with other government programs. The BIP–IEC should promote synergies among FIP projects and the involvement of different stakeholders. The BIP–IEC has representatives from MMA, MAPA and MCTI. The BIP–IEC reports periodically to CONACER and the FIP Subcommittee about the BIP’s progress and results.
BIP Management Unit (UGPI)	The UGPI, established as part of the Brazil Investment Plan Coordination Project at SECEX/MMA, is responsible for the development and implementation of the BIP monitoring system; the coordination of activities among projects, DGM and the private sector, with a view toward strengthening coordination and synergies among projects throughout the implementation phase; the preparation of progress reports; monitoring and evaluation; and the BIP’s outreach. The UGPI reports periodically to the BIP–IEC about the BIP’s progress and results and will also receive feedback and guidance to improve the BIP’s execution.



	Responsibilities
Projects	<p>Each project under the BIP is implemented in accordance with its respective project document, results matrix, and legal agreement.</p> <p>Each project reports periodically to the BIP–IEC about its progress and results and will also receive feedback and guidance for implementation performance.</p>

D. Project Strategy

31. The BIP proposes a coordinated and synergistic set of actions by different actors in order to improve the sustainability and efficiency of forest resource management and land use in the Cerrado Biome. Since the beginning of the design phase, the successful collaboration among the three ministries (MMA, MAPA and MCTI) has enabled the development of a strategic approach with the ability to foster synergies not only between the BIP and its projects, but also with ongoing Cerrado government plans and policies already under implementation at federal, state and municipal levels.

32. As defined by Galbraith (1977²⁷), to manage coordination successfully the coordinator may use any or all of three classic mechanisms: (i) programming, which involves developing clear guidelines about which specific targets need to be achieved by each Project, who exactly is accountable for each output, and a timetable for achievements; (ii) the creation of a formal structure with authority and decision-making ability to oversee ongoing interactions among projects and to facilitate information sharing; and (iii) feedback and communication. In cases where partners need to periodically evaluate the evolution of their interdependence and adapt to it, feedback mechanisms as such as meetings and joint teams are helpful in order to quickly process pertinent information.

33. In the present context: (i) the programming mechanism was defined by the Brazil Investment Plan (BIP); (ii) the BIP-Interministerial Executive Committee (BIP–IEC) has the mandate to oversee the BIP’s implementation, and the BIP Management Unit (*Unidade de Gestão do Plano de Investimento*, UGPI) will assist and support the BIP–IEC; and (iii) the Project specifically envisages the establishment of strategies for communication, feedback, monitoring and evaluation about the BIP and its projects.

34. The BIP has developed a management arrangement in order to ensure the coordinated and synergistic implementation of the projects and achieve the BIP’s objectives, both in terms of what was formulated under the BIP, and in relation to the overall objectives and outcomes of the BIP.

35. In accordance with the BIP, the BIP’s Management Unit (UGPI) will assist and support the BIP-IEC. Three areas of activity of the UGPI will be highlighted:

- Advisory services to the Interministerial Executive Committee; gathering of inputs to support decision making, and enforcement of supervision;

²⁷ Galbraith, J. (1977). *Organization Design*. Reading, MA: Addison. Wesley.



- Assistance to the BIP's projects, e.g., by developing general guidelines for implementation, and by making tools available to support management; and
- Management functions such as monitoring and tracking the actions and results of Project coordination per se.

E. Project Components

36. **Component 1: Brazil Investment Plan Coordination.** *(Estimated total cost: US\$0.90 million).* The aim of this component is to strength MMA's capacity in coordinating BIP projects, including planning, monitoring, evaluation, communication and dissemination of BIP projects. The following main activities are proposed:

37. **Planning.** The BIP is a guiding principle for the implementation of the FIP in Brazil as a whole. In turn, each project has its own specific documents (project document, procurement plans, etc.) and its own implementing tools and procedures, which have been agreed upon with the respective MDBs that provide the resources for the project's financing.

38. However, it is important to ensure structured opportunities for information sharing and joint interagency planning. In this sense, meetings to align the projects will take place to identify potential synergies and actions aimed at supporting the implementation of the BIP as a whole. These meetings can also be leveraged to reach agreement on the distribution of responsibilities and the instruments to be used. Alignment among projects is particularly relevant in light of the temporal differences in the operationalization and coordination of projects. In addition, it will promote the sharing of information and experiences, as well as mutual learning among executors.

39. In other to ensure adjustments can be made early, the project design will be reviewed after the first year of implementation. Likewise, it is necessary to foresee the annual planning of the Project itself, as well as to plan its midterm and final evaluations.

40. **Implementation.** Implementation will take place in accordance with the three areas of operations: (i) assistance to the Interministerial Executive Committee; (ii) project management and implementation; and (iii) management and implementation of the BIP.

41. **Monitoring and Evaluation (M&E).** There is no coordination without M&E. Well-functioning M&E is a critical part of good program coordination/management and accountability. M&E involves analysis, reporting, assessment and communication of progress and results.

42. Results monitoring and periodic evaluation of the BIP's performance and accountability is a core activity of the BIP Coordination Project.

43. The BIP's M&E is expected to be conducted in accordance with the procedures and rules established by the FIP. The process of reaching agreement on the content and format of the



monitoring of results and monitoring under the FIP progressed in 2013²⁸ and 2014²⁹, and led to the adoption of a format (Report Framework) that includes a set of indicators and themes on which countries should report annually. The BIP's M&E will also consider the particularities of each project.

44. Because the BIP and its results framework were completed and approved by the FIP Subcommittee in 2012, the GoB may consider revising, streamlining and adapting the BIP's results framework to bring it in line with the content and format of the framework and themes for reporting on progress at level of the BIP.

45. Each one of the BIP projects will have its own report management arrangements, as defined with the respective Multilateral Development Bank (MDB). The UGPI will consolidate the information into a single report, using inputs provided by each project.

46. The GoB will report annually on FIP themes and relevant co-benefits, and will prepare a narrative report.

47. The UGPI will have primary responsibility for tracking progress related to BIP outputs and outcomes. Each BIP project will provide support in this task by monitoring progress in its respective state. BIP progress reports will be prepared and submitted to the BIP-IEC and FIP Subcommittee annually.

48. It is proposed that an annual report include data on three categories, when possible:

- common themes: (i) GHG emission reductions/ enhancement of carbon stocks; and (ii) livelihood co-benefits;
- other relevant co-benefits, such as: (i) biodiversity and other environmental services; (ii) governance; (iii) tenure, rights and access; and (iv) capacity development;
- a narrative presenting information on: (i) the theory of change; (ii) the contribution to national REDD+ strategies and equivalents; (iii) bilateral and other support; (iv) the government's perspective on linkage with DGM; and (v) highlights and showcase of good practices.

49. In addition, the FIP Report Framework calls for a series of qualitative factors, both in the selection and interpretation of indicators, and in their contextualization and broader analyses of the intended changes through the implementation of the BIP, which should be defined and reported.

50. The preparation of these inputs requires the UGPI to conduct analytical efforts. Likewise, it will be necessary to monitor and adjust to the FIP's purposes several methodological processes, such as advances in conversion calculations from deforestation and degradation of the Cerrado Biome in terms of GHG emissions, and the calculations of CO₂ sequestration by

²⁸https://www.climateinvestmentfunds.org/cif/sites/climateinvestmentfunds.org/files/Results_monitoring_and_reporting_in_the_FIP_key_doc_Oct_2013.pdf

²⁹https://www.climateinvestmentfunds.org/cif/sites/climateinvestmentfunds.org/files/FIP_Monitoring_and_Reporting_Toolkit_final.pdf



natural vegetation. These two key global indicators of the FIP are not currently covered by the proposed indicators in the BIP. The FIP Report Framework³⁰ predicts that the maturation of the methodological process will be gradual and that the measurements of key indicators will only be available at a more advanced stage of the BIP's implementation.

51. The scope of this Project should stipulate works to implement the BIP's M&E strategy defining and interpreting indicators of the Program in line with and complementary to the indicators adopted by the projects. Expected steps are the operationalization of indicators, including their interpretation, the definition of baselines and targets, and the mechanisms and responsibilities of monitoring.

52. During the first year of implementation, this Project would support the implementation of the necessary operational structure for M&E activities, including the design of the BIP's tracking tool for monitoring and reporting.

53. With regard to external evaluations provided to the BIP, the UGPI will be responsible for defining their terms of reference (TORs) and monitoring their implementation.

54. **Communication and Dissemination.** The BIP calls for the establishment of a communication, including tools such as a periodic reports and dissemination activities.

55. The UGPI should have the responsibility for developing and implementing the plan, but this needs to take place in conjunction with the projects and the thematic or institutional initiatives of each executing agency's communication and dissemination activities (e.g., activities related to the CAR).

56. The activities under this theme can also contribute positively to coordination and compatibility among different initiatives, programs and projects aimed at addressing deforestation and forest fires in the Cerrado Biome, as well as their connection with climate issues. In this sense, one of the activities to be promoted could be the implementation of annual events for knowledge sharing and dissemination of these broad initiatives, bringing together managers as well as representatives of the various stakeholders in the specific subject areas (government bodies at the three administrative levels, civil society, private sector, etc.).

57. This Component would finance studies, technical assistance, publications, consultants, communication materials and services, workshops, seminars, meetings, follow-up visits, national and international travel, exchange visits, and training. The Project also includes the limited acquisition of software and computers.

58. **Component 2: Project Management.** (*Estimated cost: US\$100,000*) The aim of this component is to support the Project's management and administration, including the carrying out of financial management, and procurement under the Project (in close coordination with the BIP-IEC). It will include activities such as supervision missions, the preparation of management reports, adequate financial management, and procurement.

³⁰ <https://www.climateinvestmentsfunds.org/cif/content/fip-result-framework>.



59. This Component would finance MMA's administrative services, including: (i) vehicle operation and maintenance, repairs, fuel and spare parts; (ii) equipment and computer maintenance; (iii) shipment costs (whenever these costs are not included in the cost of goods); (iv) office supplies; (v) utilities; (vi) travel and per-diem costs for technical staff carrying out supervisory and quality-control activities; (vii) communication costs including advertisement for procurement purposes; and (viii) costs associated with audits.



Annex 2: Implementation Arrangements

BRAZIL: Brazil Investment Plan Coordination Project

A. Project Implementation Arrangements

1. The Project will be carried out by the Recipient, the *Fundação Pró-Natureza* (Funatura), in close agreement with the MMA. The parties will work jointly and in a coordinated manner to implement the necessary actions and control mechanisms. MMA will be responsible for supervising and monitoring the progress of work and the achievement of results.

2. The TCA therein setting forth the roles and responsibilities of each party in the implementation of the Project, including, inter alia, the following: (i) the parties' obligation to implement all joint actions and control mechanisms required for the carrying out of the Project in a coordinated manner, including appointing one staff each to be responsible for monitoring Project implementation on each party's behalf; (ii) the Funatura's obligation to (A) implement, monitor and evaluate the Project under the technical supervision of MMA, (B) carry out the overall financial and administration management of the Project, (C) hire consultants for project-related activities and make them available to MMA, and (D) prepare Procurement Plans, Progress Reports and Completion Report, in coordination with MMA; (iii) the responsibility of MMA for (A) leading the monitoring and evaluation system under the Project, (B) tracking Project's technical progress, including the achievement of results, and coordinating with Funatura the preparation of progress reports; (iv) the respective responsibilities of Funatura and MMA to hold regular meetings for operational planning, monitoring and adjustment of actions needed for the carrying out of the Project; and (v) the responsibility of MMA to prepare, and furnish to Funatura in a timely manner, with the support of Funatura, the terms of reference for hiring the services of third parties (consultants), as well as set the technical specifications of goods needed by the Project.

1. The UGPI will be established at SECEX/MMA up to three months after the signature of the Technical Cooperation Agreement, and will coordinate all Project activities and will be the Bank's main liaison during Project implementation. As the formal Project manager, it will compile all Project-related information provided by the BIP's projects, and will produce technical reports as required by World Bank policies. The UGPI will also be responsible for planning, management, monitoring and coordination with the BIP-IEC; the preparation of technical specifications for procurement and TORs; and the selection of consultant candidates. Specifically, the UGPI's main responsibilities are to:

- Ensure timely implementation of all Project activities, and monitor such activities and the Project's related indicators. To this end, the UGPI will hold regular meetings with the BIP-IEC.
- Prepare progress reports (and other Project-related documents as necessary), as agreed in the Grant Agreement, and compile Project information and results from



other BIP projects. These reports and their content must be in a format acceptable to the Bank.

- Prepare and deliver to Funatura the TORs for specific public-sector management activities, supervise their procurement, and oversee contracts to ensure satisfactory implementation.
- Provide assistance to BIP projects on Project implementation, monitoring and supervision.
- Host and facilitate the Bank's supervision missions and work with the Bank to optimize the operation's results and impact.
- Disseminate results in such a manner as to strengthen reform constituencies and ensure the implementation of reforms stemming from the Project's studies and recommendations.
- Maintain technical dialogue with stakeholders, including BIP projects, BIP-IEC and other sector-specific decision-making bodies, as required for successful Project implementation.

B. Financial Management, Disbursements and Procurement

Financial Management

2. **Planning and Budgeting.** FUNATURA will prepare an Annual Operating Plan (POA) (using MS Excel as FUNATURA does not have a separate planning/budgeting information system) which will include, amongst other, the following information: (i) activities to be implemented and their detailed budget (financing needs, the categories of expenditures to be charged with linkages to the procurement plan); (ii) annual goals; and (iii) deliverables. The POA for the first implementation year should be prepared and be approved by the Bank by negotiations (and thereafter annually). MMA will also need to be consulted on the POA. The procedures in place to plan Project activities, prepare related budgets, and to collect information from the units in charge of the different components is adequate, but will require close monitoring. The Project plans and budgets (to be reflected in the POA) will be realistic, based on valid assumptions and will be prepared for all significant activities in sufficient detail to provide a meaningful tool to monitor subsequent performance (budget vs. actual variance analysis). This Project does not require counterpart funding, so no monitoring of counterpart funding is required.

3. **Accounting.** To maintain their accounting records, FUNATURA conforms to Brazilian Accounting Standards (NBC) (acceptable national accounting standards) and is also subject to the Law 6.404/76 (that deals with Corporation Law, and the accounting legal framework). The accounting function is provided by a third-party, with all supporting documentation retained by FUNATURA. A FUNATURA staff member will act as a liaison with the outside accounting firm. All accounting transactions relating to the Project's activities will be recorded in the computerized accounting system DEXION, used by the contractor. DEXION has strict access controls and audit logs. A separate accounting ledger, with an acceptable chart of accounts, will be opened in DEXION, to account for and report on all Project activities. Written policies and procedures

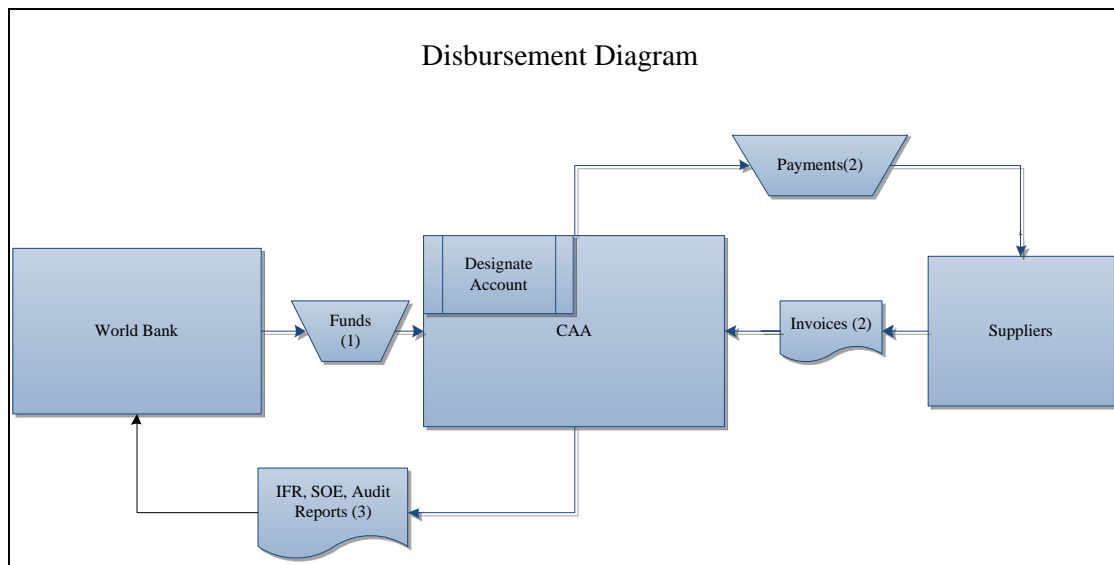


covering all routine accounting and related administrative activities will be included in the Project Operational Manual (POM). FUNATURA will have access to the Bank's Client Connection system for up to date information relating to the disbursement of the proceeds of the Grant. The Project's accounting records will be reconciled on a regular basis with this information.

4. **Internal Controls.** The Project's internal control system will be documented in the POM. The POM will comprise descriptions, flow charts, policies, templates and forms, user-friendly tools, tips and techniques to ensure that the approval and authorization controls continue to be adequate and are properly documented and followed with adequate safeguarding of the Project's assets. The POM should be prepared by the FUNATURA and be approved by the Bank by negotiations. FUNATURA does not have a separate internal audit department, but relies on the close supervision of its' Board of Trustees, Board of Executive Officers and the Financial Board.

5. **Flow of Funds.** During Project implementation, the following disbursement methods will be available for use: Reimbursement and Advances. The primary disbursement method will be Advances.

6. The following diagram indicates the flow of funds for the Advance disbursement method:



(1) The funds will be transferred to a specific segregated bank account (Designated Account) for the Project and administered by FUNATURA. This account will be opened at a commercial bank (Banco do Brasil S.A) acceptable to the Bank. The account will be denominated in Brazilian Reals (R\$).

(2) Payments and invoices will be registered in the accounting system DEXION once incurred, and the records will be reconciled at the end of each month. The payment



requests are submitted by the finance assistants and approved by the Project coordinator.

- (3) The IFRs and Statement of Expenditures (SOEs) will be prepared in MS Excel and they will be supported by the accounting records. The Standard Conditions require the Borrower/Recipient to retain all records (contracts, orders, invoices, bills, receipts, and other documents) evidencing eligible expenditures and to enable the Bank's representative to examine such records. They also require the records to be retained for at least one year following receipt by the Bank of the final audited financial statement required in accordance with the Legal Agreement or two years after the Closing Date, whichever is later. Borrowers/Recipients are responsible for ensuring that document retention beyond the period required by the Legal Agreement complies with their government's regulations.

7. The proposed Fixed Ceiling for the Designated Account will be R\$ 1,000,000.00. The Minimum Application Size for Reimbursement withdrawal applications will be R\$ 200,000.00 equivalent. This Minimum Application Size is not applicable for the retroactive expenditures withdrawal application.

8. The documentation of the use of Advances and Reimbursement requests will be through Records and SOEs³¹. FUNATURA will be responsible for preparing and sending withdrawal applications to the Bank. The Project will also have a four-month Grace Period to document expenditures incurred prior to the Closing Date. Project expenditures will be reported only after they are approved by FUNATURA and fully documented, ensuring that the Grant proceeds were exclusively used for eligible expenditures. The frequency for the presentation of eligible expenditures paid from the Designated Account is at least once every six months.

9. No withdrawal shall be made for payments made prior to the date of the Legal Agreement, except that withdrawals up to an aggregate amount not to exceed US\$ 100,000 equivalent may be made for payments made prior to the Signing Date, but in no case, more than one year prior to the Signing Date, for Eligible Expenditures as set out in the Legal Agreement.

10. **Financial Reporting.** For this Grant, FUNATURA will prepare and submit to the Bank semiannual IFRs no later than 45 days after the end of each semester. The IFRs will be prepared by FUNATURA via MS Excel, using information registered in DEXION. In addition, a semiannual progress report will be prepared by MMA, with contributions from FUNATURA. At the end of each fiscal year, FUNATURA will also prepare the annual financial statements for the Project that will be audited.

³¹ Records will need to be sent to the Bank, in relation to expenditures under contracts that are **above** the thresholds specified below. Expenditures under contracts with an estimated value of: (i) US\$ 100,000 or less for Goods; (ii) US\$ 100,000 or less for Consulting Firms; (iii) US\$ 50,000 or less for Individual Consultants; and (iv) all Training and Workshops expenditures and Operating Costs, will be claimed using SOEs only.



11. The following semiannual IFRs (prepared in R\$) will be prepared for management purposes and submitted to the Bank: IFR 1 –Sources and Uses of funds by Category (period to date, year-to-date, Project-to-date) showing budgeted amounts versus actual expenditures, (i.e., documented expenditures), including a variance analysis; IFR 2 –Uses of Funds by Project Component (period to date, year-to-date, Project-to-date) showing budgeted amounts versus actual expenditures, (i.e., documented expenditures), including a variance analysis; and IFR 3 – Designated Account bank reconciliation

12. **External Auditing.** For Project purposes, the external audit will be performed by a private firm following agreed Terms of Reference (TOR) acceptable to the Bank, and in accordance with International Standards on Auditing (ISAs) (issued by The International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC)) (or national auditing standards if, as determined by the Bank, these do not significantly depart from international standards). The audited financial statements will also be prepared in accordance with accounting standards acceptable to the Bank (i.e. IPSAS issued by the International Public Sector Accounting Standards Board of the International Federation of Accountants (IFAC-IPSASB) or national accounting standards where, as determined by the Bank, they do not significantly depart from international standards). The TOR should be prepared by the FUNATURA and be approved by the Bank by the Signing Date, with a view to appointing the auditors within 4 months after the Signing Date.

13. The audit report (and any accompanying management letter) should be submitted to the Bank no more than six months after the end of the fiscal year. The Bank will review the audit report and will periodically determine whether the audit recommendations are satisfactorily implemented. The Bank also requires that the Borrower/Recipient disclose the audited financial statements in a manner acceptable to the Bank and following the Bank's formal receipt of these statements from the Borrower/Recipient, the Bank will also make them available to the public in accordance with *The World Bank Policy on Access to Information*.

14. An audit exception to combine the 2017 and 2018 audits or the 2018 and 2019 audits may be necessary, depending on the Signing Date. The cost of the financial statement audits will be financed from the Grant.

15. **Allocation of Eligible Expenditures.** Table 2 specifies the categories of eligible expenditures that may be financed out of the proceeds of the Grant ("Category"), the allocations of the amounts of the Grant to each Category, and the percentage of expenditures to be financed for eligible expenditures in each Category.



Table 2. Allocation of Grant Proceeds

Category	Amount of Grant Allocated (expressed in US\$)	Percentage of Expenditures to be Financed (inclusive of taxes)
(1) Goods, non-consulting services, consultants' services, Training and Workshops	900,000	100%
(2) Operating Costs	100,000	100%
TOTAL AMOUNT	1,000,000	

16. For the purposes of this Project the term:

- “Operating Costs” means the costs associated with the management and implementation of the Project, including: (i) vehicle operation and maintenance, repairs, fuel and spare parts; (ii) equipment and computer maintenance; (iii) shipment costs (whenever these costs are not included in the cost of goods); (iv) office supplies; (v) utilities; (vi) travel and per-diem costs for technical staff carrying out supervisory and quality-control activities; (vii) communication costs including advertisement for procurement purposes; and (viii) costs associated with audits.
- “Training and Workshops” means expenditures (other than those for consultants’ services) incurred in connection with the implementation of training, seminars and workshops, including reasonable travel costs (e.g., accommodations, transportation costs and per diems) of trainees and trainers (if applicable), catering, rental of training facilities and equipment, logistics and printing services, as well as training materials and equipment under the Project.

Procurement

17. Procurement for the proposed Project will be carried out in accordance with the World Bank Procurement Regulations for IPF Borrowers dated July 2016 and the provisions stipulated in the Legal Agreement.

18. The various items under different expenditure categories are described in general terms below. For each contract to be financed by the Grant, the different procurement methods or consultant selection methods, the need for pre-qualification, estimated costs, prior review requirements, and timeframe will be agreed between the Borrower and the Bank in the Procurement Plan in STEP.

19. The World Bank's Standard Procurement Documents will govern the procurement of World Bank-financed Open International Competitive Procurement. For procurement involving National Open Competitive Procurement, the Borrower will use Standard Procurement Documents acceptable to the World Bank that will be included in the Operational Manual.

20. Procurement of works. No procurement of works are anticipated under the project.



21. Procurement of goods. Goods procured under the Project will include, among others: Only procurement of sundries and off the shelf goods are anticipated under the project and they will be procured through Request for Quotations.
22. Procurement of non-consulting services. Non-consulting services under the Project can include, among others: events, training, workshops, seminars, logistics, travel services, etc. It is likely they will be carried out through Request for Quotations, but the method known as “Pregão Eletrônico”, as set forth in the Brazilian Law No. 10.520, dated July 17, 2002 is also acceptable, provided (i) documents are acceptable to the Bank, (ii) documents include anti-corruption clauses, and (iii) the process is carried out under an e-procurement system previously approved by the Bank.
23. Selection of consultants. Consulting services under the Project will include studies and support. The following methods will be used for selecting consulting firms depending on the nature, estimated amounts and complexity of assignments, attractiveness to foreign firms and need for international expertise: Quality and Cost Based Selection (QCBS), Least Cost Selection (LCS), Selection under a Fixed Budget (SFB), Selection Based on Consultant’s Qualification (QBS), Single-Source Selection (SSS) both for consulting firms and individual consultants, and Selection of Individual Consultants (IC). The threshold for international advertisement will be in the procurement plan.
24. Operating costs. During Project preparation, it was agreed that operating costs are the ones associated with the coordination and implementation of the Project, including: (i) operation and maintenance of vehicles, repairs, fuel and spare parts (except those covered under surveillance activities); (ii) equipment and computer maintenance; (iii) shipment costs (whenever these costs are not included in the costs of goods); (iv) office supplies; (v) rent for office facilities; (vi) utilities; (vii) travel and per diem costs for technical staff carrying out supervisory and quality control activities (except those covered under surveillance activities); (viii) communication costs, including advertisement for procurement proposals); (ix) salaries for the Recipient’s operational staff; and (x) all costs associated with audits. Procurable expenses under operating costs to be financed by the project will be procured following the World Bank Procurement Regulations for IPF Borrowers dated July 2016 or using implementing agencies’ administrative procedures found acceptable to the Bank.
25. Training. Training costs refer to costs associated with the delivery of training and capacity building activities under the Project, including: (i) logistics; (ii) equipment rental; (iii) training materials; (iv) stationary for workshops and meetings; (v) lodging; (vi) catering services for coffee breaks; (vii) rental for training facilities; and (viii) trainers and trainee’s reasonable fees, their travel, transportation and per diem.
26. Procurement assessment. Assessment of FUNATURA capacity to implement procurement: FUNATURA currently implements grant TF0A0093 and a full capacity assessment is not necessary. It is a private entity and therefore needs not to follow the national procurement law, what translates in full application of Bank’s regulations. Furthermore, due to



the nature of the Project, no complex procurement is expected. Its procurement unit is adequately staffed by trained personnel.

27. Overall, the procurement risk associated with the Project, for the time being, has been assessed as “Average”, since most of the selection processes are not expected to have higher complexity.

Table 3.3: Procurement Action Plan

Act	Description	Action	Timeframe
1	Lack of FUNATURA’s practice with the new procurement regulations	Strengthening FUNATURA’s capacity through specific procurement training.	By effectiveness.
2	Quality of TORs and Technical Specifications	Reach out for experts’ advice on the definitions of the ToRs and specifications. Technical concurrences to technical documents to be issued by the TTL.	Throughout implementation. Before launching of each procurement process.
3	Weak and imprecise cost estimates	Base estimates on market data and not only on official tables issued by the government.	Throughout implementation.
4	Companies involved in fraud and corruption issues	Maintain a strict control over the companies and individuals that are debarred by multilateral development banks.	Throughout implementation.

28. All bidding documents and contracts, regardless of the amount and procurement method, are required to have the anticorruption (A/C) clause as an eligibility condition.

29. Procurement Plan: the project has to prepare a Procurement Plan in the Systematic Tracking of Exchanges in Procurement (STEP) system for the first eighteen months of Project implementation, which provides the basis for the procurement processes. This plan will be agreed upon between MMA, FUNATURA and the Bank Team before negotiations. The Procurement Plan will be updated in agreement with the Bank on a biannual basis or as required to reflect the actual Project implementation needs and improvements in institutional capacity.



C. Environmental and Social (including safeguards)

30. This Project is a technical assistance exclusively focused on the enhancement of the GoB's capacity for planning, implementation, monitoring and evaluation, and reporting. According to the Interim Guidelines on the Application of Safeguard Policies to Technical Assistance activities in Bank Financed Projects and Trust Funds Administered by the Bank³², this type of Technical Assistance projects supports activities with no potential adverse environmental and social implications or risks, such as staff training, study tours, recruitment and payment of salaries, supply of office equipment, etc., and does not require the preparation (prior to appraisal or during implementation) of any safeguard instrument.

31. The Project focuses on meetings, workshops, studies centering on progress and results indicators, monitoring reports, and communication activities. The Project will focus on promoting synergies among BIP projects, supervision activities, and monitoring and evaluation reports. The activities under the Project would positively contribute to coordination and compatibility among different initiatives, programs and projects aimed at addressing sustainable use in the Cerrado Biome, as well as its connection with climate issues. As such, it is likely to have no adverse social and environmental impacts.

32. During implementation, the Bank team will supervise the Project's activities to ensure that implementation activities are consistent with Category C.

D. Monitoring & Evaluation

33. BIP monitoring, evaluating and reporting are of critical importance to track performance, provide some accountability and above all to learn with the aim of improving ongoing management decision making. The goal is to be able to generate, aggregate, synthesize and report data across BIP's projects to demonstrate results.

34. Results monitoring and reporting on outcomes of BIP are guided by Brazil's Monitoring and Report Plan³³. In addition, given that BIP financing is channeled through Multilateral Development Banks - IBIRD, IBD and IFC-, each follows its procedures for monitoring and evaluation of individual financed project.

35. The Coordination Project will act in synergistic manner by coordinating efforts and activities in the various implementing agencies. The Project will also promote synergies among the BIP's projects, DGM and private projects under the FIP.

36. The overall purpose of Monitoring and Evaluation (M&E) is to measure and assess performance in order to more effectively manage outcomes and outputs. In the absence of effective M&E, it would be difficult to know whether the intended results are being achieved as

³² See: Interim Guidelines on the Application of Safeguard Policies to Technical Assistance Activities in Bank-Financed Projects and Trust Funds Administered by the Bank.

³³ Brazil's monitoring and Report Plan, October 2014.



planned, what corrective actions may be needed to ensure delivery of the intended results, and whether initiatives are making positive contributions toward its goals.

37. A well-functioning M&E system is a critical part of good project management and accountability. Timely and reliable M&E provides information to:

- Support project implementation with accurate, evidence based reporting that informs management and decision-making to guide and improve project/program performance;
- Contribute to organizational learning and knowledge sharing by reflecting upon and sharing experiences and lessons;
- Uphold accountability and compliance by demonstrating whether or not work has been carried out as agreed and in compliance with established standards and with any other donor requirements;
- Provide opportunities for stakeholder feedback, especially beneficiaries, to provide input into and perceptions of work, modelling openness to criticism, and willingness to learn from experiences and to adapt to changing needs; and,
- Promote and celebrate work by highlighting our accomplishments and achievements, building morale and contributing to resource mobilization.

38. The UGPI will have primary responsibility for tracking progress related to Project outputs and outcomes. Output measurement will report the execution of activities such as meetings, studies, reports and plans. Outcome measurement will show the degree to which objectives are accomplished.

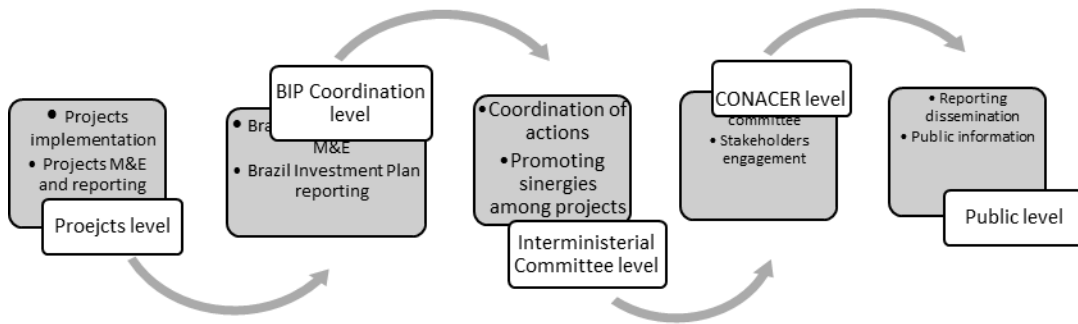
39. The FIP Sub-Committee recognized the current FIP results framework, and its adoption in the endorsed investment plans, as a valid basis for mid-term and ex-post evaluation in the FIP countries. The Sub-Committee has approved the document, Results Monitoring and Reporting in the FIP, which clarifies the themes for annual reporting by the countries. Following FIP guidelines³⁴, and considering the particularities³⁵ of the BIP projects, in order to assess and monitor the Project's progress, the following themes will be considered:

- Role of BIP coordination and synergies among BIP projects;
- BIP synergies among other projects and programs;
- Ongoing stakeholder participation/involvement, including Project execution agencies, and CONACER and BIP-IEC representatives;
- How the BIP is implemented in the context of broader national policies, including PPCerrado and PNMC;
- Knowledge sharing and management among BIP projects; and
- Analytical work or public communications.

40. The diagram below shows the BIP's simplified monitoring, evaluation, and reporting chain.

³⁴ <http://www.climateinvestmentfunds.org/cif/node/12506>;

http://www.climateinvestmentfunds.org/cif/sites/climateinvestmentfunds.org/files/FIP_Results_Framework_final.



41. Because it may not be feasible to collect quantitative evidence of coordination, progress will be recorded by narrative reports that identify the progress of the abovementioned key topics of interest. The assessment will include BIP–IEC participants’ impressions about the effectiveness of coordination procedures.

42. The BIP’s project implementing agencies and the BIP–IEC will participate in evaluation at the Project Coordination level.

43. The key questions that M&E seeks to answer include:

- How can the projects work together in a synergistic manner?
- Are the project outputs being produced and reported as planned and efficiently?
- What are the issues, risks and challenges that projects face or foresee that need to be taken into account to ensure the achievement of project results?
- What decisions need to be made concerning changes to the work already planned in subsequent stages?
- What are we learning?

44. In addition, the Project’s M&E includes performance indicators to monitor progress implementation. See Annex 1 for further information.

45. Project progress reports, including qualitative and quantitative evidence, will be prepared and submitted to the Bank twice a year.

46. The Bank will supervise Project implementation through two annual supervision missions, and will recommend adjustments as necessary.



46-47.

Annex 3: Project's Compliance with FIP Investment Criteria BRAZIL: Brazil Investment Plan Coordination Project

A. REDD+ equivalent in Brazil

1. Brazil's commitment to climate change has been constant since its participation in the 1992 United Nations Conference on Environment and Development in Brazil (Rio Conference). In the context of the 15th Conference of the Parties to the United Nations Framework Convention on Climate Change (UNFCCC) in Copenhagen in 2009, Brazil voluntarily committed to a greenhouse gas (GHG) emissions reduction target of 36.1 to 38.9 percent of projected emissions by 2020. This implies a reduction in emissions of around 1.2 billion tons of carbon dioxide equivalent (tCO₂eq³⁵).

2. The main reference points for Brazil's REDD+ type actions are the National Plan on Climate Change, launched in December 2008, and the National Policy on Climate Change, enacted in December 2009. The National Policy on Climate Change, which includes the National Plan as one of its instruments, defines the objectives and guidelines for domestic operations in Brazil that deal with climate change. Brazil's set of initiatives involving emissions mitigation includes combating deforestation and initiating alternative processes in the agricultural, energy and steel manufacturing sectors. The National Plan on Climate Change states that Brazil's goal is to achieve an 80 percent reduction in deforestation in the Amazon from the 1996–2005 average (19,535 km²), and a reduction of 40 percent in the Cerrado from the 1999–2008 average (15,700 km²). The National Policy also seeks to promote adaptation measures aimed at reducing the adverse effects of climate change and environmental, social and economic vulnerability.

3. The Action Plan to Prevent and Control Deforestation and Fires in the Cerrado Biome (PPCerrado 2010), one of the instruments in the National Policy on Climate Change, aims to promote sustained reduction in the rate of deforestation and forest degradation, as well as in the incidence of fires and forest fires in this biome. The PPCerrado guidelines include: (i) the integration and improvement of monitoring and control activities by federal agencies, aimed at the environmental regulation of rural landholdings, sustainable forest management and firefighting; (ii) land-use planning for conserving biodiversity, protecting water resources and encouraging the sustainable use of natural resources; and (iii) the promotion of environmentally sustainable economic activities, maintenance of natural areas, and restoration of degraded land.

³⁵ See Annex II of the Copenhagen Accord: Nationally Appropriate Mitigation Actions (NAMAs) by developing countries. Available at: http://unfccc.int/meetings/cop_15/copenhagen_accord/items/5265.php



4. The Brazil Investment Plan (BIP), under the FIP, is in line with the National Plan on Climate Change and the PPCerrado.

B. Compliance with FIP Investment Criteria

5. The BIP, endorsed by the FIP Subcommittee on May 18, 2012, represents an important step in the implementation of the FIP in Brazil. The BIP seeks to promote sustainable land use and forest management improvement in the Cerrado, the second-largest biome in Brazil and South America, and to contribute toward reducing pressure on the remaining forests, reducing GHG emissions, and increasing CO₂ sequestration.

6. The BIP complies with the FIP's four specific objectives. It was built on existing climate change-related policies and practices in Brazil and supports the instruments that guide federal and state financing policies in the land-use sector, particularly the PPCerrado, thus overcoming key barriers to their implementation. As such, the BIP invests in replicable models that will catalyze transformational changes in the Cerrado Biome's land-use, forestry and agricultural sectors, generate new knowledge and build the foundations to leverage additional financial resources in the context of an eventual future REDD+ mechanism under the UNFCCC.

7. In compliance with FIP guidelines, the following criteria were used for the Project:

(A) Climate change mitigation potential

8. This criterion has limited applicability to the present Project, because it would not provide incentives or actions to directly reduce Cerrado deforestation or to promote sustainable land use and forest management improvement in the biome, and thus contribute to a reduction in pressure on the remaining dry forests and in GHG emissions, and to an increase in CO₂ sequestration.

9. Nevertheless, the Project may promote the integration of BIP projects, and be informed about DGM and private-sector projects to leverage their results.

(B) Demonstration potential at scale

10. Information and practices generated by the Project will support MMA and provide opportunities for the internalization of lessons learned for replication of the coordinated approach in other biomes and programs.

11. The Project and the BIP's focus area is the Cerrado Biome, located in central Brazil. It covers nearly one quarter of the country, or 2.04 million km², a large area with significant carbon stocks and water resources, and with substantial biodiversity. Twenty-two percent of Brazil's population (42.7 million³⁶) lives in the Cerrado, but only 14 percent of the population resides in the biome's rural areas. The Cerrado is distributed over 11 Federative Units (the States of Goiás, Tocantins, Mato Grosso, Mato Grosso do Sul, Minas Gerais, Bahia, Maranhão, Piauí, São Paulo and Paraná; and the Federal District).

³⁶ Brazilian Census 2010, IBGE.



(C) Cost effectiveness

12. Multiproject programs draw on diverse themes and expertise, but they impose coordination costs to bridge institutional and timeline differences. However, the costs, benefits and impacts of coordination activities remain poorly analyzed.
13. Although the coordination process imposes real costs in terms of time, money and management, a balanced tally that clearly indicates the benefits and costs may justify a coordination process.
14. Good coordination enhances the likelihood of program success by reducing costs in several ways: (i) communication costs are minimized because of a common communication plan; (ii) monitoring costs are lower because external third-party monitoring is not required; and (iii) coordination allows on-time delivery without the need for costly reports.
15. The BIP Coordination Project should promote coordination among BIP projects and relevant institutions at the country level with respect to implementing and financing BIP, and be informed about DMG and private-sector-proposed investments. Effective coordination should transparently monitor and record data on financing received, transferred and spent, with clear lines of accountability³⁷.
16. The degree to which the BIP succeeds in promoting sustainable land use and forest management improvement in the Cerrado would not be achieved without a coordination process. Accountability will be promoted by linking the BIP's outputs and outcomes to specific projects and making such data available.

(D) Implementation potential

17. The Project's institutional sustainability is ensured by MMA's legal liability to coordinate the BIP's implementation.
18. The BIP is a program composed of related projects to promote sustainable land use and forest management improvement in the Cerrado Biome. The BIP comprises coordinated actions by three ministries (MMA, MCTI and MAPA) focused on building synergies in order to maximize the impact of a larger set of policies aimed at reducing deforestation in the biome.
19. In this context, the BIP has developed a governance structure to ensure synergies among the different projects and institutions during its implementation phase.
20. BIP governance is a combination of executive and management roles, oversight functions organized into structures, and policies that define management principles and decision-making.
21. According to the BIP, the National Commission for the Sustainable Cerrado Program (*Comissão Nacional do Programa Cerrado Sustentável*, CONACER), established in 2006, should

³⁷ FIP: Investment Criteria and Financing Modalities. 2010



act as the consultative committee for the Investment Plan. The BIP’s Executive Committee (BIP–IEC), established in 2014, will report periodically to CONACER about the BIP’s progress and results and will also receive feedback and guidance. CONACER is composed of representatives from: (i) the Ministry of Environment (*Ministério do Meio Ambiente*, MMA); (ii) the Chico Mendes Institute for Biodiversity Conservation (*Instituto Chico Mendes de Conservação da Biodiversidade*, ICMBio); (iii) the Ministry of Agrarian Development (*Ministério do Desenvolvimento Agrário*, MDA); (iv) the Brazilian Agricultural Research Corporation (*Empresa Brasileira de Pesquisa Agropecuária*, EMBRAPA); (v) the Brazilian Society for Scientific Progress (*Sociedade Brasileira para o Progresso da Ciência*, SBPC); (vi) the Brazilian Association of State Environmental Entities (*Associação Brasileira de Entidades Estaduais de Meio Ambiente*, ABEMA); (vii) civil society organizations (including representatives of NGO networks of indigenous and local communities); and (viii) the rural productive sector.

22. It is estimated that the BIP project will leverage a total of US\$134.93 million in co-financing funds, including private-sector set-aside.

	Environmental regularization of rural lands	IBRD	MMA		32.48	17.50	49.98	Under implementation
	Sustainable production in areas previously converted to agricultural use	IBRD	MAPA	10.62	--	0.50	11.12	Under implementation
	Forest information to support public and private sectors in managing initiatives	IDB	MMA/ Forest Service	16.55	--	8.00	24.55	Under implementation
	BIP Coordination	IBRD	MMA	1.00	--	--	1.00	
	Implementation of an early-warning system for preventing forest fires and a system for monitoring	IBRD	MCTI	9.25	--	--	9.25	To be signed
	Brazil Dedicated Grant Mechanism	IBRD	--	6.50	--	--	6.50	Under implementation

(E) Integrating sustainable development (co-benefits)

23. It is difficult to quantify the benefits and co-benefits of coordination in general. However, coordination co-benefits have the following themes:

- **Institutional:** Benefits are expected in terms of value-added brought about by integration efforts, synergies, and the monitoring and evaluation process. The coordination process is expected to enhance an integrated multi-institutional agenda in support of the Cerrado Biome’s sustainable development. Identified co-beneficiaries are the institutions participating in the program and the projects, in terms of the coordination and implementation of government plans and programs



linked to the BIP's objectives and themes, through the strengthening of MMA's management capacity for Project execution and the generation of synergies.

In addition, the support to be provided by the BIP's implementation will generate institutional co-benefits mainly by enhancing coordination tools and methodologies, with benefits not only to the Cerrado but also contributing to improved management in other Brazilian biomes.

- **Environmental:** Consistent with the BIP, major environmental co-benefits consist of a focus on field synergy among BIP projects, and these with other existing programs and projects. Thus, BIP-coordinated implementation is expected to increase environmental impact in the Cerrado Biome through joint strategic and operational planning.
- **Inclusion of Stakeholders:** Project activities will include social engagement through a communication plan and participation by BIP beneficiaries: landholders, agricultural producers, and traditional communities. Coordination of communication with projects and related programs can significantly increase stakeholder participation in BIP activities.

(F) Safeguards

24. The Project will comply with the current safeguards required by Brazilian regulations as well as with those of the Bank.
25. The Project focuses on meetings, workshops, studies centering on progress and results indicators, monitoring reports, and communication activities. There are no investments in physical works and field interventions. Therefore, no adverse environmental impacts are expected for this Project.
26. The activities under the Project would positively contribute to coordination and compatibility among different initiatives, programs and projects aimed at addressing deforestation and forest fires in the Cerrado Biome, as well as its connection with climate issues.
27. During implementation, the Bank team will supervise the Project's activities and ensure that implementation activities have no adverse environmental and social impacts.
28. Environmental and social supervision during Project implementation should provide technical assistance to enhance the effectiveness of forest fire monitoring management.



Annex 4: Brazil Investment Plan, Program and Projects: Synergies and Financing
BRAZIL: Environmental Regularization of Rural Lands in the Cerrado of Brazil Project

A. Brazil Investment Plan

1. The Brazil Investment Plan (BIP) seeks to promote sustainable land use and forest management improvement in the Cerrado, the second-largest biome in Brazil and South America, and to contribute toward reducing pressure on the remaining forests, reducing GHG emissions, and increasing CO₂ sequestration.
2. The Cerrado is a strategic biome for economic and environmental reasons as well as for food security. It covers a large area with significant carbon stocks and water resources, and with substantial biodiversity.
3. The BIP comprises coordinated actions by three Ministries (MMA, MCTI and MAPA). These actions are focused on building synergies in order to maximize the impact of a larger set of policies aimed at reducing deforestation in the Cerrado Biome by: (i) improving environmental management in areas previously anthropized; and (ii) producing and disseminating environmental information at the biome scale. Therefore, it is essential to take these actions forward in a joint effort to avoid the conversion processes that could occur if the command-and-control actions are not accompanied by incentives in order to promote sustainable productive activities.
4. The BIP comprises two projects with complementary approaches (forests and land use): (i) generation and promotion of new, updated and accurate information on forest resources and their use, with the aim of assisting public- and private-sector policy makers and enabling the environment for forest management best practices that may contribute to valuing forest resources as an important socioeconomic and environmental asset; and (ii) generating information on deforestation, forest degradation and land use in a systematic and ongoing manner, as well as developing an early-warning system for preventing forest fires and a system for monitoring vegetation cover.
5. It is important to highlight the fact that, since the beginning of the design phase, the successful collaboration among the three ministries has enabled the development of a strategic approach to promote synergies not only between the BIP and its projects, but also with ongoing Cerrado government plans and policies already in implementation at federal, state and municipal levels.

A. National Policies, Programs and Projects related to REDD+: Synergies and Financing

6. As presented in the BIP, the BIP projects are included in broader policies and national plans that are considered priority areas by the GoB. In parallel with the BIP, the GoB continues to support initiatives related to its national policies and plans through annual budget allocations and other international funds.



7. It is important to highlight the fact that the BIP was designed to enable the development of a strategic approach to promote synergies not only among its projects, but also with ongoing Cerrado government plans and policies already under implementation at federal, state and municipal levels.

8. This section presents a brief summary of the MMA's strategy, programs and projects for the Cerrado Biome, their synergies and financing sources that contribute to GHG emission reductions by reducing deforestation and forest degradation.

9. The following policies guide the MMA's Cerrado Biome approach:

- Through the National Policy on Climate Change (Law 12.187/2009 and Decree 7.390/2010), the GoB made a voluntary commitment to reduce the annual rates of deforestation in the Cerrado Biome by 40 percent, based on average deforestation between 1999 and 2008.
- Launched in September 2010, the aim of the Action Plan to Prevent and Control Deforestation in the Cerrado Biome (PPCerrado; Decree 5.577/2005) is to promote sustained reductions in the rates of deforestation and forest degradation, as well as in the incidence of burnings and forest fires in this biome.
- The Forest Code (Law 12.651/2012) requires landholders to ask their State Environmental Agency for prior authorization to use fire on vegetation in locations or regions whose characteristics justify its use in agro-pastoral or forestry practices. It also states that Federal, State and Municipal environmental agencies, which comprise the National Environmental System (*Sistema Nacional do Meio Ambiente, SISNAMA*), will update and deploy contingency plans for fighting forest fires, and that the Federal Government should establish a National Policy for Prevention and Control of Deforestation and Forest Fires.

10. The PPCerrado guidelines include: the integration and improvement of monitoring and control activities by federal agencies, aimed at the environmental regulation of rural landholdings, sustainable forest management and firefighting; land-use planning for conserving biodiversity, protecting water resources and encouraging the sustainable use of natural resources; the promotion of environmentally sustainable economic activities, maintenance of natural areas, and restoration of degraded land.

11. In addition to the BIP, the following programs or projects are under MMA's Cerrado Biome approach:

- The **Sustainable Cerrado Initiative**, supported by the Global Environment Facility (GEF), aims to enhance biodiversity conservation and improve environmental and natural resource management in the Brazilian Cerrado through appropriate policies and practices.
- The **Brazil Cerrado Climate Change Mitigation Trust Fund (BCCMTF)** (ProCerrado Program), launched in January 2012, is a single-donor trust fund with Bank- and



recipient-executed components from the Department for Environment, Food and Rural Affairs of United Kingdom (DEFRA). The program's objective is to assist Brazil in mitigating climate change in the Cerrado Biome and in improving environmental and natural resource management in this biome through appropriate policies and practices. The following projects are part of the program:

- **Rural Environmental Cadastre and Fire Prevention in Bahia Project, to be implemented by the Secretariat of Environment of Bahia (SEMA-BA).** The Project's main activities are to: (i) assist rural landholders in adjusting their land to the Forest Code and in implementing the CAR. In the State of Bahia, the system is called CEFIR and was developed by the State; it is a broader system than the CAR and covers other environmental aspects; (ii) promote sustainable productive activities; and (iii) strengthen municipal governments' capacity to prevent and control forest fires. This project is under implementation.
- **Rural Environmental Cadastre and Fire Prevention in Piauí Project, under implementation by the Secretariat of Environment and Water Resources of Piauí.** The Project's main activities are to: (i) assist rural landholders in adjusting their land to the Forest Code and in implementing the CAR; (ii) promote sustainable productive activities; and (iii) strengthen municipal governments' capacity to prevent and control forest fires. This project is under implementation.
- **Platform of Monitoring and Warning of Forest Fires in the Brazilian Cerrado, a Project to be coordinated by National Institute of Spatial Research (*Instituto Nacional de Pesquisas Espaciais, INPE*).** The project's objective is to develop a system to monitor, analyze and produce wildfire and burning warnings, to be implemented in the priority municipalities of the Cerrado Biome as a pilot system. The Project foresees the reconfiguration of the structure of INPE's Burning System, both internally in INPE as well as in users' Internet access, adapting the burning system to state-of-the-art remote sensing, geoprocessing, information technology and decision intelligence. This project will act complementarily with the Implementation of an Early-Warning System for Preventing Forest Fires and a System for Monitoring the Vegetation Cover Project, under the BIP. This project is under implementation.
- **ProCerrado Federal Project,** to be coordinated by the Ministry of Environment's (MMA's) Department of Policies to Combat Deforestation, in partnership with MMA's operational agencies. The project's main activity will be to build capacity in federal agencies to coordinate and execute actions aimed at reducing deforestation and fires in the Brazilian Cerrado. The project will support the PPCerrado's coordination unit, the development of state strategies to recover degraded areas, and the development of the



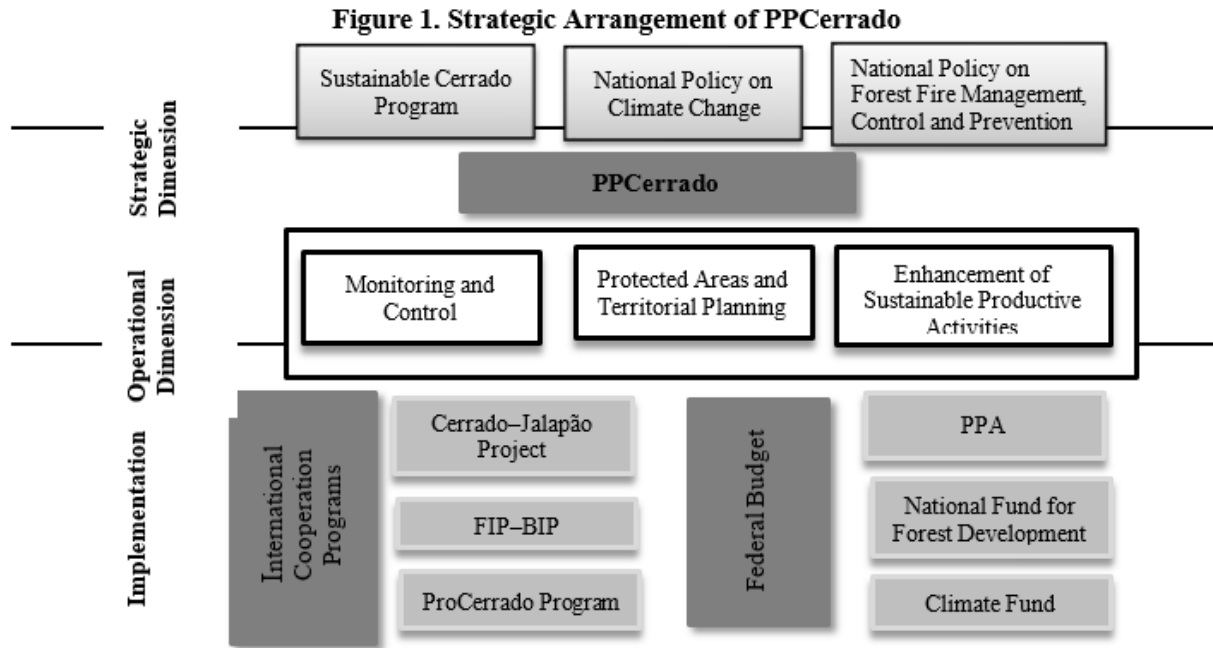
National Policy for Fire Management, Burning Control, and Combating and Preventing Forest Fires. It will also strengthen ICMBio's capacity to prevent and combat forest fires in critical protected areas within the Cerrado Biome. This project is under implementation.

- **Cerrado Jalapão Project.** Through the German Development Bank (KfW), Germany's financial cooperation seeks to support the implementation of the CAR in the municipalities of the Cerrado located in two states of the Legal Amazon: Maranhão and Mato Grosso. This cooperation does not include the strengthening of environmental agencies for the CAR, but rather the landholdings' registration in the CAR in selected municipalities.

12. Figure 1 shows the strategic arrangement adopted by MMA to implement the PPCerrado. Each of the programs and projects will contribute to the coordination effort by funding investments and activities designed to support actions of the various executors and their working relationships with the government and nongovernment entities involved.

13. Furthermore, MMA and the World Bank are coordinating the BIP, the Sustainable Cerrado Initiative, and the Cerrado Climate Change Mitigation Program, and are working in an integrated manner to avoid duplication, maximize synergies, and guide the resource allocation activities that effectively contribute to the achievement of goals established in the PNMC and PPCerrado.

14. For example, in addition to the 47 municipalities included in the scope of this FIP Project, other funding will support the implementation of the CAR in various municipalities of the Cerrado, including the States of Piauí and Bahia, which are not part of this CAR–FIP Project. In efforts to avoid duplication and to distinguish the programs' and projects' performance, each selected municipality will be financially supported by only one specific program or project. In the same manner, each activity under one program or project will be financially supported by only one specific program or project.



*Other international institutions may donate resources to the funds mentioned above.

15. Table 3 provides an estimate of the international financing resources to fund the PPCerrado approach to date.

Table 3. PPCerrado International Resource Financing Plan

Sustainable Cerrado Initiative	13.00	Grant	GEF
Brazil Investment Plan	37.50	Grant	FIP-SCF-CIF
	32.48	Concessional Loan	
Cerrado-Jalapão Project	15.90	Grant	Germany
Cerrado Climate Change Mitigation Program	16.80	Grant	DEFRA
TOTAL	115.70		