

**Meeting of FIP Pilot Countries
October 31, 2012 - Istanbul, Turkey**

Progress Updates from FIP Pilots

Country: Brazil

Investment Plan:

- X Endorsed
- Endorsement date/Expected endorsement date: May 4, 2012

Briefly outline three major advances, challenges and lessons learned arising from your investment planning and/or implementation process since the last meeting of FIP pilots.

Advances:

1. Approval of FIP concessional loan by the Brazilian government institution responsible for foreign financing (COFIEX), for the project 1.1 (FIP-CAR). The other projects, as they refer to grants, are subject to a simplified internal process.
2. Beginning of phase of detailing projects, with definition of strategies and indicators, considering the characteristics and needs of each project. Terms of Reference for detailed studies have been prepared and scheduling of public consultations with key stakeholders is under way for the different projects (the FIP-CAR project will hold public consultation already in November/2012).
3. Cooperation with the MDBs has intensified. Brazilian government agencies involved in design and implementation of the Investment Plan are improving their knowledge of MDBs procedures and the necessary steps that should be followed for the approval of the projects.
4. A meeting/consultation held on September with the Environment agencies of the States included in the area of the project 1.1 gave new insights on the institutional capacity building needs and has reinforced mobilization on the execution of the new Brazilian regulatory framework for forest and landscape management (Forest Code) – Law n.º 12651/2012, including the Rural Environmental Cadastre.
5. The different agencies involved on project 2.2 and FIP partners held in October a one day workshop led by the Ministry of Science, Technology and innovation. The seminar served to map the existing activities and to launch the process to define a draft results framework for the project.
6. The different agencies involved on project 1.2 and FIP partners held in October a one day workshop led by Ministry of Agriculture, Livestock and Food Supply. The seminar served to

discuss the diagnostic and draft set of project goals and indicators.

7. The executing agencies for projects 1.1, 1.2 and 2.2 were identified. The World Bank started the relevant institutional assessment.

Challenges:

1. Technical capacity is not always sufficient to carry on the activities on the pace preferred by participating institutions. Projects have faced difficulties, for instance, finding consultants with profiles that fit their needs. Additionally, the implementation of the projects will require the development of technical capacity in States Environmental Organizations of the Cerrado, in order to guarantee a participatory, timely and efficient implementation process.

2. Some projects have been facing problems to access the resources of the project preparation grant (PPG). In the case of project 2.1, the SFB is encountering complex bureaucratic processes in formalizing the agreement between SFB/MMA and IDB. The support of the MDBs is critical to overcome these obstacles.

3. Given that Brazil's Investment Plan includes many organizations, a permanent mechanism to coordinate the efforts of all project's National Executing Agencies is needed – as envisioned on the Investment Plan. It will be challenging to design and implement in the short term an appropriate coordination mechanism among projects that maximizes synergies and results.

Lessons learned:

1. National Executing Agencies have acquired enhanced knowledge of MDBs fiduciary procedures and consultant services and events cost. Nonetheless, Agencies should be more familiar with MDB procedures and FIP requirements. It has been noted that the whole administrative, formal process is very time-consuming.

2. A well planned consultation process is essential for mobilizing target audiences. Separation by interest segments (government, companies, traditional communities and family farming) is convenient when there is a great need of a high level of detail and time is short. Also, projects can be greatly improved as a result of the consultation process.

3. Processes outside the immediate realm of the IP can feed into the preparation of the projects, providing subsidies for the enhancement of implementation strategies. As an example, a series of Rural Environmental Cadastre projects is being finalized in the Amazon region, bringing many lessons on how to execute registering projects in priority municipalities – a valuable subsidy for project 1.1 (FIP-CAR).

2. What is the most important value added and/or benefit from the FIP process in your country?

The FIP process has promoted a better integration of several isolated initiatives of the federal government aimed to tackle deforestation and mitigate GHG emissions in the Cerrado region. It will optimize the country's ability to advance an agenda that is of great importance, leveraging existing skills and improving capacity for accountability, monitoring, planning and use of

information on the Cerrado.

Briefly outline the institutional arrangements for the coordination and oversight of the implementation of the investment plan as a program. What works and what needs improvement?

A management unit will be assigned the responsibility for the monitoring, publicity and evaluation of the plan as a whole, for the period of projects implementation. USD 1 million was estimated to cover this need.

It is expected that the sharing of successful experiences among the projects will be facilitated by the creation of a permanent coordination mechanism, improving upon the current state of affairs.

If you have an endorsed investment plan, which of your projects have progressed the most in terms of preparation/implementation and what are the 3 main factors that have contributed to this progress?

Project: FIP-ABC(1.2 Sustainable production in areas previously converted to agricultural use (based upon the ABC Plan))

1. Simplified internal process for approval.
2. Inter-institutional cooperation with institutions committed and interested in the project outcomes.
3. Integration of the project with an existing national policy (ABC Plan) that is already being implemented, and which established a broad participatory mechanism, encompassing State and Local Plans, and participation of different actors that deal with the theme.
4. Prior existence of information and indicators of GHG emissions in the agricultural sector, as well as the technological potential to mitigate these emissions.

What are the 3 major tasks ahead for your investment plan during the next 6-12 months?

1. Finalize the preparation of implementation/executive projects, fulfilling MDBs requirements and having the projects approved by the FIP Subcommittee. Define the financial and governance aspects, such as procurement plans and mechanisms for resource transfer in the context of each project.
2. Select institutions with capacity to implement each project and conduct fiduciary arrangements (some projects have had their implementing institutions selected, still pending the formalization of agreements).
3. Establish a permanent coordination mechanism to support the implementation and monitoring of the projects, with the participation of the National Executing Agency for each project (MMA, SFB, MCTI, MAPA). The need for such a mechanism was considered since the design of the IP, and its details are currently being framed by the National Executing Agencies.