PROJECT INFORMATION DOCUMENT / INTEGRATED SAFEGUARDS DATA SHEET (PID/ISDS)

CONCEPT STAGE

Report No.:PIDISDSC17994

Date Prepared/Updated: 29-Aug-2016

I. BASIC INFORMATION

A. Basic Project Data

Country:	Brazil	**Project ID:**	P158000
		Parent Project ID *(if any)*:	
Project Name:	Amazon Sustainable Landscapes Project (P158000)		
Region	LATIN AMERICA AND CARIBBEAN		
Estimated Appraisal Date:	03-May-2017	**Estimated Board Date:**	31-Aug-2017
Practice Area (Lead):	Environment & Natural Resources	**Lending Instrument:**	Investment Project Financing
GEF Focal Area	Biodiversity		
Borrower(s)	Fundo Brasileiro de Biodiversidade - FUNBIO		
Implementing Agency	Ministry of Environment		

Financing (in USD Million)

Financing Source	Amount
Borrower	0.00
Global Environment Facility (GEF)	60.33
Total Project Cost	0.00

Environmental Category:	B-Partial Assessment
Concept Review Decision:	Track II - The review did authorize the preparation to continue
Is this a Repeater project?	No
Other Decision (as needed):	

B. Introduction and Context

Country Context

Brazil is a vast country and its development prospects matter globally. It is rich in natural resources, which are an important source of income and a critical input for the country's economic development. Huge reserves of tropical forests and fresh water are especially important for some of the poor for whom they constitute a significant share of their wealth. Brazil's vast natural resource endowments can

be key drivers of economic growth, in at least three ways: (a) as direct sources of income and employment; Brazil is the world's second largest food exporter, and agriculture and agribusiness accounted for 8.4 percent of GDP, 16.2 percent of total employment, and 40 percent of total exports; (b) as sources of basic services (water and electricity); and (c) as fundamental inputs to economic development; 62 percent of electricity is generated from hydropower, and a total of 78 percent is derived from renewable sources.

Environmental challenges threaten Brazil's competitiveness and productivity. While the country has achieved significant progress in reducing deforestation, other environmental risks result in increased morbidity and mortality, and loss of productivity. Air pollution, water pollution, untreated sewage runoff, heavy metal pollution, lack of solid waste management, and direct and indirect exposure to agro-chemicals are only a few categories of modern environmental challenges that impact people's health and productivity and, thus, offset many of the accomplishments achieved through economic growth, higher incomes, and improved access to services.

Brazil has made a commitment to balance growth and social progress with environmental sustainability. The past decades demonstrate what can be achieved with appropriate policy. Brazil has made meaningful progress toward fostering environmental protection and attaining sustainable development: putting in place highly advanced environmental legislation, reducing deforestation, setting aside large areas for biodiversity protection, and creating other forms of conservation areas which reconcile conservation, development, and poverty reduction. Brazil was also an early mover in developing a national climate change plan and has made significant progress in lowering, on a voluntary basis, its CO2 emissions.

Sectoral and Institutional Context

The Amazon biome includes over 40% of the remaining rainforest on earth and plays a critical role in climate regulation regionally and globally. It also hosts at least 10 percent of the world's known biodiversity, including endemic and endangered floral and faunal species and comprises the largest river basin in the world. The Amazon River is responsible for 15-16 percent of the world's freshwater discharge into the oceans. It flows more than 6,600 km and, together with its hundreds of tributaries and streams, contains the largest number of freshwater fish species in the world. The Amazon forest and river ecosystem is one of largest natural areas that still has the potential to remain sustainably conserved and managed.

The Amazon biome ranges over 9 countries, with the majority of the rainforest contained in Brazil, Colombia and Peru, which together account for 83 percent. Brazil alone accounts for 60 percent and constitutes the largest continuous tropical rainforest, covering over four million square kilometers, and possibly harboring the world's greatest biological diversity. The vast forests of the Brazilian Amazon significantly influence the regional and global climates and contain approximately 70 billion tons of carbon stocks. Although sparsely populated, the region is inhabited by about 22 million people, mostly in urban areas, but with diverse social groups organized in local communities, including at least 200,000 indigenous peoples from more than 200 ethnic groups. Such communities are strongly dependent on natural resources, both economically and culturally. The conservation of this region and its vast cultural and biological diversity, as well as the ecological balance that unpins its crucial role in climate regulation is of extreme importance for Brazil and the entire human population.

The integrity of the Amazon biome, in Brazil as well as in the other countries, is threatened by deforestation and degradation. A number of interrelated factors constitute the drivers and root causes for these including export markets (e.g. international demand for agricultural and forest goods, minerals and energy), transport infrastructure development, social inequality and poverty - all of which

are central to the development context of Brazil as well as other countries in the region. Their negative impacts are aggravated to varying degrees by inter alia shortcomings of the policy frameworks to support sustainable development in various sectors and value ecosystem services; governance weaknesses, including gaps in and weak enforcement of legislation for nature conservation and other sustainable development policies; and lack of appropriate land use planning. These threats can be observed in varying degrees in each of the individual countries which house the Amazon biome, and could be exacerbated by the lack of regional coherence in laws and policies among the Amazonian countries.

In recognition of the value of and threats to the Amazon, over the past two decades the Brazilian government has put in place many policies to promote a new vision for development in the Amazon and has ensured that adequate funding is provided to implement the policies. Simultaneously it has removed many development-oriented policies that stimulated deforestation. The Legal Amazon Deforestation Prevention and Control Plan (PPCDAM, 2005) is the most comprehensive plan. These efforts have resulted in significant achievements. Between 2004 and 2012, Brazil reduced its deforestation from 27,772 km2 to 6,418 km2 while growing its economy by 300 percent during the same period.

New opportunities are opening up to further advance these efforts. Recent advancements in land tenure issues in the Amazon region resulting from a combination of: (i) the establishment and management of protected areas (PAs), (ii) execution of the Terra Legal Program (under which federal lands controlled by the Ministry of Agrarian Development have been allocated to conservation, indigenous issues, small scale farming land titling and colonization, in this order of priority) and (iii) implementation of the Rural Cadastre open new windows of opportunity to discuss the integration of protected areas and habitat restoration within a wider landscape.

Alongside this opportunity, however, development projects are being planned for the region - such as roads, railways and dams - which could shift public perception and increase pressure on natural resources. While Brazil has managed to halt the previously increasing deforestation rates in the region thanks to improved enforcement operations, monitoring technology and land tenure strategies - and aims to reach a target of zero illegal deforestation by 2030 -, these regional development plans, with large scale infrastructure, development and the granting of legal tenure over land could undermine the current Amazon conservation and management strategies by changing local policies and economic practices; detaching people and the economy itself from the forest and potentially leading to unsustainable practices.

Below is a list of the most significant actions taken in Brazil that constitute the baseline for the current Project:

- Protected Areas: The legally protected area has been expanded to cover 27% of the Brazilian Amazon under the Amazon Regional Protected Areas Program (ARPA), a partnership with the Global Environmental Facility (GEF), World Bank Group (WBG), World Wildlife Fund (WWF) and the German Development Agency (KfW) which started in 1998. Since then, other partners have contributed to ARPA, including BID, Fundo Amazonia (through Banco Nacional de Desenvolvimento - BNDES), Moore Foundation, and others. ARPA, most recently, established a Transition Fund with an estimated target value of around US$215 million.

- Indigenous lands: A network of Indigenous Lands (ILs) was established by the government which protects an additional 25 percent of the Brazilian Amazon.

- Biodiversity conservation targets: In the 2020 National Goals for Biodiversity (targets 14 and 15), the government established in Resolution number 6 of September 2013 the restoration of ecosystem services and biodiversity is consistent with and an important share of Brazil's contribution to global climate change mitigation and adaptation efforts.

- Reduction in agricultural Green House Gas (GHG) emissions: The National Policy for Climate Change (NPCC), launched by the government in December 2009 (Law 12.187/2009), commits Brazil to a 36.1 percent to 38.9 percent reduction in GHG emissions by 2020, relative to an agreed baseline scenario. In December 2010, the Government approved Decree 7390, which regulated the NPCC and stated that the projections for 2020 would be achieved through sectoral plans and initiatives. One of these plans is the Low-Carbon Agriculture Plan (Portaria Interministerial 984/2013), known as the ABC Plan, which aims at encouraging the use of low-carbon and sustainable practices for management of natural resources, including restoration of degraded pastures.

- Protection of Native Vegetation: In 2012, the Brazilian government approved a new Law for Protection of Native Vegetation, Law 12.651/2012 which regulates land use and management on private properties. The legal requirement of Brazil's "new" Forest Code of 2012 demands that each rural property keeps a portion of land as a set-aside as both "legal reserve" and a permanent protected area to better reconcile food, timber and bioenergy production while, at the same time, protecting globally important biodiversity and carbon stocks. Non-exempt landowners who cleared more than this area of native vegetation are required to either restore their deficit within 20 years or compensate by purchasing Environment Reserve Quotas (CRAs). A recent analysis estimated that Brazil has approximately 21 million hectares of native vegetation deficit, the restoration of which is also an opportunity for mitigating greenhouse gas emissions.

Law 12.651/2012 also establishes innovative instruments such as the Environmental Adjustment Program (PRA) and the Rural Environmental Registry System (SICAR), a georeferenced web system that will enable documentation of over 5 million rural properties, improving transparency and providing a pathway to environmental compliance. This law states that after five years from the date of its publication, financial institutions shall not grant agricultural credit, in any of its forms, for owners of rural properties that are not enrolled in the SICAR and hence are not proving its compliance with the Law. This national legislation will directly benefit from this project, since it encourages the compliance of rural properties with the Law.

- Green Resettlements Program: The government has also modified its agrarian reform resettlement scheme to a Green Resettlements Program, which starts to value environmental assets; pays attention to both environmental restoration and food security; and promotes land titling and rural environmental registry as well as environmental monitoring and control.

- Restoration of Native Vegetation: Affected landowners will need assistance to meet the native vegetation recovery requirements. The Brazilian government intends to fulfill the needs of these landowners by expanding and strengthening public policies, incentives, private markets, farmer practices, and other measures to enable the recovery of native vegetation of 1 2.5 million hectares (after factoring in CRA trading and other 'offsets' provided by the Forest Law) over the next 20 years. We project that recovery will occur on an exponential growth curve, starting with 400,000 hectares during the first 5 years and accelerating dramatically thereafter as the enabling conditions for large-scale restoration come into place.

- National Determined Contribution (NDC): From a climate change point of view, and for land use change and forests in particular, the recent NDC for Brazil expresses the adoption of the following

measures by the country (i) strengthening and enforcing the implementation of the Forest Code, at federal, state and municipal levels; (ii) strengthening policies and measures with a view to achieve, in the Brazilian Amazonia, zero illegal deforestation by 2030 and compensating for greenhouse gas emissions from legal suppression of vegetation by 2030; (iii) restoring and reforesting 12 million hectares of forests by 2030, for multiple purposes; (iv) enhancing sustainable native forest management systems, through geo-referencing and tracking systems applicable to native forest management, with a view to curbing illegal and unsustainable practices.

In addition to the above government measures noted above, civil society and academic sectors have been active partners, improving knowledge and piloting many mechanisms and tools to improve biodiversity conservation, extractive resources management by local communities, forest management and private land use. Donors have also supported, over the years, a number of different initiatives to strengthen local governments, states and federal institutions and contributing both human capacity and funding to enable the Amazon vision to be realized.

The proposed Project is consistent with, and will support, the policy and legislative framework and objectives presented above, particularly vis-a-vis maintaining and further expanding the efforts to protect the Amazon forest and the associated biodiversity and ecosystem services it supports. It is also fully consistent with Brazil's NDC which confirms the complementary role of South-South cooperation, on the basis of solidarity and common sustainable development priorities. Brazil will undertake best efforts to enhance cooperation initiatives with other developing countries, particularly in the areas of: forest monitoring systems; low carbon and resilient agriculture; restoration and reforestation activities; management of protected areas; increased resilience through social inclusion and protection programmes.

Relationship to CAS/CPS/CPF

The World Bank Group's Country Partnership Strategy (CPS) 2012-2015 (Report 63731) discussed by the Board of Executive Directors on November 1, 2011 has under the "Strategic Objective 4: Improve sustainable natural resource management and climate resilience". The proposed Project is fully consistent with the CPS recommendations, particularly the need to protect priority ecosystems. The recently issued Systematic Country Diagnostic (SCD) for Brazil (Report No: 101431-BR) confirms the sectoral context and its analysis underpins the strategic approach adopted by the Project. The SCD discusses that in recent years, there has been significant progress in limiting the deforestation of the Brazilian rain forest and protecting other sensitive biomes. Brazil's success in reducing deforestation rates has been due to increasing the designation of protected areas and improved accountability and control. Nevertheless, much remains to be done to sustain what has been achieved and maintain the momentum to further contain deforestation. One of Brazil's most important environmental policy initiatives was the recent introduction of new land and forest regulations to safeguard environmental and natural resources. The implementation of environmental regularization of rural landholdings through the CAR enables a more effective supervision and monitoring of deforestation and degradation of natural vegetation. These advances notwithstanding, the protection of the forest and other biomes remains contested, particularly from farming but also from the exploitation of other natural resources lying within forested territory. Wider impacts of deforestation and forest degradation are particularly visible in the water shortages that affect urban water supply, agricultural production, and hydropower generation.

The Project is also aligned with the WBG Forest Action Plan FY16-20, in particular with Focus Area 1 on Sustainable Forestry ("Protect and Optimize the Management of Natural Forests"), Focus Area 2 on Smart Interventions in Other Economic sectors ("Inform Decision Making on Land Use") and with the Climate Change and Resilience Cross-Cutting theme. The Project responds to the WBG Climate

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Change Action Plan (2016) specifically to the Priority III ("Scale Up Climate Action"). This Project will be delivering on forestry and land restoration as key components of a climate smart land use.

Additionally, the Project is well aligned with the GEF Strategic Frameworks for Biodiversity (BD-1, Programs 1 and 2; BD-4, Program 9), Climate Change (CCM-2, Program 4), Land Degradation (LD-1, Program 3; LD-3, Program 4) and Sustainable Forest Management (SFM-1, 2 and 3).

C. Proposed Global Environment Objective(s)

Proposed Global Environment Objective(s) (From PCN)

The Project Development Objective (PDO) is the same as the Global Environment Objective (GEO), namely, to protect globally significant biodiversity and implement policies to foster sustainable land use and restoration of native vegetation cover.

Key Results (From PCN)

- Increased area of globally significant forest ecosystems in new protected areas (3.000.000 hectares).
- Improved management effectiveness of protected areas (57,000,000 hectares), including increased revenue for protected areas systems.
- Mechanisms for forest landscape management systems and restoration established (institutional, legal and regulatory frameworks).
- Integrated restoration plans to maintain forest ecosystem services implemented at appropriate scales by government, private sector and local community actors (disaggregated by gender).
- Increased uptake by governments of lessons and cutting-edge knowledge generated across the portfolio of interventions.
- Improved capacity of key stakeholders to maintain forest resources, protect biodiversity (particularly illegally traded endangered species), enhance forest management and restore forest ecosystems.

D. Concept Description

This Project will be prepared in the context of the overarching GEF Amazon Sustainable Landscape Program (ASL Program) which was approved for inclusion in the GEF portfolio at the 49th Council Meeting held in October 20-22, 2015. The proposed ASL Program recognizes that the successful conservation of the Amazon biome and the biodiversity and ecosystem services it supports requires a holistic and collaborative approach which extends beyond national borders. It comprises five child projects; four at the national level (one each in Brazil and Colombia and two in Peru) and a fifth coordinating one at the regional level. The GEF has committed $113 million to the Amazon Sustainable Landscapes Program, which is expected to leverage $682 million in additional financing and span over five years. The national child projects together aim to maintain 73,000,000 hectares of forest land, promote sustainable land management in 52,700 hectares, and support actions that will help reduce CO2 emissions by 300 million tons by 2030.

The concept and design of the ASL Program and each of its five subsidiary child projects, build on the notion that if an adequate area of the Amazon is conserved under various regimes (protected areas and indigenous lands); if agriculture, degraded and forest lands are managed sustainably and with zero illegal deforestation tolerance; if national policies and strategies support sustainable development aiming to minimize deforestation and loss of ecosystem services; and if regional cooperation & capacity building of key players improves, the protection of significant biodiversity and the integrity ecosystem services of the Amazon region can be achieved. At the national level, the child projects will support the consolidation of an integrated Amazon protected areas system, the development of integrated landscape management of selected regions within each participating country and the improvement of policies and strategies for protected areas and productive landscapes. These

interventions together aim to reduce deforestation and ensure the protection of Amazonian species and habitats (both terrestrial and aquatic). At the regional level, the ASL Program will enhance regional cooperation and learning among all stakeholders. It will promote a shared vision for building productive and protected landscapes and a common objective among the participating national partners. By promoting interconnectivity within and across countries the individual national investments can achieve large scale impact, with the anticipated results being greater than the sum of its parts. Without the collaborative work of neighboring countries to tackle common threats and to take advantage of the opportunities, it would be difficult to secure the maintenance of the forest cover and flow of ecosystems services in the long term. Taking action on regional issues can no longer be postponed, as the Amazon region is increasingly accessible and gaining importance in the development agenda.

The proposed Brazilian Project is one of the four aforementioned national child projects. It builds on over a decade of work in the Brazilian Amazon to strengthen biodiversity conservation, reduce deforestation and improve community livelihoods. These efforts have been led by the Brazilian government and supported by a wide range of local, national and international stakeholders, including civil society, academic sectors and donors. The Project will be the third in a series of projects supported by the WB-GEF and other agencies, which started with the initial Amazon Regional Protected Areas Project (ARPA I) in 1998 and was followed by a second phase, ARPA II, in 2012. The previous two phases of ARPA focused on reducing the deforestation and degradation of the Brazilian Amazon by (i) expanding the total area under formal protection, and (ii) improving the management of both new and existing protected areas. Together these two projects successfully brought an additional 27.6 M ha of forest under protection and improved the management in 59.2M ha. Under ARPA II, issues of financial sustainability began to be addressed, resulting in the establishment and initial capitalization of a Transition Fund with a view to gradually shifting the financial support for these protection efforts from donor to public financing. Initial fundraising efforts secured an estimated USD 215M, with an estimated target based upon financial modeling of the costs involved in consolidating and maintaining the 60 million hectares of protected areas supported by ARPA I and II. These estimates incorporate realistic financial projections and budget increase scenarios in order to lessen the long term impact of the transition from donations to public funding, ensure a 3.9 percent annual increase in public funding over the next 25 years and replace the endowment arrangement of the current Protected Area Fund. The WB has supported the ARPA program through the following projects: Amazon Region Protected Areas Program (P058503) and Amazon Region Protected Areas Program Phase II (P114810).

In Brazil, ARPA's results to-date, with the protection of large land areas in the Amazon, are already contributing to reduced deforestation, biodiversity conservation and carbon sequestration. Challenges, however, remain in terms of securing the long-term maintenance of the protected areas system, particularly in the face of growing development pressure in the region, and making the system resilient to climate change, which in the Amazon means preparing for the impacts of a drier climate. In response to these challenges, the proposed Brazil child project will seek to increase national capacity to both: (i) further consolidate the protected area system through improving its management effectiveness and, in particular, its long term financial sustainability, and (ii) promote innovative landscape approaches and incentives to foster sustainable land use and restore native vegetation cover outside the traditional protected area boundaries, thus improving the connectivity between protected areas and increasing the overall resilience of the Brazilian Amazon forest ecosystem and the conservation of the globally significant biodiversity it sustains. Furthermore, the project will be explicitly designed to link directly to the regional Amazon Coordination Technical Assistance Project (P159233), the fifth ASL child project, which aims to facilitate the exchange of knowledge and experience between the four national child projects in Brazil, Columbia and Peru, thus reinforcing the

overarching ASL Program.

The Brazil project is composed of four Components as follows.

Component 1. Integrated Amazon Protected Area System (GEF financing USD 32,000,000 and parallel financing USD 205,000,000)

The main objective of this Component is to consolidate a 60 million hectare Protected Area (PA) system in the Brazilian Amazon and ensure its long-term financial sustainability. It will build upon the achievements of the first and second phases of the ARPA Program, by: (i) expanding the area under protection from 27.5 to 33.5 million ha, (ii) further enhancing the effective management of the PA system in 60 million ha, and (iii) advancing the process of transitioning PA financing from an almost exclusively donor-based support to a long-term public financing mechanism within 25 years.

More specifically, activities to expand the area under protection would include: inter alia: (i) identifying new areas in the Amazon Region to be designated for protection; (ii) conducting the associated environmental, socioeconomic, and land tenure assessments as needed, including public consultations and workshops; and (iii) preparing the necessary decrees and demarcating of the boundaries of the Protected Areas in question. Activities to support the consolidation of the PA system would include inter alia: (i) technical assistance to strengthen country capacity to manage the consolidation process (ii) physical works, to include structures such as visitor centers, office space, guard-posts; (iii) preparing, implementing and evaluating PA Management Plans; (iv) promoting better coordination and institutional enhancement of local communities and organizations; and (v) providing training to relevant staff in the management of PAs. Lastly, in order to ensure long-term sustainability for PAs, the project would also provide technical assistance to develop and implement strategies to raise additional revenue for the ARPA Transition fund established under ARPA II as part of efforts to transition from donor to public financing.

Component 2. Foresting Sustainable Productive Landscapes (GEF financing USD 4,000,000 and parallel financing USD 24,000,000)

The main objective of this Component is to integrate and strengthen management of forests in agricultural landscapes by promoting access to innovative financing mechanisms. To this end activities under this component will seek to identify and put in place mechanisms to boost markets for the products and services (e.g., wood, non-timber forest products, watershed protection) generated by lands with recovered native vegetation, thereby creating new and improved revenue generating opportunities for landowners, and providing an additional incentive for landowners to engage in the restoration activities required under Law 12.651/2012. Activities are expected to include inter alia the introduction of financial mechanisms such as new and improved loans, forest bonds, restoration funds, and tax exemptions to encourage native vegetation recovery.

Additionally, this component will support the government to revise the design of the ABC Plan to provide affordable/favorable credits (e.g., low interest, grant, or long repayment period) for qualified long-term investment activities for restoration of Areas of Permanent Preservation (APPs) and Legal Reserves (LRs). Based on annual net income criteria, Brazilian farmers can be segmented in 3 categories: small/family, medium, and large farmers. The most disadvantaged category in this case are mid-size farmers. Therefore, one of the aims of this component is to increase the amount of ABC Program loans provided to mid-size farmers in the Amazon region by giving a financial incentive as a compensation for results reached by farmer's efforts in the recovery of degraded areas in APPs and LRs. The rural census and recent estimates on the average size of the property for the Legal Amazon

in Brazil points to the prevalence of mid-sized areas where most of the vegetation deficit is located. Focusing on these landowners is the key solution to reconnect areas of importance for Biodiversity and stabilize the landscape in terms of ecosystem services.

Component 3. Integrated Landscape Restoration (GEF financing USD 20,830,000 and parallel financing USD 124,980,000)

The objective of this Component is to support ecosystem restoration in prioritized locations to help ensure the preservation of biodiversity in productive landscapes and to develop a system of monitoring forest recovery for improved landscape planning.

Together with the improved financing schemes to be developed under Component 2, this component will support integration and management of forests in agricultural landscapes by implementing activities to promote access to innovative technology and best practices, combined with on-the-ground application in a manner that emphasizes agricultural practices that secure conservation of forest patches in agriculture landscapes. It concentrates on land management options that increase and maintain agricultural productivity and deliver multiple environmental benefits at landscape scale, particularly in the context of addressing food security and livelihood needs of affected communities (e.g. landscape regeneration through use of locally adapted species, including agro-forestry and farmer-managed natural regeneration).

This component will also build technical and institutional capacities to identify degraded forest landscapes and monitor forest restoration, and by so doing improve landscape level planning processes to better rehabilitate ecosystem services and create livelihood opportunities. Monitoring forest recovery over time will help order to inform strategies as to what works and what doesn't. Progress will be measured through the establishment of a national spatial planning and monitoring platform to support decision making for native vegetation recovery.

Component 4. Capacity Building and Cooperation (GEF financing USD 2,000,000 and parallel financing USD 12,000,000)

This component seeks to improve Brazilian stakeholder capacity and collaboration within and across sectors, with a view to strengthening implementation capacity and increasing the impact of project activities. The component will be designed to link directly to the regional Amazon Coordination Technical Assistance Project (P159233), which aims to facilitate the exchange of knowledge and experience between the four national child projects in Brazil, Columbia and Peru, so as to strengthen the impact of national, regional and international processes and policies committed to avoiding deforestation in the Amazon and promote sustainable landscape management

The component will support cross-sectoral and cross stakeholder capacity development, seeking to identify and reinforce synergies between local, state and federal stakeholders, particularly in the biodiversity, climate change, forestry, and agriculture sectors. Capacity development will focus primarily on the communities and landowners where project activities will be implemented and, to the extent possible, will be integrated into the investment and rural extension activities under Component 3. Initial areas of focus may include inter alia environmental assessment, restoration, and payment of environmental services. Training materials and structured lectures will be developed such that they can be readily adapted to local needs so as to better engage local stakeholders and mainstream project results. Gender, social identity issues and traditional knowledge are considered critical to the integration of local communities and indigenous peoples and will be considered during preparation of this and all other project components. Capacity building activities may also include short international

internships in sectors/technical areas where there are gaps in and/or Brazilian experience lags behind that of other countries.

Additionally, to encourage and strengthen cross-sector collaboration, the project will develop training packages targeting financial groups, trade organizations, cooperatives, industry and all three levels of government actors involved in aspects of the forest product value chain which foster reforestation and/or link to timber and non-timber sustainable production in the region. Furthermore, national and regional seminars will be carried out under this component, to support the scaling-up of experiences and promote integration in national policies.

Component 5. Project Management (GEF financing USD 1,500,000 and parallel financing USD 9,0 00,000).

This component aims to assure the smooth implementation of the project as a whole. It will support overarching project management activities including administration, procurement, financial management, and monitoring and evaluation. An adaptive management approach will be promoted.

II. SAFEGUARDS

A. Project location and Salient physical characteristics relevant to the safeguard analysis (if known)

Brazilian Amazon Region, initially spreading over the following states: Amazonas, Para, Acre, Amapa, Rondonia, Roraima, Mato Grosso and Tocantins. The Amazon Biome includes a variety of ecosystems in addition to rainforest, such as grasslands, lavrado and palm forests, among others. The Map of Priority Areas for Biodiversity Conservation and Sustainable Use for the Amazon Region, used as a primary base for the selection of areas targeted for project support, includes all of these enclaves, and performs a gap analysis of protected ecosystems in its continuous updating process. Portions of these non-forest ecosystems may be present in existing or new areas supported under the project.

Although the types of activities to be supported under the project are already known, the exact location for their implementation and exact activity to be implemented in each area have not yet been defined. The project will carry out an Environmental and Social Impact Analysis, which will inform the preparation of an Environmental and Social Management Framework, Indigenous Peoples Planning Framework, Process Framework, and two specific Indigenous Peoples Plans for the two known PAs to be supported, which overlap with Indigenous Lands.

The project may include support to sustainable timber and non-timber management activities in National Forests and other sustainable use areas where such use is allowed, according to specific regulations applicable to each area. The ESMF will ensure that activities supported will be consistent with the requirements of OP 4.36 regarding certification (commercial) or procedures for small-holder or community scale forestry, and define the sustainability and monitoring procedures to be followed for any forest-based economic activity.

B. Borrowers Institutional Capacity for Safeguard Policies

This is the third phase of a primarily biodiversity conservation project, to be implemented by the Ministry of the Environment (MMA), in coordination with its executing agencies: MMA itself, Funbio, ICMBio, and state environmental agencies, all of which apply and comply with the comprehensive Brazilian environmental legislation and resettlement procedures. As these agencies also implemented the first phase of the project, they are familiar with the Bank's safeguards, which

complement Brazilian legislation regarding environmental and resettlement issues.
By force of the Brazilian legal framework, all activities that may interfere (positively or negatively) with Indigenous Peoples will have to engage the Brazilian Indigenous Foundation (Funai), which is the agency responsible for authorizing the access of non-indigenous peoples in Indigenous Lands. Funai was created in 1967 with the institutional mission of protecting and promoting the rights of Indigenous People in Brazil. It is responsible for land identification and demarcation, surveillance and protection, promoting Indigenous Peoples' ethno-development, management and mitigation of environmental impacts caused by external interferences in indigenous lands. It is also responsible for the protection of people living in conditions of voluntary isolation or initial contact and its procedures in this area are worldly known and praised. Funai's organizational structure comprises three directorates - Management, Promotion of Sustainable Development and Territorial Protection), 14 general coordinations (including: land tenure, environmental management and environmental licensing, and territorial monitoring), 37 Regional Coordinations, 12 Coordination of Ethno-Environmental Protection (working exclusively with Indigenous Peoples living in conditions of voluntary isolation or initial contact), and 291 Local Technical Coordinations acting in 588 Indigenous lands. The work with Indigenous people in voluntary isolation or initial contact comprises the surveillance of their territories to impede the ingress of non-indigenous persons, studies for location and monitoring of these indigenous peoples.
Comprising with these country laws, Funai will be consulted prior the selection of the areas to be supported by the project and whenever Project's activities may interfere with Indigenous People and with Indigenous Peoples living in conditions of voluntary isolation or initial contact. In the last case, envisaged activities will not be further processed.

C. Environmental and Social Safeguards Specialists on the Team

Agnes VellosoGEN04

Alberto Coelho Gomes CostaGSU04

D. POLICIES THAT MIGHT APPLY

Safeguard Policies	Triggered ?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	Yes	The project is expected to generate a positive impact on the environment, with the expansion and strengthening of Protected Areas (PAs). The creation and consolidation of PAs has proved to be a viable strategy to reduce biodiversity loss and deforestation in the Brazilian Amazon, through the containment of anthropogenic pressures and the promotion of the sustainable use of natural resources. Also, the simple fact of designating land-use is already hugely effective in counteracting the illegal land market, by conferring permanent private and public land ownership rights. The positive impact would be expanded with the support to the integration and management of forests in agricultural production through the restoration of native vegetation and the promotion of agricultural practices that secure

		the conservation of forest patches in agricultural landscapes (e.g. agro-forestry). The project would apply existing science-based instruments to define priority areas for PA creation and vegetation restoration in order to maximize benefits to biodiversity, such as the Map of Priority Areas for the Conservation and Sustainable Use of Brazilian Biodiversity, Legal Amazon Deforestation Monitoring Project - PRODES, and Amazon TerraClass studies, among others. Possible negative impacts are expected to be few, localized, small and reversible, and the impacts assessment of the ESMF would address, among other themes: (i) potential negative and positive impacts of project activities on natural habitats; (ii) potential impacts of forest management activities (timber and non-timber); (iii) potential impacts of activities that might require pest management (e.g., seedling production for vegetation restoration, agroforestry activities); (iv) potential impacts on physical cultural resources; and (v) potential impacts on indigenous peoples and traditional communities (see OPs 4.04, 4.36, 4.09, 4.10, 4.11, 4.12 below). In relation to social aspects, the project will also have positive impacts since PAs are important to secure land tenure for traditional communities and eliminate or greatly reduce the risk of these communities being expelled or losing access to natural resources for their livelihoods. The process to review and update the Amazon portion of the Map of Priority Areas for the Conservation and Sustainable Use of Brazilian Biodiversity, supported by ARPA 1 in 2006, incorporated community participation aspects that contributed to mitigate potential conflicts in the process of creation of new PAs. To further address the issue of eventual conflicts, two measures would be taken by the Amazon Sustainable Landscapes Project: (i) any PA creation process will involve broad public consultation, because it is now widely accepted that public consultation allows for adjustments in the PA creation processes, responding to needs and demands of local stakeholders; and (ii) the Project has set as a

		rule of thumb that it would not support any activity requiring the involuntary retaking of land. Consequently, physical and economic displacement would be completely avoided (see below, OP 4.12 Involuntary Resettlement). During ARPA 1 and ARPA 2 Projects, 10.8 million hectares of sustainable use reserves were created combining social demands and priority areas for biodiversity conservation, and subprojects for alternative sustainable income generation in communities located in buffer zones of threatened protected areas were also implemented. As successfully carried out in ARPA 1 and 2 Projects, the creation of Protected Areas would also require the preparation of environmental, socioeconomic and land tenure diagnoses of the selected priority areas. Socio-environmental aspects and safeguards will be monitored at the PA level by the responsible agencies and at the Project level by the Ministry of the Environment (MMA). Although the types of activities to be supported under the project are already known, the exact location for their implementation and exact activity to be implemented in each area have not yet been defined. The client will carry out an analysis of environmental and social impacts, which will inform the preparation of the following safeguard instruments, which will be applied to Components 1, 2 and 3: an Environmental and Social Management Framework, an Indigenous Peoples Planning Framework, a Process Framework, and two specific Indigenous Peoples Plans for the two known PAs to be supported, which overlap with Indigenous Lands (PARNA da Amazonia and Estacao Ecologica de Jutai-Solimoes). During project implementation, Environmental Management Plans will be prepared and disclosed for specific activities supported under components 1, 2 and 3, or as annexes to Protected Area Management Plans prepared or revised under component 1. To the extent possible, the Social Assessment to be carried out as part of the Environmental and Social Management Framework (ESMF) would include disaggregated information on

		indigenous women, children, the aged, and the disabled, and any differentiated impacts that may disproportionately affect them. This information should feed into the IPPF and IPPs and help inform the Management Plans for the PAs. The Social Assessment will consider potential impacts of the project on the livelihood of traditional communities heavily reliant on the uses of forests, biodiversity and natural resources. Furthermore, the Social Assessment will also include a brief section on the issues related with conflicts due to overlapping between Indigenous Lands and Protected Areas. Finally, the Social Assessment will include an assessment of labor conditions prevailing in the productive chain of forest products, particularly concerning risks related with forced labor/child labor. The Environmental and Social Management Framework, the Indigenous Peoples Planning Framework and the Process Framework will be consulted with key stakeholders using direct mail to key actors (governmental and civil society organizations representative of the environmental sector, indigenous peoples and traditional communities, as well as relevant economic sectors) and the Ministry of Environment website for disclosure and dissemination of the relevant instruments as well as to receive feedback. A sufficient amount of time will be allowed for the sending of feedback on the framework documents. All inputs received will be registered and an annex will be included as part of the Environmental and Social Management Framework, where the feedback received will be synthesized, and explanation will be provided on how the feedback was incorporated as part of the assessment of impacts and the proposed mitigation measures of the project, and a justification will be provided when the feedback is not incorporated as part of the Project's Environmental and Social Management Plan, Indigenous Peoples Policy Framework and/or Process Framework. Feedback on the framework documents will include results from the two specific indigenous consultations (see below). This consultation approach was

		successfully applied during the preparation of framework safeguards documents for ARPA 1 and 2, as (i) it provides broad opportunity for diversified groups to participate in the consultation, without restricting the process to the same actors that usually participate in face-to-face type of events; and (ii) the previous experiences received significant feedback from varied actors. In parallel, the two specific Indigenous Peoples Plans to be prepared before Appraisal will rely on a participatory methodology to ensure the engagement of representative bodies and organizations of the affected Indigenous peoples, and provide sufficient time for their decision-making processes reaching conclusions that are considered legitimate by the majority of the concerned participants. Both the framework documents and the two specific IPPs will be consulted under this process. The participatory methodology will also explore all the opportunities for carrying out gender and generation sensitive meetings. The Indigenous Peoples Plans will include documentation summarizing the specific consultation process, results and how issues raised by the Indigenous Peoples who have been consulted were addressed in the Indigenous Peoples Plan design. The complete consultation process will be carried out before appraisal.
Natural Habitats OP/BP 4.04	Yes	The potential positive impact of the project for biodiversity is significant given the major focus of the project in the support of forest landscape management systems and restoration, and in the creation and consolidation of Protected Areas on the Amazon Basin. Support to sustainable productive landscapes and integrated landscape restoration should expand benefits to natural habitats to the private areas surrounding and between PAs, increasing connectivity and the availability of suitable habitat to biodiversity. Supported PAs should include parks, biological reserves, ecological stations, extractive reserves and sustainable development reserves. In these areas, traditional communities and indigenous

		groups can plan land use aiming at income generation through the continuation of their traditional practices, while averting deforestation. Traditional communities and indigenous peoples land management and production practices are generally compatible and benign in terms of impacts on biodiversity. The changing context surrounding community lands bring increasing pressure to carry out non-traditional forms of land use and management. Project activities and capacity-building will seek to foster conservation and sustainable management of natural resources while providing tools such as participatory diagnostics and planning activities, strengthening of local organizations, and participatory monitoring and evaluation that will generate an improved platform for community decision-making on a sustainable use of the available natural resources. The ESMF would assess potential negative impacts on natural habitats that might arise from project activities such as small infrastructure interventions in PAs, control of pests in seedling nurseries or agroforestry systems, and economic use of forest resources, and propose preventive, monitoring and mitigation measures.
Forests OP/BP 4.36	Yes	The project is expected to have a positive impact on the forest in private lands through the support to vegetation restoration and the promotion of agricultural practices that secure the conservation of forest patches in agricultural landscapes, such as agro-forestry, increasing connectivity in the landscape among PAs and private lands. The ESMF would assess possible negative impacts from these activities such as the introduction of potentially invasive plant species or the use of pesticides, and propose preferred sustainable techniques, as well as preventive, monitoring and mitigation measures. Additionally, the creation and strengthening of Protected Areas is a valuable tool for the protection of long-term ecological integrity of biodiversity-rich areas, the containment of anthropogenic pressures and the promotion of the sustainable use of natural resources. The PAs to be created and consolidated under the project include Extractive Reserves and

		Sustainable Use Reserves, in which traditional communities can plan land use aiming at income generation through the continuation of their traditional practices. Some of these activities might entail use of forest resources. However, any forest use in these PAs is expected to be small-scale or low-impact in nature and would be compatible with the safeguard requirements in regards to community or small-scale forestry activities. The ESMF should assess the potential negative impacts from these activities, such as the unsustainable use of forest resources, and present the standards and methodologies for the sustainable use of forest resources that can be supported under the project, as well as for evaluating proposals and monitoring implementation. These would include the preparation of Forest Resource Management Plans, as required by Brazilian regulations. The Environmental and Social Management Framework should also include support for capacity-building in regards to the sustainable use of forest resources, both timber and non-timber. The Environmental and Social Management Framework will ensure that all activities involving sustainable commercial forest management of timber and non-timber products in areas in which these activities are legal will comply with this policy's requirements on certification and procedures for small-holder and/or community forestry, to minimize risk of unsustainable use of forest resources.
Pest Management OP 4.09	Yes	The project would support vegetation restoration activities and the adoption of forest-friendly production practices such as agro-forestry, which should favor ecological methods for managing pests, but might require the use of pesticides or other agricultural chemicals. This use is expected to be in small amounts, and restricted to seedling nurseries and agroforestry plots, considering also that the latter system, in Brazil, usually includes agro-ecological pest management practices. Nevertheless, to reduce the risk of negative impacts from the use of pest control products, the project's Environmental and Social Management Framework would include

		indication of favored methods to be supported under the project as well as preventive and mitigation measures for pest management compatible with OP 4.09 to guide these activities.
Physical Cultural Resources OP/BP 4.11	Yes	It is not expected that project implementation would have any negative impact on physical cultural resources. However, chance findings during implementation activities are possible, even though no such occurrence came up in the previous similar ARPA 1 and ARPA 2 operations. To handle such findings, Brazil has a well-developed legislative and normative framework, which is under the oversight of the National Institute for Protection of Historical and Archeological Sites (IPHAN), and FUNAI also has established procedures for safeguarding historical or pre-historical heritage pertaining to indigenous peoples, via the National Indian Museum which is an agency of FUNAI. The screening and action procedures for chance finds, including sacred sites, would be incorporated into the project's Environmental and Social Management Framework and into the environmental screening section of the project's Operational Manual.
Indigenous Peoples OP/BP 4.10	Yes	The project triggers OP 4.10 because the project is located in the Brazilian Amazon and the Project may support under Component 1 - Integrated Amazon Protected Area System, the creation, consolidation and management strengthening of Protected Areas that overlap with Indigenous Lands. Component 2 - Policies for Sustainable Productive Landscape, is focused on the restoration of APP and Legal Reserves at private landholdings. It is not expected to have direct interference with Indigenous Lands, but better land use management in private landholdings may have indirect positive impacts in natural resources at buffer zones of Indigenous Lands. Component 3 - Integrated Landscape Restoration is expected to bring overall benefits inclusive for Indigenous Peoples and Traditional Communities as it aims to foster innovative technologies and best practices of land management that may lead to ecosystem

		restoration and sustainable agricultural practices, improving food security and addressing livelihood needs. In compliance with the Brazilian Indigenous legislation, the National Indigenous Foundation (Fundacao Nacional do Indio - FUNAI) will always be contacted prior of the beginning of any activity interfering with Indigenous Peoples and engaged on these activities throughout their cycle of implementation. About 60% of Brazil's indigenous population or approximately 420,000 indigenous persons live in the Brazilian Amazon Region, which comprises 98% of regularized Indigenous Lands in Brazil, covering almost 21% of the regional territory (approximately 90 million hectares). There is also evidence of some 70 isolated or non-contacted indigenous groups in the Amazon and FUNAI procedures and protocols - which are the most advanced - for avoiding unwanted contact and protect these Peoples will be strictly followed throughout Project implementation. To comply with OP 4.10 Indigenous Peoples, during preparation, the Client would: (i) Carry out a social assessment paying special attention to Indigenous Peoples in the Amazon and the potential impacts of Protected Areas, landscape management, and biodiversity conservation on their traditional livelihoods; (ii) Prepare, consult and publically disclose An Indigenous Peoples Framework setting (a) the principles and guidelines to be complied with when Project activities interfere with Indigenous Peoples as well as (b) the Project's screening procedures that would ensure that the project would not support activities in Protected Areas where the overlapping with indigenous lands or land claims has led to land tenure conflicts; and, (iii) As it has been identified that two Protected Areas already selected for support by the Project - the PARNA da Amazonia and ESEC do Jutai-Solimoes - overlap with Indigenous Lands, the Client would also prepare, consult and publically disclose two specific Indigenous Plans for these Protected

		Areas. These plans will pay particular attention to the historical relationships between Indigenous Peoples and the Protected Areas, the participation of Indigenous Peoples and representative leaderships in the Protected Areas' management councils and the views of Indigenous Peoples about the creation of these two Protected Areas. These Indigenous Peoples Plans will be prepared according to a participatory methodology ensuring the engagement of representative bodies and organizations of the affected Indigenous peoples, and provide sufficient time for their decision-making processes reaching conclusions that are considered legitimate by the majority of the conc erned participants. The participatory methodology will also explore all the opportunities for carrying out gender and generation sensitive meetings. To achieve better overall understanding of the project, the framework safeguards documents will also be presented for discussion in these specific consultations, and results will be incorporated in the final documents (see OP 4.01). Finally, the Indigenous Peoples Plans will include documentation summarizing the consultation process, results and how issues raised by the Indigenous Peoples who have been consulted were addressed in the Indigenous Peoples Plan design. A summary of the feedback obtained during consultations of these safeguard documents will be inserted in the Appraisal Stage ISDS and the PAD. These documents will evidence how free, prior and informed consultations led to broad community support. In order to better track the Project's impact on Indigenous Peoples, the team will explore the possibility of disaggregating data by indigenous/non indigenous beneficiaries.
Involuntary Resettlement OP/BP 4.12	Yes	As a rule of thumb, the project would not support any activity requiring the involuntary taking of land. Consequently, physical and economic displacement would be completely avoided. However, OP 4.12 is triggered because under Components 1 and 2, the creation, consolidation and management of Protected Areas as well as activities related with

		landscape management may potentially cause adverse impacts related to restrictions on land use and access to natural resources by traditional communities with customary tenure or recognizable usage rights. In order to mitigate these potential adverse impacts, a Process Framework would be prepared during project preparation and publically disseminated prior to appraisal. This Process Framework would describe the participatory process by which communities and the project's authorities or other relevant implementing agencies will jointly recommend land- or resource-use restrictions and decide on measures to mitigate any significant adverse impacts of these restrictions. It would also define a range of approaches from participatory co-management to the development of alternative livelihood activities. During project implementation, Action Plans - describing specific measures to assist people adversely affected by the proposed restrictions - would be submitted for approval by the Bank before the enforcement of the restrictions.
Safety of Dams OP/BP 4.37	No	No dams exist in the protected areas created or supported under the two previous similar operations (ARPA 1 and ARPA 2), and the same situation is expected under the current project. None of the project activities would involve dam works or operation, and no construction or interference with farm ponds is foreseen. Therefore, OP 4.37 is not triggered.
Projects on International Waterways OP/BP 7.50	No	This policy is not triggered since the objectives and planned actions of the present project are not included among the types of projects that would cause this policy to be triggered. Although international waterways as defined under the policy are present throughout the project target region, project activities will result in the protection of any section thereof that may be included in existing or new protected areas supported by the project.
Projects in Disputed Areas OP/BP 7.60	No	This policy is not triggered as the project will not work in any disputed areas as defined under the policy. No PAs may be created or supported in disputed areas, and no activity

		will be supported in private areas under dispute.

E. SAFEGUARD PREPARATION PLAN

1. **Tentative target date for preparing the Appraisal Stage ISDS:**

   30-Oct-2016

2. **Time frame for launching and completing the safeguard-related studies that may be needed. The specific studies and their timing should be specified in the Appraisal-stage ISDS.**

   A consultancy is being hired for carrying out the preparation of the Environmental and Social Management Framework, the Indigenous Peoples Policy Framework, the two Indigenous Peoples Plans, and the Process Framework.
   The Terms of Reference for hiring this consultancy have been prepared by the client, revised and cleared by the environmental and social safeguards specialists in the team.
   It is expected that a draft version of these safeguard tools will be ready to be submitted to consultation in 60 days. The Task Team will approve the tools before public disclosure and consultation.
   Consultations will be carried out during 30 days after disclosure of the documents in the Ministry of Environment webpage and through direct mail to key actors (governmental and civil society organizations representative of the environmental sector, indigenous peoples and traditional communities, as well as relevant economic sectors). Meanwhile, the preparation of the Indigenous Peoples Plan will rely on a participatory approach, ensuring the free, prior and informed consultation of the interested Indigenous Peoples, broad participation of its representative organizations and sufficient time for their traditional decision-making processes to reach conclusions that are considered legitimate by the majority of the concerned participants.
   The vast majority of Brazilian indigenous peoples have no written language; therefore, local translators will be available during the consultation process to ensure adequate understanding of the proposal by indigenous peoples. As mentioned under OP 4.01 above, this consultation approach was successfully applied during the preparation of framework safeguards documents for ARPA 1 and 2, as (i) it provides broad opportunity for diversified groups to participate in the consultation, without restricting the process to the same actors that usually participate in face-to-face type of events; and (ii) the previous experiences received significant feedback from varied actors.
   The feedback received through this process of consultation will be summarized and incorporated in each safeguard document as appropriate.
   All this process will be completed prior to Project Appraisal.

III. Contact point

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V. Approval

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Country Director:	Name:Martin Raiser (CD)	Date:16-Mar-2017

[1] Reminder: The Bank's Disclosure Policy requires that safeguard-related documents be disclosed before appraisal (i) at the InfoShop and (ii) in country, at publicly accessible locations and in a form and language that are accessible to potentially affected persons.

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