

**PROJECT INFORMATION DOCUMENT (PID)
CONCEPT STAGE**

Report No.: AB1063

Project Name	Cerrado Biome Integrated and Sustainable
Region	LATIN AMERICA AND CARIBBEAN
Sector	General agriculture, fishing and forestry sector (100%)
Project ID	P091827
GEF Focal Area	Ecosystem Management
Borrower(s)	FEDERAL REPUBLIC OF BRAZIL
Implementing Agency	MMA, SEMARH-GO, SEPLAN-TO, COMPARQUES-DF
Environment Category	<input type="checkbox"/> A <input checked="" type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> FI <input type="checkbox"/> TBD (to be determined)
Safeguard Classification	<input type="checkbox"/> S ₁ <input checked="" type="checkbox"/> S ₂ <input type="checkbox"/> S ₃ <input type="checkbox"/> S _F <input type="checkbox"/> TBD (to be determined)
Date PID Prepared	August 18, 2004
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1. Key development issues and rationale for Bank involvement

Background. The Cerrado, a unique type of tropical savanna, covers 25% (200 million ha) of Brazil, an area equivalent to South Africa, Namibia and Zimbabwe combined. Cerrado's uniqueness have been first acknowledged by 18th century naturalists such as Humboldt, Langsdorff, Saint Hilaire, Spix and von Martius. Today, it is considered by *Conservation International* as one of the World's biodiversity hotspots and by *World Wildlife Fund* as one of the most biologically outstanding habitats. Cerrado is home to 300 species of Mammals and 900 species of birds and it is the headwaters of three major watersheds in South America, the Amazon, Platina and São Francisco.

This biome is now severely threatened, and only 20 % of the original vegetation cover remain in a close to natural state. Deforestation has been extremely high in the last decades, with a rate of 2.6 million ha per year, equivalent to 7,000 ha a day. If this continue, the biome will cease to exist as such by 2030. Today, less than 9% of the Cerrado is in fragments larger than 1.000 ha, considered the minimum viable size for survival, and of all the world hotspots, the Cerrado has the least percentage area protected (1.6%). The Cerrado is being replaced by pastures and crops. Until the early sixties the Cerrado remained relatively isolated from the rest of Brazil's other regions. The construction of Brazil's new capital, Brasília, in that region, infrastructure projects and colonization programs fostered an intense flow of migrants. The development of agricultural technologies in the 70's, which solved soil fertility deficiencies, turned the Cerrado into Brazil's newest agricultural frontier and its productivity of soybeans, maize and cotton is among the highest in the world. Today, the Cerrado is to Brazil what the mid-west is to the US. Brazil is world's largest meat exporter and second soybean exporter, and more than 55% of the production comes from the Cerrado. The success of this development model left a high environmental cost: Habitat fragmentation and destruction, loss of biodiversity, soil degradation and water pollution.

In order to counteract these threats, A *Cerrado Working Group*, composed of federal and state governments, NGOs and the private sector, was recently created to prepare a national strategy for the Biome. The idea is to coordinate federal and state government initiatives aimed at the protection and sustainable use of the biome's natural resources. This coordination is important because Environmental

management in Brazil is the responsibility both the federal and state levels of government. The federal government establishes the general guidelines and norms and provides enforcement through the national environmental agency (IBAMA). States responsibilities are concurrent. They are responsible for implementing federal legislation, in addition to formulating and implementing their own policies, inasmuch they are more stringent than the national standards, as well as the licensing and control of most resource use activities.

The governments of Goiás and Tocantins have stepped up their efforts to protect the Cerrado biome, and are counting with GEF funds to sustain these efforts. , through identification of areas with fragile ecosystems, creation of parks, definition and implementation of land use management policies and the strengthening of government's environmental management capacities. The ongoing Bank loans, Goiás State Highway Management and the Tocantins Sustainable Regional Development projects, were designed to ensure that GEF blended operations could be structured to leverage the impact of their interventions for the protection of the environment. Additionally, the government of the Federal District sought the Bank's support for an investment operation on water resources and land management with which a GEF operation would be blended for integrating land and biodiversity management into water and sanitation and land management activities.

Rationale for GEF and Bank Involvement

The time is thus right for GEF to support Brazil in the consolidation and further implementation of its strategy for the Cerrado. GEF's involvement is crucial to ensure that efforts made to date by the governments can be leveraged and consolidated. To integrate, streamline and optimize GEF's contribution to the achievement of this objective, a decentralized programmatic structure is proposed. A program structure will allow: 1) implementing a comprehensive assistance to the governments in the consolidation and further implementation of Brazil's management strategy for the Cerrado; 2) tailor the assistance to the needs of each beneficiary, in terms of needs, scope and timing; and 3) streamline the approval of related GEF projects both within the Federal Government and the Bank. GEF's involvement will allow: 1) provision of support to the federal government to consolidate and implement a national strategy for the Cerrado; 2) leverage ongoing efforts in the States of Goiás and Tocantins, and the Federal District to ensure sustainable and integrated management of the Cerrado areas within their territories; and 3) provision of incentives to states to improve their management of the biome. A decentralized structure will ensure that implementation responsibilities lay with each beneficiary, which is fundamental to ensure the success of a program with multiple beneficiaries. A monitoring and evaluation mechanism will be put in place, involving the program's beneficiaries, to monitor progress, evaluate the program's effectiveness and to disseminate knowledge and foster policy debate.

The Program is consistent with the environmental priorities established by the Brazilian federal and state governments and also with the Bank's Country Assistance Strategy.

2. Proposed objective(s)

Project Development Objectives. The Brazilian Cerrado Program will be an umbrella to assist Brazil's Federal and State's Governments to preserve the biome's processes, structure and function through biodiversity protection and improved natural resources management.

Global Environment Objective And Gef Strategic Priorities.

The Program would contribute to the global environment by addressing GEF strategic priorities of biodiversity protection, integrated ecosystem management, and Climate change. In this regard the Program would promote:

- The conservation and sustainable use of biological diversity through the expansion and consolidation of protected areas and the mainstreaming of biodiversity management in production landscapes (thus achieving GEF strategic priorities SLM-2, BD-1 and BD-2);
- The equitable sharing of benefits arising from biodiversity use, specially through knowledge sharing and the empowerment of local communities;
- The reduction of net emissions and increased storage of greenhouse gases in terrestrial and aquatic ecosystems, through avoidance of land use changes (deforestation) and promotion of carbon sequestering practices (e.g. non tillage agriculture);
- The conservation and sustainable use of waterbodies, including watersheds and river basins through the promotion of conservationist land use practices;
- By promoting the integration of agricultural biodiversity conservation and sustainable use objectives in land use and natural resources use management plans; (OP#13)
- Supporting capacity building efforts that promote the preservation and maintenance of local knowledge, The Program's outcomes on sustainable land management (OP#15) would include:
- The institutional and human resource capacity is strengthening to improve sustainable land management planning and implementation to achieve global environment benefits within the context of sustainable development (addressing GEF strategic priority SLM-1), to be achieved through institutional strengthening activities;
- Improvement in the economic productivity of land under sustainable management and the preservation or restoration of the structure and functional integrity of ecosystems, to be achieved through research, extension and a reformed incentives framework.

3. Preliminary description

This umbrella Program will support federal and States Government, in the following areas: (i) Biodiversity conservation through the creation and consolidation of protected areas and ecological corridors, (ii) Implementation of sustainable production and management of Cerrado, (iii) Institutional Strengthening and Policy; and (iv) monitoring of the Cerrado biome.

Each participating State or Federal Government would apply and receive direct funding for activities listed in the following windows.

Window 1. Biodiversity Conservation through the Creation and Consolidation of Protected Areas and ecological corridors. (estimated US\$ 12 million)

Based on the National Strategy for the conservation of the Cerrado Biome and information from the GEF-PROBIO, this window would support the following activities:

- Identification and creation of protected areas, by national and state governments,
- Implementation of Management Plans for Protected Areas,
- Development and implementation of awareness campaigns,
- Stakeholders involvement; creation of participatory management
- Financial mechanisms for the sustainability of protected areas.

- Preparation and implementation of management plans for protected areas,
- land demarcation,
- promotion of instruments for the economic sustainability of Protected areas,
- support to the creation of private protected areas connected to public Protected areas,
- environmental education.
- Establishment of ecological corridors.

Window 2. Sustainable Management of Cerrado. (estimated US\$ 13 million). This window would include the following activities:

- Support to subprojects to sustainable production in the buffer zone of protected areas e and in the corridors.
- Programs to suppress invasive species,
- creation of ecological corridors,
- rehabilitation of degraded lands,
- promotion of organic agriculture

Window 3. Institutional Strengthening and Policy. (Estimated \$ 3 million). This window would include the following activities:

- Capacity Enhancement Needs assessments, studies for institutional strengthening and policy reform,
- Strategic planning, institutional reform implementation, strategic communication
- Conflict management.

Window 4. Monitoring of the Cerrado Biome. (Estimated 2 million).

- Development of the conceptual model for the biome monitoring system, establishment of monitoring framework, establishment of monitoring indicators and data collection protocols
- Development monitoring database
- Data collection and analysis
- Periodic evaluation of biome integrity and program effectiveness.

4. Safeguard policies that might apply

[Guideline: Refer to section 5 of the PCN. Which safeguard policies might apply to the project and in what ways? What actions might be needed during project preparation to assess safeguard issues and prepare to mitigate them?]

5. Tentative financing

Source:	(\$m.)
BORROWER/RECIPIENT	20
GLOBAL ENVIRONMENT FACILITY	30
Total	50

6. Contact point

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