

# INTEGRATED SAFEGUARDS DATA SHEET CONCEPT STAGE

**Report No.:** ISDSC2774

**Date ISDS Prepared/Updated:** 08-May-2013

**Date ISDS Approved/Disclosed:** 17-May-2013

## I. BASIC INFORMATION

### A. Basic Project Data

<b>Country:</b>	Brazil	<b>Project ID:</b>	P143334
<b>Project Name:</b>	FIP: Environmental regularization of rural lands in the Cerrado of Brazil (P143334)		
<b>Task Team Leader:</b>	Maria Bernadete Ribas Lan		
<b>Estimated Appraisal Date:</b>	00-undefined-0000	<b>Estimated Board Date:</b>	24-Sep-2013
<b>Managing Unit:</b>	LCSAR	<b>Lending Instrument:</b>	Specific Investment Loan
<b>Sector(s):</b>	Public administration- Agriculture, fishing and forestry (34%), General agriculture, fishing and forestry sector (33%), Forestry (33 %)		
<b>Theme(s):</b>	Land administration and management (40%), Environmental policies and institutions (40%), Climate change (20%)		
<b>Financing (In USD Million)</b>			
<b>Total Project Cost:</b>	32.48	<b>Total Bank Financing:</b>	0.00
<b>Total Cofinancing:</b>		<b>Financing Gap:</b>	0.00
<b>Financing Source</b>			<b>Amount</b>
Borrower			0.00
Strategic Climate Fund Credit			32.48
Total			32.48
<b>Environmental Category:</b>	B - Partial Assessment		
<b>Is this a Repeater project?</b>	No		

### B. Project Objectives

### C. Project Description

The Strategic Climate Fund (SCF) was created to provide financing for new ways of developing or

up-scaling activities which seek to respond to a specific challenge related to climate change or to provide a sectoral response through directed programs. The Forest Investment Program (FIP) was created as one of these directed initiatives in order to catalyze policies and measures and to mobilize funds to facilitate the decrease of deforestation and forest degradation, with a view to promote more sustainable forest management, thus leading to reduced emissions and enhanced conservation of forest carbon stocks. Brazil is one of eight pilot countries participating in the FIP. The Brazil Investment Plan (BIP) seeks to promote sustainable land use and forest management improvement in the Cerrado, so as to reduce pressure on remaining forests, reduce GHG emissions and increase CO<sub>2</sub> sequestration.

The proposed Project, to be funded as part of the BIP, will assist States and Municipal Governments, as well as landholders in the Cerrado Biome in implementing the Forest Code (Law 12,651/2012).

The following components are proposed:

Component 1: Implementation of the national rural environmental cadastre system in the 11 states of the Cerrado. The proposed component aims at strengthening the States' capacity to carry out the CAR in their territories, i.e.: to complete the regulatory framework; to receive, verify and approve registry entries; to connect to the national data base; to conduct an environmental diagnostic from the data received; and, to assist landholders in preparing their declarations. Analysis and verification of entries would be largely automatized. The following activities are expected: (i) technical, legal and financial assistance to target States, which will facilitate the preparation of normative, institutional, operational and other necessary frameworks as necessary; (ii) purchase of equipment and materials; (iii) training for stakeholders.

Component 2: Registration of privately owned rural landholdings in priority municipalities. The proposed component aims to register the majority of properties in selected municipalities. The following activities are expected: (i) dissemination and mobilization campaigns; (ii) preparation of maps and treatment of available data on land use and landholdings; (iii) informational support to medium and large landholders to motivate and facilitate their voluntary self-registration; (iv) creation of local service desks and state call centers; (v) field surveys; and, (vi) direct assistance to smallholders in documenting their landholdings and getting them registered in the CAR.

Component 3: Implementation and management of the Project. The proposed component aims at supporting activities related to Project management and implementation. MMA will be responsible to supervise technical and financial aspects of the Project, and monitor Project indicators.

#### **D. Project location and salient physical characteristics relevant to the safeguard analysis (if known)**

The Cerrado biome, located in central Brazil, covers almost one quarter, or 2.04 million km<sup>2</sup>, of the country, with a mosaic of 23 types of vegetation consisting of tropical savannas woodland, grasslands and forests. It is considered one of the world's 34 biodiversity hotspots by Conservation International. The rapid expansion of agriculture in the Cerrado biome has caused the conversion of natural vegetation to alternative land uses (deforestation) and has also increased the use of slash-and-burn as an agriculture practice. The Cerrado had lost about 48% of its forest cover by 2010. Estimates indicate that deforestation in the Cerrado is proportionally more severe than that of the Amazon.

Distributed over 11 States and 4 geopolitical regions (North, Northeast, Center-West and Southeast),

the Cerrado biome is mostly occupied by private landholdings. Some 78% of about one million landholdings in the biome are small landholders (up to 4 fiscal modules), but occupy only 15% of the area of all landholdings, whereas 22% of the larger landholdings occupy 85% of the area.

The Ministry of Environment published Decree No 97, on March 22, 2012, determining the 52 priority municipalities in the Cerrado biome that require immediate actions to prevent and control deforestation, as these are the municipalities with the highest levels of deforestation for the years of 2009-2010, and the ones that have an area of remaining native vegetation of more than 20% of their total area or have protected areas.

The following criteria would be used for selecting the target municipalities: (i) municipalities belong to the Official List of Cerrado biome Municipalities with the highest deforestation; (ii) extent of remaining natural vegetation cover; (iii) municipalities that have accessibility and logistical conditions that allow completion of the surveys within the Project period; (iv) municipalities that present a reasonably strong interaction and mobilization of local actors; (v) potential synergy with other initiatives; and, (vi) the readiness of the administration to implement this program.

#### **E. Borrowers Institutional Capacity for Safeguard Policies**

The Brazilian Government has advanced environmental laws, reflecting a political culture of strong environmental protection. The Borrower has shown adequate procedures and capacity to identify and mitigate impacts under Bank funded operations. The Client will prepare an Environmental and Social Management Framework (ESMF) for the Project which will provide overall guidance as to how to proceed during implementation.

#### **F. Environmental and Social Safeguards Specialists on the Team**

Alberto Coelho Gomes Costa (LCSSO)

Maria Bernadete Ribas Lange (LCSEN)

## **II. SAFEGUARD POLICIES THAT MIGHT APPLY**

<b>Safeguard Policies</b>	<b>Triggered?</b>	<b>Explanation (Optional)</b>
Environmental Assessment OP/ BP 4.01	Yes	The proposed Project is a conservation Project, and it proposed to be rated as Category B. The proposed Project is expected to have a positive impact on the environment as it seeks to promote the rural environmental cadastre of holdings by landholders. The nature and scale of the proposed investments in environmental regularization will not have significant adverse impacts. Notwithstanding these positive impacts, the proposed Project will be working in some sensitive biodiversity and dry forest areas. The Brazilian Forest Code requires landholders to retain natural vegetation on steep slopes, along watercourses (up to a given distance from the margin) or in the vicinity of springs. These areas are APPs (Area of Permanent Preservation). In addition, the holdings must

	<p>also set aside an area called Legal Reserve (Reserva Legal – RL). In this context, the Rural Environmental Cadastre (CAR) has been introduced as an additional tool to monitor and control forest deforestation and getting properties registered in the CAR is a first step towards bringing them into compliance with Brazil’s Forest Code.</p> <p>The CAR is an electronic system of geo-referenced identification of privately owned rural landholdings, containing the delimitation of the APPs, RL and remaining natural vegetation inside the landholding, for the purposes of control and monitoring. Note that public land (Eg: protected areas; indigenous lands) cannot be registered in the CAR.</p> <p>Based on the preliminary assessments undertaken and previous projects, no negative impact is expected since: (i) CAR promotes the compliance with existing laws without creating any additional conservation requirements and/or restrictions to the use of natural resources by landholdings; (ii) CAR, as defined by the law, cannot be used as an evidence for land regularization; and (iii) the Project will not work on land tenure issues. It is important to highlight that only private lands are going to be mapped, excluding all areas that overlaps with lands claimed for Indigenous Lands. Also, the Project will not register any landholding under dispute between private parties in the CAR system.</p> <p>To avoid misunderstandings and make sure that CAR process and implications are well understood among landholders the proposed Project’s approach includes wide-ranging outreach communication strategy to mobilizes all landholders and cover all landholdings in the selected municipalities.</p> <p>The experience gained with the MMA’s previous projects shows that conducting the process in close consultation and cooperation with the landholdings minimizes the potential conflicts and better responds to their needs and demands.</p> <p>The MMA is preparing an Environmental and Social Management Framework (ESMF), including social and environmental assessments,</p>
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	<p>to provide guidance on potential issues that could arise during Project implementation. Potentially adverse social impacts expect to be small, as they will be avoided or minimized through appropriate preventive and mitigation measures.</p> <p>The ESMF will be submitted to the Bank by appraisal stage. The ESMF report will be disclosed and disseminated through websites of all participating state governments as well as MMA and IBAMA websites.</p> <p>This report will contain a detailed description of the environmental impacts of Project activities and identify preventive/corrective measures. The ESMF will include measures to be taken to avoid potential social conflict that could result from project activities. The ESMF will also include an analysis of any economic or social impact project activities might have on vulnerable groups, traditional communities or poor rural dwellers.</p> <p>Stakeholder consultations. The proposed consultation process is a two-stage process. The first phase consisted of preliminary meetings to discuss the concept of the proposed Project. These took place from May to November 2012, and included several meetings in Brasilia with representatives from the States of the Cerrado biome. A second phase of the consultation process to discuss specific Project activities is taking place in Brasilia. This phase is more focused on rural civil society organizations that are active in the productive sector as well as INCRA and Environmental agencies.</p> <p>Project approach and activities proposed have received broad support by state governments, producers' organizations, as well as INCRA. As a result of these preliminary meetings it was agreed that the Project will adopt a mechanism to keep stakeholders fully informed of Project implementation activities.</p> <p>Others meetings will be held in the target States and/or municipalities from March to June 2013, when the environmental and social issues that may potentially arise during implementation, and proposed actions to address any adverse Project impacts will be discussed. Similar</p>
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		consultations will be also held with land regularization agencies.
Natural Habitats OP/BP 4.04	Yes	Activities under proposed Project should lead to positive impacts on natural habitats, such as their conservation and recovery. Given that OP 4.04 is triggered and all planning activities must follow World Bank policies, the project will identify monitoring and management activities to prevent or mitigate any possible negative impacts on natural habitats. The rural environmental cadastre procedures will comply with: (i) the Brazilian Forest Code; (ii) Brazilian legislation on protected areas (SNUC - Law 9,985 of 2000, Decree 4,340 of 2002 and Decree 5,758 of 2006); and (iii) national, State, and local laws on natural habitats.
Forests OP/BP 4.36	Yes	This Project will contribute to the conservation of the Cerrado biome. It is expected to have a positive impact by avoiding deforestation and maintaining natural vegetation in parts of private privately owned rural landholdings (all land on steep slopes), along water courses (up to a given distance from the margin) or in the vicinity of springs, protecting environmental services and values of natural vegetation. These areas are Area of Permanent Preservation (APPs). The Project will also contribute to conserve and/or restore special areas in the private landholdings, which are to be set aside and preserved and are known as a “Legal Reserve” (RL). The ESMF to be prepared will consider the requirements of OB/BP4.36 whenever restoration and plantation activities are being planned.
Pest Management OP 4.09	No	This policy is not being triggered because the proposed Project will not support the purchase or increased use of pesticides and other agricultural chemicals as defined under the policy. The proposed Project will not include any support for forest plantations or other agriculture land use, which would promote pest management.
Physical Cultural Resources OP/ BP 4.11	No	It is not expected that Project implementation activities would have any negative impact on archeological or physical cultural resources.

		Therefore, this policy is not being triggered at this time.
Indigenous Peoples OP/BP 4.10	No	<p>The Rural Environmental Cadastre (CAR) is a tool for monitoring and controlling deforestation in private landholdings. Therefore, the provisions in the Forest Code specify that Rural Environmental Cadastre (CAR ) procedures do not apply to indigenous lands – as defined under the Federal Constitution, the Indigenous Statute and other national legal and administrative provisions, regardless of whether such areas have formally been demarcated or not – or public lands. No landholding will be registered in CAR if it is found to overlap with land claimed by indigenous peoples, even in cases where such land is not yet declared or registered as indigenous land.</p> <p>As an additional measure, a guideline to prevent any Project activities and potential impacts on indigenous communities will be prepared for the Project and included in the ESMF. The ESMF to be prepared for the proposed Project will include a screening process to identify indigenous peoples and indigenous land in project areas to avoid any overlaps with, and impacts on, such communities and their lands during project implementation.</p>
Involuntary Resettlement OP/BP 4.12	No	<p>In accordance with the Bank’s OP 4.12, the Involuntary Resettlement policy is not triggered because the proposed Project will not cause involuntary physical resettlement nor negative impacts on livelihoods since: (i) no person would be displaced or relocated from his/her landholding or lose any of his/her assets as APP and RL remain part of his/her private landholdings; (ii) the Rural Environmental Cadastre (CAR) focuses on regulating natural resources management on a national and State level (Presidential Decree 7029/2009); (iii) the Project would not restrict the management of natural resources; (iv) the Project will not register in the CAR system any land which is the subject of dispute between private parties; (v) the enforcement of restrictions will not affect access to natural resources in protected areas; and (vi) participation in the Rural Environmental Cadastre is voluntary .</p>

		<p>The land use restrictions of Permanent Preservation Areas (APP) and Legal Reserves (RL) have been applied to private landholdings since 1965 and impose no access restrictions to natural resources. Activities supported by the project will comply with the Brazilian Forest Code and the Brazilian legislation on protected areas (SNUC - Law 9985 of 2000, Decree 4340 of 2002 and Decree 5758 of 2006). They will be carried out in accordance with addendum 2166-67 to the Brazilian Federal Law 4771/65, which allows for sustainable agroforestry activities in small rural properties as long as they do not change the overall character of the forest cover and do not alter ecosystem functions in the area, whereas allows larger landowners to compensate the productive use of areas in their landholdings that should be converted to APPs by establishing them in other areas. Accordingly to the Brazilian law, APPs and RL are not designated or treated as protect areas. Therefore, the Project will not affect the rights or welfare of landholders nor their dependence on, or interaction with, the forest. Project preparation will include: (i) a detailed assessment of potential adverse impacts on private landholders from registering their landholdings in the CAR system; (ii) measures to avoid or mitigate such impacts; and (iii) measures to screen for landholdings disputes. Project design will also include periodic assessments to assess any adverse impacts experienced by participating landholders during Project implementation.</p>
Safety of Dams OP/BP 4.37	No	The proposed Project will neither support the construction or rehabilitation of dams nor will it support other investments related with services of existing dams.
Projects on International Waterways OP/BP 7.50	No	The proposed Project will not affect international waterways.
Projects in Disputed Areas OP/BP 7.60	No	The proposed Project will not be implemented in disputed areas.

### III. SAFEGUARD PREPARATION PLAN

**A. Tentative target date for preparing the PAD Stage ISDS: 27-May-2013**

**B.**

<sup>1</sup> 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.



**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 PAD-stage ISDS**  
 would be prepared: May 27, 2013

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 PAD-stage ISDS: June 3, 2013.

#### IV. APPROVALS

Task Team Leader:	Name: Maria Bernadete Ribas Lan	
<b><i>Approved By:</i></b>		
Regional Safeguards Coordinator:	Name:	Date:
Sector Manager:	Name: Laurent Msellati (SM)	Date: 16-May-2013