

**INTEGRATED SAFEGUARDS DATA SHEET
APPRAISAL STAGE**

Report No.: ISDSA8927

Date ISDS Prepared/Updated: 08-Dec-2014

Date ISDS Approved/Disclosed: 09-Dec-2014

I. BASIC INFORMATION

1. Basic Project Data

| | | | |
|--|--|------------------------------|--------------------------|
| Country: | Brazil | Project ID: | P143492 |
| Project Name: | BR DGM for Indigenous People (P143492) | | |
| Task Team Leader: | Alberto Coelho Gomes Cost | | |
| Estimated Appraisal Date: | 05-Dec-2014 | Estimated Board Date: | 12-Feb-2015 |
| Managing Unit: | GENDR | Lending Instrument: | Specific Investment Loan |
| Sector(s): | General agriculture, fishing and forestry sector (50%), Forestry (50%) | | |
| Theme(s): | Social Inclusion (40%), Other environment and natural resources management (30%), Climate change (30%) | | |
| Is this project processed under OP 8.50 (Emergency Recovery) or OP 8.00 (Rapid Response to Crises and Emergencies)? | | | No |
| Financing (In USD Million) | | | |
| Total Project Cost: | 6.50 | Total Bank Financing: | 0.00 |
| Financing Gap: | 0.00 | | |
| Financing Source | | | Amount |
| Borrower | | | 0.00 |
| Strategic Climate Fund Grant | | | 6.50 |
| Total | | | 6.50 |
| Environmental Category: | B - Partial Assessment | | |
| Is this a Repeater project? | No | | |

2. Project Development Objective(s)

To strengthen the engagement of Brazilian Cerrado biome s indigenous peoples and traditional communities in FIP, REDD+ and similar climate change oriented programs at the local, national and global level, as well as to contribute towards improving livelihoods, land use and sustainable forest management in their territories.

3. Project Description

The Brazil DGM follows the framework guidelines and set of activities covered under the components designed for the global DGM. The Project will support capacity building and finance the demand-driven provision of grants to community organizations of IPTCs in Brazil in order to strengthen their participation in FIP and other REDD+ processes at local, national and global levels as well as to increase their capacity to adapt to climate change. The Brazil DGM will prioritize its actions in the Cerrado to promote synergies with the BIP projects and to reduce the challenges posed by the geographic dispersion of IPTCs in Brazil.

A. Project Components

Component 1: Sustainable and Adaptive Community Initiatives (estimated total cost: US\$4.0 million). The aim of this component is to support indigenous peoples and local communities and organizations in developing on-the-ground, no-regrets community activities of the IPTCs' choice in order to promote sustainable forest and land use management systems, more resilient livelihoods, ethno-development, and adaptation to climate-related changes. The component will provide subgrants for community initiatives, training and technical assistance activities. A minimum share of 60 percent of the funds allocated for this component will be targeted to Indigenous Peoples and a maximum share of 40 percent to Traditional Communities. It will include two subcomponents.

Subcomponent 1.A: Community Initiatives (estimated total cost: US\$3.2 million) will finance the provision of micro- and small grants for eligible community-based IPTC organizations to undertake on-the-ground, no-regrets community activities that fall under predetermined themes related to forest and land use management, livelihoods and sociocultural survival, and have been proposed and selected by IPTC-led decision making. All grant proposals will be assessed by the National Steering Committee (NSC) according to the following core criteria of: (i) alignment with the core objectives of the DGM and FIP programs, (ii) socio-environmental relevance; (iii) cultural adequacy; (iv) community support; and (v) sustainability. The targeting of women and youth in community initiatives will be an advantage. All proposals submitted for Subcomponent 1A will be also screened to ensure compliance with the World Bank's Operational Policies on environmental and social safeguards as well as with the Brazilian legislation on the environment and Indigenous Peoples, according to criteria to be established in the Project Operational Manual (POM).

Taking into consideration the current scenarios faced by different IPTCs, these activities will be eligible for funding under three grant windows:

(a) Natural Resources Management Subproject Window. • This window will fund proposals from IPTCs that are located in environmentally priority and vulnerable areas in which manmade threats and climate-related risks may bring major loss or decline in the long-term quality of valued species, habitat and landscape; widespread decline in land and water quality; widespread failure of ecosystem function or service; and major consequences for significant numbers of affected people among vulnerable groups who lack previous experience with planning and implementing vulnerability assessments, forest and natural resources management plans. This window will provide funding for IPTCs to undertake a full subproject cycle of community-led assessment, planning and implementation. Thus, subprojects are intended to enhance local IPTC capacity and social and environmental outcomes. In addition to the core criteria, proposals for this window will be assessed in terms of: (i) the territories' relevance for the forests, natural resources and biodiversity in the Cerrado Biome. The ceiling value per proposal is US\$75,000. Based on this value, it is estimated that the Project may support proposals from at least 20 communities.

(b) Immediate Threat Response Subproject Window. This window will fund proposals from IPTCs that are under severe and immediate threat to their forests, natural resources, livelihood needs, physical and cultural survival due to manmade and climate-related challenges. It is therefore expected that subprojects funded through this window will be implemented more rapidly than those funded under the component's other two grant windows. In addition to the core criteria, proposals for this window will be assessed in terms of high levels of social vulnerability (poverty, food insecurity, cultural and social distress) already faced by the proponent communities as a result of manmade and climate-related pressures. The ceiling value per proposal is US\$30,000. Based on this value, it is estimated that the Project may support proposals from at least 36 communities.

(c) Market-oriented Productive Subproject Window. This window will fund proposals from IPTCs that have proven organizational capacity in handling external funds and need support to increase their access to markets for the commercialization of agricultural and/or nontimber forest products. It is expected these communities will have previous successful experience with livelihood diversification and/or value-added processing of agricultural and non-timber forest products. In addition to the core criteria, proposals for this window will be assessed according to their economic viability and potential income-generation impacts. The ceiling value per proposal is US\$60,000. Based on this value, it is estimated that the Project may support proposals from at least 10 communities.

Taking into consideration the needs expressed by IPTCs during the Project's participatory preparation process, these windows will finance community activities aligned with DGM and FIP core objectives that promote: (i) sustainable forest and land use management systems as well as community-led forest landscape restoration; (ii) seedling production for the maintenance of native and threatened species/varieties; (iii) agroforestry production systems and agroecology tillage practices through the use of indigenous/traditional knowledge and new technologies; (iv) collection, value-added processing and commercialization of nontimber forest and agricultural products; (v) indigenous and traditional water, soil and landscape management practices, including the recovery of degraded areas and the protection of water sources; (vi) livelihood diversification for improved nutrition, food security and quality of life; and (vii) revitalization of cultural values and traditional knowledge.

Under the Natural Resource Management window, the selected IPTCs will receive grants to cover: (i) the participatory development of local vulnerability and livelihood assessments; (ii) priority community initiatives identified in these assessments; and (iii) training and technical assistance. Under the other two windows, the Project will support one community-based initiative proposed by each indigenous and traditional community as well as the needed training and technical assistance package required for its effective implementation and sustainable management. No community counterpart financing responsibilities will be requested.

Subcomponent 1B: Training and Technical Assistance (estimated total cost: US\$0.8 million) will finance the services, goods and operational costs to carry out: (i) training activities to enhance the technical and managerial capacities of beneficiary organizations; and (ii) technical assistance to support the preparation of the technical projects for the preselected community proposals and the implementation of the approved community initiatives. Each proposal submitted by IPTCs for community initiatives will be assessed in a participatory manner by the National Executing Agency, which, in agreement with the beneficiary IPTCs, will define the needed on-site training and technical assistance package.

Component 1–Project Cycle: Once a year, the NSC (whose membership is described in paragraph 41 below) will establish the priority thematic areas for funding under each grant window. The National Executing Agency (NEA, whose selection is currently underway as described in paragraph 42 below) will issue annual Calls for Proposals that will state the priority thematic areas, the eligibility and selection criteria, and the number of proposals to be funded. IPTCs will express their interest by submitting a streamlined Expression of Interest form. Their proposals will be assessed by the NEA according to eligibility criteria, and the NSC will rank and select the winning proposals. The NEA will then provide support to the selected IPTCs for preparing the Technical Project and the training and technical assistance packages. Subgrant agreements will be signed by the NEA and the winning IPTCs’ community-based organizations and representative organizations. These organizations will implement the technical projects. The NEA will monitor implementation and evaluate results under the supervision of the World Bank and the NSC (see Annex 2 for a flowchart of the project cycle).

Component 2: Capacity Building and Institutional Strengthening (estimated total cost: US\$1.5 million). The aim of this component is to finance capacity-building and institutional-strengthening activities that target IPTC organizations. These activities may contribute toward increasing managerial and technical capacities, access to financing sources for forest/land use and sustainable natural resources management, and participation in FIP, REDD+ and climate-change-related decision-making processes. The Project will finance goods, services and operational costs to: (i) carry out the Project’s communication and dissemination strategy, reach target groups, and mobilize communities and organizations; (ii) promote training and informational workshops as well as capacity-building activities; and (iii) support the creation and consolidation of representative community-based organizations. The annual Capacity-Building Plans will be prepared and implemented by the NEA according to priorities established by the NSC. The NEA may hire subcontractors to implement some or all activities in this Plan (see Annex 2 for a flowchart of the project cycle).

Taking into consideration the needs expressed by IPTCs during the Project’s participatory preparation process, these capacity-building and institutional-strengthening activities will focus on: (i) enhancing leadership and negotiation skills and active participation in initiatives related to natural resource-based mitigation and climate-change adaptation; (ii) promoting a better understanding of REDD+ mechanisms, forest management and climate-change adaptation programs; (iii) increasing knowledge of and access to public policies, credit lines and financial resources related to forest adaptation; (iv) enhancing financial management skills; (v) improving knowledge about new methodologies for participatory land and environmental management, vulnerability mapping, planning and implementation of strategies for coping with and adapting to manmade climate change, sustainable forest and land management practices, and forest-fire prevention; and (vi) expanding technical skills for the adoption of new technologies that deal with productive activities, livelihood diversification, environmental conservation, and land surveillance. These thematic areas are fully aligned with FIP and DGM guidelines.

Component 3: Project Management, Monitoring and Evaluation (estimated total cost: US\$1.0 million). The aim of this component is to support the Project’s effective governance and efficient management, dissemination, monitoring and evaluation. This component will finance the incremental operational costs incurred by the National Executing Agency (NEA) to effectively and efficiently carry out its responsibilities: (i) by serving as secretariat to the National Steering Committee (NSC); (ii) through the Project’s technical coordination, monitoring and evaluation; and reporting to the World Bank and the Global Steering Committee; (iii) through the Project’s adequate financial

management, procurement, and auditing; (iv) through the operation of the Project's Grievance Redress Mechanism; and (v) by supervising the implementation of community initiatives and results assessments. Further information on the NEA's role and responsibilities is presented in Annex 3. This component will finance studies, training, travel and limited procurement of software and hardware.

The Brazil DGM will also benefit from the global component on knowledge sharing and networking on REDD+.

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

The Brazil DGM will act in synergy with the Brazilian Investment Plan (BIP) and the Global DGM and will be focused on the Cerrado biome, which is strategic for economic and environmental reasons as well as for food security. The Cerrado is the largest wooded savanna area in a single country and extends over some 2.04 million km², corresponding to nearly 24 percent of Brazil's territory, in 11 states (Bahia, Goiás, Tocantins, Mato Grosso, Mato Grosso do Sul, Minas Gerais, Maranhão, Paraná, Piauí, Rondônia and São Paulo) and the Federal District. The Cerrado includes savanna, forest, low-grass savanna, wetlands and gallery forest ecosystems. It is one of the world's 25 richest regions in terms of biodiversity. Due to its high level of endemism and rapid loss of habitat, the Cerrado is regarded as one of the 34 global biodiversity hotspots. It plays an important role in maintaining connectivity between biomes because it borders nearly all other Brazilian biomes (except for coastal ecosystems and pampas). Despite this biological wealth, less than 4 percent of the biome's original area is protected by conservation units, it has no specific legislation to effectively protect what remains of its remnants, and it continues to face increasing land-use change and agricultural development in areas that have been considered priorities for conservation and sustainable use by the MMA (Canhos et al. 2008).

The Cerrado is the home of substantial sociodiversity, plays a key role in the expansion of the agricultural frontier and the growth of commodities and biofuel production, and is threatened by deforestation and land occupation. About 25 million people reside in the region, most of them (83 percent) in urban areas. Although rural areas in the Cerrado are mostly occupied by more than one million private landholdings (72 percent of the territory), 8.2 percent of the biome is under protected areas, 4.3 percent is under indigenous lands, and 0.3 percent is composed of quilombola lands. Small landholdings (78 percent of the total, containing just 11 percent of the agricultural area) are spread throughout the biome and comprise many local communities: extractive populations (e.g., quebradeiras de côco, babaqueiros), groups associated with specific ecosystems (e.g., vazanteiros and chapadeiros), and peasants (e.g., geraizeiros). Indigenous peoples comprise 40 different ethnic groups who speak different languages (Karajá, Aruak, Jê, and Tupi-Guarani, among others) and still maintain their cultural characteristics, perpetuating religious, political and social organization from the pre-contact period. Over the past 30 years, the biome's vegetation is being rapidly transformed due to agricultural expansion and the growing pressure to open up new lands to increase beef and grain production for exports. Approximately 100 million hectares have been converted to cultivated pasture or extensive agricultural areas. According to some indexes, over 65 percent of its original area has already been heavily modified. About 40 percent of the biome's area is now degraded. This ratio may increase further if inadequate agricultural expansion continues. Deforestation is now proportionally more severe in the Cerrado than in the Amazon and less than 52 percent of the area covered by native vegetation remains. Consequently, the Cerrado's relative contribution to GHG emissions in the country has increased. Estimates indicate that deforestation in the Cerrado is proportionally more severe than that of the Amazon Biome. These manmade pressures due to the

rapid expansion of agriculture have had a high environmental cost, including fragmentation of habitats, invasion of exotic species, and loss of biodiversity, Indigenous peoples and local communities have also faced increasing pressures to sustain their low-impact livelihoods due to the expansion of the agricultural frontier in the Cerrado. This expansion has eroded the global benefits for forest and biodiversity conservation. IPLCs play a significant role in conserving the biodiversity of Brazil's different forest biomes due to: (i) their territorial extension; (ii) the variety of ecosystems these biomes contain; (iii) the conservation status of these lands and their natural resources; (iv) IPLCs' tendency to carry out sustainable activities in their territories; and (v) the connectivity that their territories provide between protected areas in the different biomes.

As in other parts of the country, these pressures and threats can be conceived as being threefold: (i) external threats, arising from land uses outside indigenous lands and traditional territories; (ii) encroachment, arising from the extraction of resources by non-indigenous/non-traditional peoples who encroach on their territories; and (iii) internal overexploitation, arising from the overexploitation of resources by indigenous peoples/traditional peoples within their territories. In the Cerrado, the main external threats faced by indigenous lands and traditional territories are related to the increased occupation of areas surrounding indigenous and traditional territories in the past 20 years by monoculture cultivation of grains (especially soybeans), intensive cattle-raising activity, urbanization, and current/projected construction works, which have provoked aggradation and pollution of rivers, death of plants and animals, changes in local climate, and changes in the diet of indigenous peoples and local communities. The main drivers related to encroachment are logging and timber extraction, hunting and trade in wild animals, and prospecting for mineral wealth. Indigenous and traditional territories face internal pressures and the overuse of natural and forest resources, which are related to (i) demographic growth, and (ii) the fact that many indigenous lands in the Cerrado, even those with a large territorial extension, have been established in former agriculturally degraded areas, thus reducing the availability of natural resources.

In summary, these external and internal factors have contributed in many cases to make the survival of IPLC's traditional livelihoods and cultures more difficult, ineffective and even maladaptive. As the stock of open lands traditionally used by IPLCs in the Cerrado for extensive livestock raising, extractive activities, and "slash-and-fallow" agriculture has been reduced, the survival of their traditional ways of living became harder, less effective or, worse, oftentimes maladaptive, leading to overuse and consequently to the loss of cultural values including migration to cities, intergenerational conflicts, and steady loss of traditional values and knowledge. The erosion of traditional values and practices further contributes to the unsustainable use of land and of natural and forest resources. This further undermines environmental conservation, traditional and low-impact livelihoods, and the adaptive capacity of indigenous and local communities.

Indigenous lands alone have the potential to double the area of Brazil's forest biomes that are under a conservation regime. They represent 69 percent of the total number of areas under some form of protection in the Amazon biome and 58 percent in the Cerrado. Even though they are mostly located in the Brazilian Amazon, indigenous lands play an important role in promoting conservation in other biomes as well, both for their biological richness and for the connectivity they provide with other protected areas (PAs). In the Cerrado, they can play a more important role at the landscape level. By reducing pressures on biodiversity within indigenous lands from the use of forest resources and improving ecosystem structure and function, these areas can help improve connectivity across the landscape. Even though some of these indigenous lands may already suffer from environmental degradation, given their location and remaining forest fragments, improving sustainable use and recovering lands can lever their role as stepping stones for improving forest conservation across a

landscape.

The Project aims to help IPTCs address the challenges they face in the Cerrado and to reduce their vulnerability through knowledge and capacity-building activities and the piloting of forest and climate-change adaptation initiatives based mostly on the diversification of their livelihoods and the sustainable use of their lands and natural resources. The BR–DGM is being designed mainly to address the internal pressures faced by IPTCs. It will help to change the baseline scenario through its highly participatory strategy for the empowerment of IPTCs and by supporting: (a) the capacity building of IPTC organizations to help make them better able to voice their interests in climate-change-related decision-making processes and to benefit from FIP and other REDD+ programs; and (b) the implementation of on-the-ground “no-regrets” community-based adaptation (CBA) activities of the IPTCs’ choice that will promote economic activities, livelihood diversification and sustainable forest/land use management systems and contribute to: (i) reducing IPTCs’ vulnerability to the pressures imposed on their forest landscapes in the short term, and (ii) promoting adaptive coping strategies in the medium and long terms.

The BR–DGM has the potential to mitigate or promote adaptation to manmade- and climate-related changes as well as to reduce their social and economic costs. Due to its participatory methodology and by empowering IPTCs in decision-making arenas, the Project may also help to increase their presence and voice in policies and programs related to forest adaptation, REDD+ and climate-change adaptation that may affect their lives and livelihoods, as well as contribute to leveraging their role as stepping stones for the improvement of forest conservation across a landscape.

5. Environmental and Social Safeguards Specialists

Alberto Coelho Gomes Costa (GSURR)

Maria Bernadete Ribas Lange (GENDR)

| 6. Safeguard Policies | Triggered? | Explanation (Optional) |
|--------------------------------------|------------|---|
| Environmental Assessment OP/ BP 4.01 | Yes | The proposed Project is a conservation Project, and it is 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 sustainable development and natural resources management in Indigenous Lands and for the traditional communities whose livelihoods depend on the biome’s natural resources. The nature and scale of the proposed investments will not have significant adverse impacts. Notwithstanding these positive impacts, the proposed Project will be working in some sensitive biodiversity and dry forest areas and a Programmatic Environmental and Social Management Framework (P-ESMF) has been prepared for the Global DGM. This P-ESMF has been distributed to the members of the National Steering Committee to information and feedback. It is being tailored to include specific country-level features and operational procedures to |

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| | | <p>screen, assess, mitigate and monitor environmental impacts in, ensuring compliance with World Bank operational policies during project implementation.</p> <p>This country-level-ESMF will include a Social Impact Assessment that analysis the socioeconomic context in which Indigenous Peoples and Traditional Communities in the Cerrado Biome are inserted, describe land tenure issues, consider traditional livelihoods and main cultural norms and worldviews (with an special emphasis on gender issues) and address the main pressures and threats they face in their traditional livelihoods (with an special emphasis on climate-change adaptation and social resilience).</p> <p>The country-level ESMF will also: (i) raise the potentially positive and negative impacts of the eligible activities and define a number of preventive and mitigating actions; (ii) identify the principal impacts to be expected from activities eligible for project support and indicate the process to screen these environmental risks and to mitigate and/or compensate them;. (iii) address the possible capacity shortcomings with the key stakeholders as well as the monitoring requirements and procedures; and, (iv) include the screening criteria and procedures for documenting (i) voluntary land donations that may be needed to carry out some activities under sub-component 1A and (ii) the broad community support to these activities.</p> <p>The country-level ESMF will be distributed to the National Steering Committee, publicly disseminated and consulted with key stakeholders prior to appraisal.</p> |
| Natural Habitats OP/BP 4.04 | Yes | <p>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.</p> |
| Forests OP/BP 4.36 | Yes | <p>The 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, along water</p> |

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| | | courses or in the vicinity of springs, protecting environmental services and values of natural vegetation. 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 | Yes | The project would not finance any pesticides or other chemical amendments that would trigger OP 4.09. Nevertheless, minor amounts of pesticides would probably to be used in the short term by a small portion of targeted small producers. The need to use pesticides or herbicides should be indicated in each sub-grant, as well as the IPM measures to be adopted. When the use of pesticides or herbicides is justified, an analysis of potential negative impacts resulting from the use of these chemicals and the risks associated with the inappropriate handling or storing of their containers should be conducted. The sub-grants should also include measures to reduce those risks, in compliance with Law No. 7802/89. |
| Physical Cultural Resources OP/ BP 4.11 | Yes | Project implementation would not cause any negative impact on known physical cultural resources (PCR). Proposed community initiatives with expected direct and negative impacts on known archeological, paleontological, historical or other culturally significant sites will not be eligible. However, this policy is triggered given that some sub-project investments could result in physical interventions with small earthworks involving the chance finds of physical cultural resources. The P-ESMF, the ESMF and the Operation Manual include specific screening provisions for evaluating potential impacts on cultural resources and should provide specific guidance on the chance finds procedures. Brazil has a well-developed legislative and normative framework, which is under Federal oversight by the National Institute for Protection of Historical and Archeological Sites (IPHAN) and, for the case of Indigenous lands, the oversight of The Indigenous Peoples Foundation (FUNAI). |
| Indigenous Peoples OP/BP 4.10 | Yes | Since the project specifically covers indigenous communities and will be implemented in known locations of Indigenous Peoples in forest lands, |

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| | | OP4.10 applies. As Indigenous Peoples will be the overwhelming majority of direct project beneficiaries, as project preparation will be carried out in a broadly participatory way including an intensive process of consultation with Indigenous Peoples, and as ruled by this Safeguard Policy (OP 4.10, paragraph 12), no separate Indigenous People Policy Framework (IPPF) or Indigenous Peoples Plan (IPP) is required. Meanwhile, the elements of an IPP/IPPF will be included in the overall project design and the Project Appraisal Document (PAD) includes a brief summary of how the project complies with OP 4.10. |
| Involuntary Resettlement OP/BP 4.12 | No | One of the principles covered in the grant mechanism is avoiding relocation and displacement of Indigenous Peoples and communities occupying forest lands. The criteria for selection of activities ensure that no relocation or restriction of access to resources takes place. The screening criteria for documenting voluntary land donations that might be needed for some types of community initiatives in Traditional Communities will be included under the ESMF, but this type of transaction in itself does not require the triggering of the Policy. OP 4.12 has not been triggered also because there will be no restrictions in access to natural resources resulting from community forestry projects (footnote 6, OP 4.12). |
| Safety of Dams OP/BP 4.37 | No | This policy is not triggered because 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 | This policy is not triggered since the project will not affect any international waterways as defined under the policy. |
| 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. |

II. Key Safeguard Policy Issues and Their Management

A. Summary of Key Safeguard Issues

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| <p>1. Describe any safeguard issues and impacts associated with the proposed project. Identify and describe any potential large scale, significant and/or irreversible impacts:</p> |
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The project interventions comprise mainly small-scale investments that may cause positive or neutral impacts. This proposed conservation project is expected to have a positive environmental impact because it seeks to promote sustainable development and livelihoods, forest and natural resources management, and climate-change coping and adaptation strategies in indigenous lands and local communities whose livelihoods depend on the biome's natural resources. Project activities may also contribute toward reducing deforestation pressures on the remaining forests—on which the livelihood of most IPLCs relies—and protecting headwaters and riparian zones by reducing water and soil pollution.

Due to the community-demand-driven approach, the Project is not expected to bring any adverse effects for beneficiary communities. Instead, it will support only activities that will contribute to: (i) improve the livelihood of IPLCs; (ii) increase their social resilience, adaptive and mitigating capacity to deal with the social and environmental pressures that they face and that harm their social, cultural and economic survival; (iii) recover and preserve their traditional knowledge; and (iv) strengthen the capacity of their representative organizations to plan their future life and to promote the effective, efficient and sustainable management of their lands and natural resources.

2. Describe any potential indirect and/or long term impacts due to anticipated future activities in the project area:

Not applicable.

3. Describe any project alternatives (if relevant) considered to help avoid or minimize adverse impacts.

Not applicable.

4. Describe measures taken by the borrower to address safeguard policy issues. Provide an assessment of borrower capacity to plan and implement the measures described.

The proposed Project will be working in various sensitive biodiversity and dry forest areas and a Programmatic Environmental and Social Management Framework (P-ESMF) has been prepared for the Global DGM and will serve as the Project's framework. The P-ESMF raises the potentially positive and negative impacts of the eligible activities and defines a number of preventive and mitigating actions. The country-level Environmental and Social Management Framework will deal with specific country-level features and operational procedures to screen, assess, mitigate and monitor environmental impacts.

The specific non-government organization which will implement the project (the National Executing Agency - NEA) will be selected before Appraisal in a competitive basis and is not yet decided at this stage. Selection criteria have been discussed with Indigenous Peoples, Traditional Communities and Governmental partners and approved by them.

To be eligible, the Non-Governmental Organization may have at least two years of operation, legal constitution and registration; it may also demonstrate previous and highly qualified experience on: the financial management of projects and programs targeting IPLCs, the implementation of projects and activities at the Cerrado biome; the provision of capacity building activities on socio-environmental subjects to IPLCs; monitoring and evaluation of socio-environmental activities implemented at Indigenous Lands and Traditional Communities; and on the implementation of projects financed by Multilateral and International Agencies.

Selection criteria of sub-grants activities will ensure that no land is acquired nor any restriction of access to natural resources will occur. Similarly, the activities will not be in areas of environmental importance (e.g. protected areas). The physical investments would be mostly small scale, and are not expected to have major environmental or social safeguards issues. The nature of these investments will determine the choice of locations for physical investment.

Brazil has substantial experience with grants for environmental management programs in

indigenous lands and local communities. The Indigenous Lands Program (PPTAL), the Demonstration Programs (PDA), and a number of other programs within the context of the Pilot Program for the Protection of the Tropical Forests of Brazil (PPG7) have contributed significantly to building expertise related to territorial environmental management of other population groups and landscapes in addition to the Indigenous Lands. In consequence, Brazil has built large institutional capacity for dealing with Safeguard Policies.

Site-specific assessments will be conducted and impact mitigation plans drawn up, as needed, during subproject preparation which complies with the overall project safeguard framework.

5. Identify the key stakeholders and describe the mechanisms for consultation and disclosure on safeguard policies, with an emphasis on potentially affected people.

The main beneficiaries of the Brazil FIP–DGM are IPLCs and their representative organizations in the Cerrado. Local communities include all social groups who self-assert a distinctive cultural identity, maintain knowledge and practices transferred from one generation to the next by means of tradition, maintain distinctive forms of social organization and cultural beliefs and norms, traditionally occupy lands and territories, and rely on distinctive productive systems and low-impact NRM strategies for their cultural, social, religious, ancestral and economic survival. The Cerrado is home to 41 indigenous peoples and a multitude of traditional local communities, including quilombola communities, extractive populations, and agricultural and pastoral communities dependent on specific surrounding ecosystems. Capacity-building and institutional-strengthening activities will also reach and benefit IPLCs of other biomes.

The proposed Project was prepared through an intensive consultation process with key stakeholders: IPLCs from the Cerrado. Three regional workshops and a final seminar have been carried out with the broad participation of men and women from Indigenous Peoples and Traditional Communities in the Cerrado. The main features of the proposed project design—the appropriateness of the proposed community demand-driven approach, the eligible activities and proponent organizations, the size of community subgrants, the composition of the NSC, the criteria for the selection of the NEA, the arrangements for social control, etc.—have been debated and approved by self-appointed representatives from all indigenous peoples and many different traditional populations. Two main representative forums of IPLCs—the National Commission on Traditional Peoples and Communities (CNPCT) and the National Indigenous Policy Commission (CNPI)—were also consulted during preparation.

The Programmatic Environmental and Social Management Framework (P-ESMF) was translated to Portuguese and has been distributed to the members of the National Steering Committee (NSC) for information and feedback. A country-level Environmental and Social Management Framework (ESMF) will be prepared by the National Executing Agency (NEA) and will be consulted with the NSC and other representatives of Indigenous peoples and traditional communities, approved by the Bank, and disclosed both in country and on the Bank’s website before appraisal.

B. Disclosure Requirements

| Environmental Assessment/Audit/Management Plan/Other | |
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| Date of receipt by the Bank | 27-Jun-2014 |
| Date of submission to InfoShop | 30-Jun-2014 |
| For category A projects, date of distributing the Executive Summary of the EA to the Executive Directors | |
| "In country" Disclosure | |
| | |
| <i>Comments:</i> | |

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| Indigenous Peoples Development Plan/Framework | |
| Date of receipt by the Bank | 27-Jun-2014 |
| Date of submission to InfoShop | 30-Jun-2014 |
| "In country" Disclosure | |
| <i>Comments:</i> | |
| Pest Management Plan | |
| Was the document disclosed prior to appraisal? | No |
| Date of receipt by the Bank | 27-Jun-2014 |
| Date of submission to InfoShop | 30-Jun-2014 |
| "In country" Disclosure | |
| <i>Comments:</i> | |
| If the project triggers the Pest Management and/or Physical Cultural Resources policies, the respective issues are to be addressed and disclosed as part of the Environmental Assessment/Audit/or EMP. | |
| If in-country disclosure of any of the above documents is not expected, please explain why: | |
| | |

C. Compliance Monitoring Indicators at the Corporate Level

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|---|---|
| OP/BP/GP 4.01 - Environment Assessment | |
| Does the project require a stand-alone EA (including EMP) report? | Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>] |
| If yes, then did the Regional Environment Unit or Practice Manager (PM) review and approve the EA report? | Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>] |
| Are the cost and the accountabilities for the EMP incorporated in the credit/loan? | Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>] |
| OP/BP 4.04 - Natural Habitats | |
| Would the project result in any significant conversion or degradation of critical natural habitats? | Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>] NA [<input type="checkbox"/>] |
| If the project would result in significant conversion or degradation of other (non-critical) natural habitats, does the project include mitigation measures acceptable to the Bank? | Yes [<input type="checkbox"/>] No [<input type="checkbox"/>] NA [<input checked="" type="checkbox"/>] |
| OP 4.09 - Pest Management | |
| Does the EA adequately address the pest management issues? | Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>] |
| Is a separate PMP required? | Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>] NA [<input type="checkbox"/>] |
| If yes, has the PMP been reviewed and approved by a safeguards specialist or PM? Are PMP requirements included in project design? If yes, does the project team include a Pest Management Specialist? | Yes [<input type="checkbox"/>] No [<input type="checkbox"/>] NA [<input checked="" type="checkbox"/>] |
| OP/BP 4.11 - Physical Cultural Resources | |

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|--|---|
| Does the EA include adequate measures related to cultural property? | Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>] |
| Does the credit/loan incorporate mechanisms to mitigate the potential adverse impacts on cultural property? | Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>] |
| OP/BP 4.10 - Indigenous Peoples | |
| Has a separate Indigenous Peoples Plan/Planning Framework (as appropriate) been prepared in consultation with affected Indigenous Peoples? | Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>] NA [<input type="checkbox"/>] |
| OP/BP 4.36 - Forests | |
| Has the sector-wide analysis of policy and institutional issues and constraints been carried out? | Yes [<input type="checkbox"/>] No [<input type="checkbox"/>] NA [<input checked="" type="checkbox"/>] |
| Does the project design include satisfactory measures to overcome these constraints? | Yes [<input type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>] |
| Does the project finance commercial harvesting, and if so, does it include provisions for certification system? | Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>] NA [<input type="checkbox"/>] |
| The World Bank Policy on Disclosure of Information | |
| Have relevant safeguard policies documents been sent to the World Bank's Infoshop? | Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>] NA [<input type="checkbox"/>] |
| Have relevant documents been disclosed in-country in a public place in a form and language that are understandable and accessible to project-affected groups and local NGOs? | Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>] NA [<input type="checkbox"/>] |
| All Safeguard Policies | |
| Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of measures related to safeguard policies? | Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>] NA [<input type="checkbox"/>] |
| Have costs related to safeguard policy measures been included in the project cost? | Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>] NA [<input type="checkbox"/>] |
| Does the Monitoring and Evaluation system of the project include the monitoring of safeguard impacts and measures related to safeguard policies? | Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>] |
| Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents? | Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>] NA [<input type="checkbox"/>] |

III. APPROVALS

| | | |
|------------------------------|---------------------------------|-------------------|
| Task Team Leader: | Name: Alberto Coelho Gomes Cost | |
| <i>Approved By</i> | | |
| Regional Safeguards Advisor: | Name: Glenn S. Morgan (RSA) | Date: 05-Nov-2014 |
| Practice Manager/Manager: | Name: Emilia Battaglini (PMGR) | Date: 09-Dec-2014 |