

# PROJECT INFORMATION DOCUMENT (PID) CONCEPT STAGE

Report No.: PIDC1110

<b>Project Name</b>	BR DGM for Indigenous People (P143492)
<b>Region</b>	LATIN AMERICA AND CARIBBEAN
<b>Country</b>	Brazil
<b>Sector(s)</b>	General agriculture, fishing and forestry sector (50%), Forestry (50%)
<b>Theme(s)</b>	Social Inclusion (40%), Other environment and natural resources management (30%), Climate change (30%)
<b>Lending Instrument</b>	Specific Investment Loan
<b>Project ID</b>	P143492
<b>Borrower(s)</b>	To be selected
<b>Implementing Agency</b>	To be selected
<b>Environmental Category</b>	B-Partial Assessment
<b>Date PID Prepared/ Updated</b>	26-Nov-2013
<b>Date PID Approved/ Disclosed</b>	04-Jun-2014
<b>Estimated Date of Appraisal Completion</b>	04-Aug-2014
<b>Estimated Date of Board Approval</b>	20-Nov-2014
<b>Concept Review Decision</b>	Track II - The review did authorize the preparation to continue

## I. Introduction and Context

### Country Context

1. Brazil is the largest country in Latin America and is considered mega-diverse in terms of bio and socio-diversity. Brazil's territory contains six continental biomes. The original cover of the three forest biomes (Amazonia, Cerrado and Atlantic Forest) represents 80% of Brazil's territory and constitutes 12% of the world's forest area. It is estimated that 82% of the original Amazon biome cover remains, while around 50% remains in the case of the Cerrado and 14% in the Atlantic Forest. The Brazilian Government has succeeded in drastically reducing deforestation in the Amazonia; deforestation levels in Amazonia have fallen more steeply than in the dry forests of the Cerrado. The relative contribution of the Cerrado to net annual anthropic GHG emissions has increased.
2. The Brazil FIP will contribute for sustainable land use and improved forest management, reducing pressures on the remaining forests and GHG emissions, and increasing CO2 sequestration. It will focus on activities in the Brazilian Cerrado, which is the second largest biome in Brazil and it

covers approximately 200 million hectares of the Brazilian Central Plateau (24% of the country's total land area), but has lost 48% of the area covered by its native vegetation (vis-à-vis an estimated 18% loss at the Amazonia). The rapid expansion of agriculture in the Cerrado has had a high environmental cost; planted pasture is by far the most important form of land use in the Cerrado and the conversion to agriculture and livestock is one of the main immediate causes of deforestation in this bioma. In Brazil, most GHGs emissions are the result of land-use change, especially the conversion of forests to crop land and pasture.

3. Brazil is also characterized by sociocultural diversity. Indigenous Peoples and Traditional Communities – social groups who self-assert a distinctive cultural identity and keep distinctive forms of social organization and culture, occupy traditional lands and territories and hold traditional knowledge and practices, rely on distinctive productive systems and low impact natural resource management strategies for their livelihood – have a population of approximately 5 million people and occupy 25% of the country's total land area (Indigenous people account for 0.42% of Brazil's population, but comprise 238 different ethnicities, which speak 180 different languages). Their traditional territories record very low or zero deforestation rates. Their livelihoods depend on natural resources, they hold extensive traditional knowledge and practices on the sustainable use of the native biodiversity and they are particularly impacted by climate change and are increasingly threatened by deforestation, forest fires, and land-use change.

#### **Sectoral and Institutional Context**

4. The Forest Investment Program (FIP) is one of three programs under the Strategic Climate Fund (SCF), a multi-donor Trust Fund established in 2009. The FIP supports developing countries' efforts to address the underlying causes of deforestation and forest degradation and to overcome barriers that have hindered past efforts to do so. Brazil is one of the FIP Pilot countries. The Brazil Forest Investment Plan was approved by the FIP Subcommittee in May 2012 and focuses on activities in the Brazilian Cerrado biome.

5. The basic design for the Dedicated Grant Mechanism for Indigenous Peoples and Local Communities (DGM) was approved by the Subcommittee in October 31, 2011. Its purpose is to facilitate the effective participation of IPLCs in the design and implementation of country specific Forest Investment Plans and to strengthen the capacity of these groups to play an informed and active role in the FIP, as well as other national and global REDD processes. Brazil is one of the first countries that is moving forward with the establishment of the DGM at the national level.

6. It is expected that the Brazil DGM will make a significant contribution to the implementation of Brazil Forest Investment Plan. The Brazil DGM is expected to contribute to the enhancement of the capacities IPLCs need in order to strengthen their participation in FIP and other REDD+ processes at the local, national and global levels and to effective sustainable management of natural resources and climate change adaptation/ mitigation strategies within their territories by supporting specific community initiatives.

7. Brazil's Federal Constitution recognizes the social organization, customs, languages, beliefs and traditions of indigenous peoples and their rights to occupy their traditional territories. The Brazilian legal and institutional framework has been constructed with emphasis on collective self-identification and the maintenance of productive systems and acknowledges that environmental conservation is a fundamental element for ensuring their welfare and physical/cultural survival. The Brazilian Government has issued a significant set of legislation and policies in support to IPLCs, including: the National Policy for Traditional Communities and Peoples (Presidential Decree 6040/2007) and the National Policy for Land and Environmental Management of Indigenous Peoples (Presidential Decree 7747/2012). These policies are discussed and overseen by parity councils in which IPLCs are fully represented.

8. Lessons learned from previous works with Indigenous Peoples and Traditional Communities in Brazil – drawn from the GEF supported PPP-ECOS (Small Environmental and Social Projects) and Catalyzing the contribution of Indigenous Lands to the conservation of Brazil's forest ecosystems as well as World Bank's Indigenous Lands Project (PPTAL) and RF Demonstration Projects (PDA) have emphasized that: (a) A participatory approach is essential for positive outcomes and must ensure (i) a strong commitment to grassroots empowerment and social accountability, by establishing active and empowered advisory and oversight commissions, and (ii) active engagement of IPLCs in project development and implementation so they assume ownership; (b) the objectives and design of a sub-project should be based on the community's needs and demands rather than by technical assistance agents or sponsoring NGOs; (c) when working with diverse IPLCs, it is critical to strengthen indigenous and community organizations, respecting their culturally-defined decision-making mechanisms and consider longer periods for implementation of community subprojects; and, (d) technical assistance requires skills in participatory methodologies and shall be planned for and made accessible early on, take into consideration traditional local knowledge, women's and minority groups' concerns.

#### **Relationship to CAS**

9. The proposed project is fully consistent with the World Bank's approach to the Cerrado Biome, which is included in the current CPS (2012-2015), discussed by the Executive Directors on November 1, 2011 (CPS 2012-2015) (Report No 63731 BR), under the Strategic Objective 4: Improving sustainable natural resource management and climate resilience, specifically through supporting the increased sustainability of agricultural production and forestry, the adjustment of extension services and the leveraging of financing mechanisms to accelerate the shift to a low-carbon agriculture and livestock production, the mapping of degraded areas across all Brazilian biomes and helping develop financial incentives to promote their rehabilitation, and the assistance to the Government of Brazil (GoB) efforts to further develop Brazil's national system of protected areas.

## **II. Proposed Development Objective(s)**

### **Proposed Development Objective(s) (From PCN)**

10. To enhance the capacity of Indigenous Peoples and Local Communities in Brazil, with focus on the Cerrado biome, to engage in FIP and other REDD+ processes and activities at the local, national and global levels in order to improve the effective sustainable management of natural/forest resources.

### **Key Results (From PCN)**

11. The PDO will be measured against the following indicators: (i) Number of direct project beneficiaries (percentage of Indigenous Peoples, percentage from other traditional communities, and percentage of women); (ii) Number of pilot activities completed; (iii) Satisfactory delivery of training and awareness raising activities (number of activities disaggregated by duration and subject; number of people engaged, disaggregated by ethnic origin, age and gender); (iv) Ethno-management and sustainable development plans of Indigenous lands and other traditional territories launched in at least 20% of communities which have received grants; and, (v) Grievances registered related to delivery of project benefits that are actually addressed (percentage).

## **III. Preliminary Description**

### **Concept Description**

12. The proposed project is part of a global program - the Dedicated Grant Mechanism for Indigenous Peoples and Local Communities (DGM) - which has allocated \$6.5 million in grant resources to Brazil. The DGM was designed to promote the inclusion of communities reliant on forests in policy formulation and initiatives that seek to reduce deforestation and degradation.

13. The Brazil DGM is based on (a) the Design Proposal for the global DGM – which was developed by the Global IPLC Working Group – and (b) the FIP Grant Mechanism for Indigenous Peoples and Local Communities Project Concept Note (P128748). It follows the framework guidelines and set of activities covered under the components designed for the global DGM.

14. The project will support capacity building and finance the demand-driven provision of grants to community organizations of IPLCs in Brazil in order to strengthen their participation in FIP and other REDD+ processes at the local, national and global levels. To foster synergies with the Brazil Forest Investment Plan and address the challenges posed by the geographical dispersion of Indigenous Peoples and Local Communities (IPLCs), the Brazil DGM will also prioritize its actions in the Cerrado biome. Nevertheless, capacity building and training activities will have a national scope.

15. Drawing from lessons learned in previous operations, the proposed project intends: (a) to promote a strong sense of ownership and social accountability among the grant beneficiaries and key stakeholders convened at the NSC; (b) to strengthen the institutional capacity of indigenous and local organizations by means of in situ training events on managerial issues for grant beneficiaries and by encouraging a diversity of partnerships with governmental and civil society organizations; (c) designing adequate, flexible, and efficient, administrative and financial arrangements that will enable easy, streamlined and fast-track access to grants by grassroots IPLCs, and facilitating adequate financial flows and management of project resources to diverse communities; (d) carrying out preliminary assessments of the economic, environmental and social feasibility of community proposals; and, (e) providing culturally adequate technical assistance to design, develop and implement community subprojects.

16. The proposed components of the project which are under consultation with IPLCs are as follows:

a. Component 1: Institutional Strengthening (approximately \$1.2 million). This component will finance activities aimed at: (i) strengthening IPLCs' capacity for investment-preparedness, including support for registration, preparing proposals, and financial management skills for traditional forest investments as well as Payment for Environmental Services and carbon payments; and (ii) improving access to forest financing and investments. Activities may include informational workshops on public policies and access to credit lines; training on new technologies to be applied on land surveillance; ethno-mapping studies; capacity building on methodologies for: participatory Land or Territorial Management Plans, fire management and control of forest fires; inter-regional workshops, organizational strengthening and youth leadership; and cultural strengthening among other topics proposed by IPLCs.

b. Component 2: Sustainable Initiatives (approximately \$4.3 million). This component will finance the provision of micro grants for eligible community based organizations of IPLCs to undertake small-scale activities for sustainable development and natural resources management that fall under predetermined themes. Based on ongoing consultations, some potentially eligible areas activities would include: REDD+ related livelihood and resilience activities; integrating indigenous knowledge and cultural practices with modern technologies to enhance climate adaptation and mitigation; food security activities; production and storage of native seeds; small agro-processing units; production and commercialization of artisanal products; agro-ecological production and ecotourism; surveys of native species of flora and fauna; land/territorial management plans;

recovery of degraded areas and protection of water springs; and fire management plans.

c. Component 3: Communication, Monitoring and Evaluation (approximately \$ 1.0 million). This component will finance activities aimed at the institutional support and capacity development for Project management, implementation, monitoring and evaluation, including: (i) reaching out to target groups to provide them necessary information on the DGM, (ii) facilitating a process of bottom-up self-selection to identify beneficiary communities, (iii) supporting the preparation of proposals, and (iv) supervising sub-projects implementation and results assessments.

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

#### IV. Safeguard Policies that might apply

Safeguard Policies Triggered by the Project	Yes	No	TBD
Environmental Assessment OP/BP 4.01	x		
Natural Habitats OP/BP 4.04	x		
Forests OP/BP 4.36	x		
Pest Management OP 4.09	x		
Physical Cultural Resources OP/BP 4.11			x
Indigenous Peoples OP/BP 4.10	x		
Involuntary Resettlement OP/BP 4.12		x	
Safety of Dams OP/BP 4.37		x	
Projects on International Waterways OP/BP 7.50		x	
Projects in Disputed Areas OP/BP 7.60		x	

#### V. Financing (in USD Million)

Total Project Cost:	6.50	Total Bank Financing:	0.00
Financing Gap:	0.00		
<b>Financing Source</b>		<b>Amount</b>	
Borrower		0.00	
Strategic Climate Fund Grant		6.50	
Total		6.50	

#### VI. Contact point

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