

CLIMATE INVESTMENT FUNDS

FIP/SC.6/CRP.1
June 27, 2011

Meeting of the FIP Sub-Committee
Cape Town, South Africa
June 29 and 30, 2011

AID MEMOIRE

SCOPING MISSION 24 TO 26 OF MAY OF 2011 – BRASÍLIA, BRAZIL

Investment Forest Program

Scoping Mission

24 to 26 of May of 2011 – Brasília, Brazil

(Translation from the original in Portuguese)

1. A scoping mission for the Forest Investment Program (FIP) took place from May 24th to 26th, 2011, in Brasilia. Representing the Multilateral Developing Banks (MDBs) the mission was composed by the Inter-American Development Bank (IDB), the International Financial Corporation (IFC) and the World Bank (IBRD). Representing the Brazilian Government was composed by the Ministry of Finance (MF), Ministry of Environment (MMA), Ministry of Science and Technology (MCT), Ministry of Agriculture and Livestock (MAPA), the Secretariat for Strategic Affairs of the Presidency of the Republic, the Brazilian Forest Service (SFB) and the Brazilian Agricultural Research Corporation (Embrapa).
2. The Brazilian Government led the mission, with support from MDBs, as the initial step of the dialogue process for the preparation of Brazil's FIP Investment Plan. The mission agenda and the participants list are presented in annexes 1 and 2.
3. The MDBs representatives thank the Brazilian Government for the organization and coordination of the meetings and for all the support received during this mission.

Objectives

4. This mission had as specific objectives: (i) to present the FIP program to the governmental agencies, civil society representatives, indigenous people and local communities (stakeholders); (ii) to learn the initial ideas of the Brazilian Government initial about themes that might be included in Brazil's FIP Investment Plan, (iii) to discuss the scope and coordination of the preparation of the US\$250.000 grant proposal for the preparation of Brazil's FIP Investment Plan; and (iv) to discuss a timetable for the FIP Brazil program.

The Forest Investment Program – FIP

5. The FIP is part of the Climate Investment Fund (CIF). The main objective is to support the efforts of developing countries to reduce emissions from deforestation and forest degradation through public and private investments. The FIP may contribute to increase the adaptive capacity of the forest sector to face climate change. It can also contribute to the protection and conservation of the biodiversity, the protection of the indigenous people's rights, and

poverty reduction. Additional information about the program can be found in Annex 3 and on the website <http://www.climateinvestmentfunds.org/fip>.

6. Brazil is one of the FIP pilot countries, jointly with Burkina Faso, Congo, Ghana, Indonesia, Laos, Mexico and Peru. The resources that can be available through the FIP for Brazil vary from US\$ 50 to 70 million, including grants and concessional loans.

Dialogue process and participation of nongovernmental social actors

7. During the mission, a FIP presentation was made for the representatives of the social and environmental network CSOs representatives and private sector representatives interested in the climate change agenda (Annex 4). Also participated in the meeting Ms. Lucia Kaingáng from the Brazilian Indigenous Institute for Intellectual Property (Inbrapi), Brazilian indigenous people representative in the group discussing the design of the Indigenous People and Local Communities Grant Mechanism, and Mr. Marco Antonio Fujihara, from the Key Associates, an observer-representative for the private sector on the FIP Subcommittee .
8. The main characteristics of the FIP were presented (Annex 3), and initiated the discussion about the participation and monitoring process of the program activities. The types and importance of the social player's participation in the elaboration of the investment plan and FIP implementation were clarified.
9. The Brazilian Government indicated that it intends to lead the consultation and participation process by these and other networks, as well as participants of the Indigenous People and Local Communities Grant Mechanism.
More information on <http://www.climateinvestmentfunds.org/fip>.

Conclusions, Agreements and Next steps

10. The Brazilian government reaffirmed its commitment with the reduction of deforestation and forest degradation and confirmed its interest in exploring the FIP as an instrument to support the National policies and actions. It was pointed out, however, that Brazil's participation as a FIP pilot will depend of key aspects of the Program still under discussion.
11. The MDBs recognize the great potential of Brazil's contribution to achieve FIP's objectives. They also recognize the importance of continuing the dialogue initiated in this mission, and the viability analysis of the topics that might come to compose the Brazil's FIP Investment Plan. They pointed out the importance to associate the FIP to other programs and actions of the Country, as well as to consider the potential for co-financing and leveraging resources in preparation of Brazil's FIP Investment Plan.
12. The Brazilian government and the MDBs discussed the availability of US\$250.000 grant support for the preparation of Brazil's FIP Investment Plan. The Government informed that it will decide in due course about the access and use of such resources, in line with what is presented in paragraph 10 above.

Identified Potential Themes

13. The Brazilian governmental institutions present in the mission presented their activities and explored potential issues for the composition of Brazil's FIP Investment Plan. Three possible axes were preliminary identified.

- Structuring activities for the sustainable forest management, aiming to enhance the forest maintenance
- Development and Implementation of monitoring and planning tools for land-use planning, forest inventory and rural environmental registry, aiming to strengthen the governance and management transparency of the forest resources.
- Promotion of productive sustainable activities in already deforested areas aiming to reduce pressure of conversion of new areas

Institutional Coordination for the Preparation of the Investment Plan

14. It was agreed that Mr. Artur Cardoso de Lacerda, from the Secretariat of International Affairs of the Ministry of Finance will be the focal point of the Brazilian Government, and Mr. Garo Batmanian from the World Bank, will be the focal point of the MDBs, in order to facilitate the communication and coordination of the Brazil's FIP Investment Plan preparation work.

Preparation of the Brazil Investment Plan for the FIP

15. In principle, the Government intends to undertake the Joint Mission in the first half of December 2011. With this, the Investment Plan could be presented to the Subcommittee for deliberation at the meeting scheduled for March 2012.

Signatories

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Anexo 1. Lista de Participantes

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Anexo 2. Agenda realizada

Day	Meeting	Venue
Tuesday, May 24, 2011		
9:30 – 10:30	<p><u>Session 1</u></p> <p>Opening of the Mission: <i>Brazilian forest sector policies and challenges</i></p> <p>Key Speakers:</p> <ul style="list-style-type: none"> - Mr. Francisco Gaetani, Vice-Minister of Environment - Mr. Carlos Márcio Cozendey, Secretary for International Affairs, Ministry of Finance - Mr. Carlos Nobre, Secretary for Policies and Programs of Research and Development, Ministry of Science and Technology - Mr. Eustaquio Reis, Under-Secretary for Sustainable Development, Secretary for Strategic Affairs, Presidency - MDBs Representatives 	<p>Ministry of Environment (MMA)</p> <p>Esplanada dos Ministérios, Bl. B, 8th floor, Meeting Room</p>
10:45 – 12:00	<p><u>Session 2</u></p> <p>Technical Meeting: <i>Presentation of FIP Objectives and initial ideas for Brazilian investment strategy</i></p> <p>Key Speakers:</p> <ul style="list-style-type: none"> - MDBs Representatives - Mr. Carlos Márcio Cozendey, Secretary for International Affairs of the Ministry of Finance - Mr. Antonio Carlos Hummel, Director- General, Brazilian Forestry Service (SFB), Ministry of the Environment - Ms. Nazaré Soares, Deputy Director, Department for Policies against Deforestation, Ministry of the Environment 	<p>Ministry of Environment (MMA)</p> <p>Esplanada dos Ministérios, Bl. B, 8th floor, Meeting Room</p>
14:30 – 17:30	<p><u>Session 3</u></p> <p>Technical Meeting: <i>Discussion of preliminary areas for investment</i></p> <p>Key Speaker:</p> <ul style="list-style-type: none"> - Mr. Antonio Carlos Hummel, Director-General , Brazilian Forestry Service (SFB), Ministry of the Environment 	<p>CENAFLO</p> <p>Serviço Florestal Brasileiro (SFB)</p> <p>SCEN Trecho 02 Lote 04 Bl. H</p> <p>CEP: 70.068-900 Brasília-DF</p>

Wednesday, May 25, 2011		
9:30 – 11:30	<p><u>Session 4</u> Technical Meeting: <i>Discussion of preliminary areas for investment (continued)</i></p> <p>Key Speaker: Ms. Nazaré Soares, Deputy Director, Department for Policies against Deforestation, Ministry of the Environment</p>	<p>CENAFLOR Serviço Florestal Brasileiro (SFB) SCEN Trecho 02 Lote 04 Bl. H CEP: 70.068-900 Brasília-DF</p>
11:30 – 12:30	<p><u>Session 5</u> Technical Meeting: <i>Discussion of preliminary areas for investment (continued)</i></p> <p>Key Speaker: - Ms. Denise Deckers, Strategic Management,, Ministry of Agriculture</p>	<p>CENAFLOR Serviço Florestal Brasileiro (SFB) SCEN Trecho 02 Lote 04 Bl. H CEP: 70.068-900 Brasília-DF</p>
14:00 – 15:00	<p><u>Session 6</u> Panel: <i>Brazilian National Monitoring and Evaluation System</i> Ms. Mercedes Bustamante, Ministry of Science and Technology</p>	<p>CENAFLOR Serviço Florestal Brasileiro (SFB) SCEN Trecho 02 Lote 04 Bl. H CEP: 70.068-900 Brasília-DF</p>
15:00 – 16:00	<p><u>Session 7</u> Panel: <i>Plano Nacional de Floresta Plantada (TBC)</i></p> <p>- Mr. Arnaldo Carneiro, Under-Secretariat for Sustainable Development, Secretary for Strategic Affairs, Presidency</p>	<p>CENAFLOR Serviço Florestal Brasileiro (SFB) SCEN Trecho 02 Lote 04 Bl. H CEP: 70.068-900 Brasília-DF</p>
16:00 – 17:30	<p><u>Session 8</u> <i>Way forward</i></p> <p>- Issues for consideration in preparing the Investment Strategy</p>	<p>CENAFLOR Serviço Florestal Brasileiro (SFB) SCEN Trecho 02 Lote 04 Bl. H CEP: 70.068-900 Brasília-DF</p>
Thursday, May 26, 2011		
10:00 – 12:00	<p><u>Session 9</u> Meeting with Stakeholders</p> <p>Key Participants:</p> <ul style="list-style-type: none"> - Observatório do REDD, - Observatório do Clima, - Fórum Brasileiro de Movimentos Sociais para o Meio Ambiente e o Desenvolvimento (GT Clima e GT Floresta), - Articulação dos Povos Indígenas do Brasil - Confederação Nacional dos Trabalhadores na Agricultura - Fórum Nacional de Atividades de Base Florestal 	<p>CENAFLOR Serviço Florestal Brasileiro (SFB) SCEN Trecho 02 Lote 04 Bl. H CEP: 70.068-900 Brasília-DF</p>

	<ul style="list-style-type: none"> - Instituto Indígena Brasileiro para Propriedade Intelectual - Key Associados 	
14:00 –	<p><u>Session 10</u> <i>Wrap-up</i></p> <ul style="list-style-type: none"> - Use of FIP preparation grant - FIP governance, including stakeholder participation - Preparation for next mission 	<p>CENAFLO Serviço Florestal Brasileiro (SFB) SCEN Trecho 02 Lote 04 Bl. H CEP: 70.068-900 Brasília-DF</p>

Anexo 3. Características do FIP

As características gerais do FIP são:

- a. Dotação: US\$558 milhões
- b. É gerido de forma autônoma com regras próprias
- c. Brasil é “co-coordenador” do Subcomitê do FIP (composto por 5 países doadores e 6 recipientes)
- d. Agências Multilaterais de Desenvolvimento são responsáveis pela gestão dos acordos de doação / empréstimos com as agências executoras dos países
- e. Há uma pré-alocação por país. No caso do Brasil é: US\$ 50-70M (doações, financiamento concessional)
- f. Um conjunto de indicadores-chaves deverá ser aplicado aos Planos de Investimentos FIP de cada país. Estes indicadores deverão ser consistentes e deverão contribuir diretamente com o marco lógico programático do FIP (FIP results framework). O Plano de Investimento deverá apresentar, também, sua própria matriz de resultados /marco lógico.
- g. Adicionalmente, está previsto um Mecanismo de doações para povos indígenas e comunidades locais.
- h. Processo de preparação e execução do Programa FIP de cada país deve ser participativo.

Os critérios preliminares estabelecidos para a inclusão do FIP, conforme descritos no documento do FIP, são:

- Potencial de mitigação das mudanças climáticas – a redução de emissões e desmatamento evitado deverá ser calculada considerando os cenários de emissão atual e de crescimento no cenário “business-as-usual”. Cada projeto/programa proposto ao FIP deverá quantificar a redução dos gases de efeito estufa (GHG pro sua sigla em inglês) ao longo da vida do programa/projeto;
- Demonstração de potencialidade de escala – demonstrar o ganho de escala dos projetos e/ou programas propostos ;
- Custo efetividade – cada projeto e/ou programa, quando apropriado, deverá incluir o cálculo de custo por tonelada de CO2 reduzido ou evitado. Espera-se que o setor público e privado estejam envolvidos na elaboração e implementação do Plano de Investimentos FIP e projetos e programas correlacionados. ;
- Potencial implementação – as propostas de investimentos deverão ser revisadas considerando as dimensões políticas, institucionais, sustentabilidade e de efetiva participação dos atores sociais-chave (*stakeholders*). As oportunidades de investimentos

devem ser priorizadas com base na alavancagem de co-financiamentos dos setores público e privado, incluindo financiamento de carbono e de parceiros bilaterais e multilaterais;

- Desenvolvimento sustentável integrado (co-benefícios) – os potenciais resultados de projetos e programas do FIB serão avaliados em acordo com as políticas padrão das MDBs. Os investimentos, projetos e/ou programas deverão demonstrar impactos sociais, econômicos e ambientais em consistência aos planos e estratégias nacionais; e
- Conformidade com as políticas de salvaguardas – em consistência com seus objetivos o FIP não poderá apoiar a conversão de vegetação natural, desmatamento e/ou degradação florestas.

O FIP irá focar nas melhores oportunidades de redução de emissões no âmbito nacional e na superação de barreiras para a redução de emissões decorrentes do desflorestamento e degradação florestal (REDD+), no âmbito do país. Entende-se que os critérios supracitados não precisam ser aplicados simultaneamente a um mesmo projeto ou programa. No entanto, todos os critérios devem ser considerados quanto da elaboração e apresentação do Plano de Investimento FIP.

O financiamento do FIP visa a preencher lacunas de financiamento de projetos e programas que focam em causas do desflorestamento e da degradação das florestas. Deverá ser observada a não sobreposição e duplicação de financiamentos disponíveis por outros fundos tais como doações bilaterais, multilaterais e recursos do GEF para manejo florestal sustentável.

Anexo 4. Lista de Redes Participantes

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