

**UNITED NATIONS DEVELOPMENT PROGRAMME  
PROJECT OF THE GOVERNMENT OF BRAZIL  
PROJECT DOCUMENT  
PROPOSAL FOR REVIEW**

**Project Title:** BRA/97/G31/B/1G/99 - Brazil - National Biological Diversity Strategy and National Report

**GEF Focal Area:** Biodiversity

**Country Eligibility:** CBD Ratified - February, 1994

**GEF Financing:** US\$ 942,500

**GEF Implementing Agency:** UNDP

**National Executing Agency:** Ministry of Environment, Water Resources and the Amazon Region (MMAAL)

**GEF Operational Focal Point:** International Affairs Secretariat/Ministry of Planning and Budget (SEAIN/MPO)

**CBD Operational Focal Point:** MMA

**Estimated Starting Date:** January, 1998

**Project Duration:** 18 months

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*Brief Description:*

This project will prepare, in a participatory manner, the Brazilian National Biodiversity Strategy (BNBS) for the conservation and sustainable use of biodiversity and the equitable sharing of its benefits. The Strategy will be developed through three levels of action, carefully designed and programmed to be fully complementary and to avoid duplication with other related initiatives. These three levels are: (i) Complementary stocktaking of existing information on a range of Biodiversity-related issues; (ii) identification of options for implementing the CBD in Brazil through a broad consultation process involving public and private stakeholders in 27 states, ten productive sectors and civil society; (iii) planning and drafting the National Biodiversity Strategy. The strategy will identify national and regional priorities and targets, and provide guidelines for sector policies within the context of national development. In accordance with the Conference of Parties to the Convention on Biodiversity (CBD), the project will also prepare Brazil's First National Report to the Conference of the Parties of the CBD.

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**On behalf of Government of Brazil**

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**Date**

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**On behalf of UNDP**

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**Date**



## A .. CONTEXT

### A 1. Biodiversity Conservation in Brazil

1. Brazil has a surface area of slightly more than 8.5 million km<sup>2</sup> and occupies nearly half the South American Continent. It includes a wide variety of climate zones, ranging from the humid tropics in the north, through the semi-arid in the northeast to the temperate areas in the south. These support distinct ecologically differentiated biogeographical zones (biomes), including the world's largest standing tropical rain forest (*Amazonian* and *Atlantic* forests) with the Amazonian forest alone representing approximately 40% of the planet's remaining rainforest; the world's largest inland wetland (the Mato Grosso *Pantanal*); large expanses of semi-arid thorn and deciduous forests (the *Caatinga*), and the world's largest savannas & woodlands (the *Cerrado*). In addition to these terrestrial biomes, there are 3.5 million km<sup>2</sup> of coastal and marine waters under Brazilian jurisdiction, which support an extensive variety of coastal and marine ecosystems including coral reefs, dunes, mangrove forests, wetlands, lagoons, and estuaries.
2. This diversity of biomes is reflected in the wide variety of fauna and flora present in Brazil, making it perhaps the single richest country in the world in overall species diversity. It tops the world list in diversity for many different groups of organisms, among them *primates* (55 species; 24 percent of the world total), *amphibians* (516 species), *terrestrial vertebrates* (3,010 species), *endangered and vulnerable vertebrates* (310 species), *flowering plants* (55,000, 22 percent of the world total), *freshwater fish* (more than 3,000 species, three times more than any other country), and *insects* (estimated at 5-10 million species, most of them still to be described by scientists). When not the single richest country, Brazil is usually not far behind, ranking second in birds (1,622 species), third in palms (387 species), first in mammals (522 species), and fourth in reptile diversity (467 species).
3. Although Brazil is the tenth economy in the world and has a per capita income of US\$ 4,632, it has significant regional disparities with varied social and economic characteristics. The ethnically diverse 156.7 million population, representing a third of the Latin American total, has a low overall density (14/km<sup>2</sup>) but is geographically unevenly distributed. Forty percent (40%) of the population live in the southeast, and urban dwellers comprise approximately 70%, with about 30% of the national total living in only 10 metropolitan areas.
4. The economic growth of the recent decades has been accompanied by increasing intervention in previously stable habitats, leading to significant loss of biodiversity. Although these interventions are widespread, they vary in both rate and scale within distinct biomes. Just over 10% of the Amazon forest have been deforested due largely to highway construction and resultant colonization, mining activities and large-scale agricultural ventures. A much higher percentage of native vegetation has been devastated in the Cerrado of central Brazil (over 50%) where the population (10 million) has

increased six-fold in the last 40 years. Vast areas of Cerrado have been converted for the large scale production of export crops mainly soya, and the exploitation of non-metallic minerals, especially cement and asbestos, has increased. The Caatinga, with its harsh climatic conditions and cotton plantations, suffers from severe soil erosion and salinization and over 50% of the native vegetation have been removed. With over half the population being concentrated along the coastline, the Atlantic forest has long suffered pressures from urban expansion and agriculture and less than 10% of its original area remains. The high concentration of cities along the coast has also affected coastal and marine biodiversity with extensive clearing of mangrove forests and increased water pollution from inadequately treated sewage effluents.

5. In spite of these losses, vast areas are still covered with natural habitats and represent an invaluable asset that should be carefully managed through a balanced approach of the conservation and sustainable use taking into account economic activities and the livelihood of local inhabitants.

## **A 2. Government Strategy for the Conservation and Sustainable Use of Biodiversity**

6. The Government of Brazil (GoB) has made substantial advances in strengthening environmental management to arrest the loss of biodiversity and develop its potential contribution to the national economy. In doing this it has adopted a strategy that recognizes that conservation must go hand in hand with poverty alleviation programs thus improving the quality of life and reducing one of the major threats to the environment. Its strategy is also designed to address the vast size of its territory, the substantial regional differences in ecological, social and economic characteristics, and the need to integrate both public and private sector stakeholders in this process.

7. At the general level, the National Environmental System (SISNAMA), established in 1981 and composed of the National Environmental Council (CONAMA) and Federal and state-level executive agencies, represents an effective mechanism to address the considerable regional differences in a decentralized manner whilst maintaining an overall coherent policy framework. The 1988 Constitution included a section on the environment sanctioning the right of the Brazilian population to an ecologically balanced environment for common use.

8. At a more specific level, measures such as the removal, in 1988, of fiscal incentives for ranching in primary forest areas of the Amazon, further intensified federal efforts to control environmental degradation. In the same year the National Environment Fund (FNMA) was created to catalyze NGO contribution to environmental management and to support communities and local governments carrying out conservation or sustainable development projects. In addition, the GoB initiated a variety of internationally funded programs and projects to strengthen environmental management and improve biodiversity conservation. These include the National Environmental Project, in the final stage of a first phase, designed to strengthen the federal environmental protection agency (IBAMA), up-grade conservation units and implement conservation measures through state and

municipal environmental agencies especially in the threatened ecosystems of the Pantanal, Amazon and Atlantic Forest; and the recently started Pilot Program to Conserve the Brazilian Rain Forest that is working closely with NGOs and local-level governments in environmental protection measures in the Amazon and Atlantic Forest.

9. In 1994, Brazil ratified the Convention on Biological Diversity (CBD) and the Ministry of Environment, Water Resources and the Amazon Region (MMA) was designated to co-ordinate its implementation in the country and elaborate a National Biological Diversity Strategy (NBS). The MMA established the Co-ordination for Biological Diversity (COBIO) as its operational unit to implement this commitment and launched the National Program for Biological Diversity (PRONABIO) to promote the partnership between the Government and the society for the conservation of biological diversity, the sustainable use of its components and the fair and equitable sharing of the benefits derived from the use of genetic resources.

### **A 3. Prior and On-going assistance**

10. UNDP has provided extensive technical assistance to the GoB in a wide range of environment related projects. Its current environment portfolio includes 56 projects totaling US\$ 176,852,450. The most relevant to the present proposal is the project, Management of Biological Diversity in Brazil, that provides the Co-ordination of the Biological Diversity (COBIO) in the MMA with the necessary conditions to plan, monitor and evaluate actions related to the conservation and sustainable use of Brazilian biological diversity especially those within the PRONABIO. The present team of COBIO is professionally high qualified and with gender parity (ANNEX I). In the last twelve months COBIO has improved its structure with US\$ 18,983.40 in office furniture and US\$ 49,564.18 in equipment, and enlarged the office area to 112m<sup>2</sup>.

11. Financial and technical support for the actual implementation of PRONABIO comes from two complementary projects funded through GEF/GoB/private sector resources. These recently started projects together aim to promote and support partnerships among government, non-profit-making organizations, academic institutions, and the private business sector to improve Brazil's conservation and sustainable use of biodiversity. The first of these, the "Brazilian Biodiversity Fund," FUNBIO (US\$ 34.5 million - being US\$ 20 million GEF, plus private sector contribution, plus interest rates), implemented by the Getulio Vargas Foundation, will provide long-term and sustainable support for conservation and sustainable-use of biodiversity in Brazil through the establishment and development of a private Biodiversity Trust Fund. The second "Project for the Conservation and Sustainable Use of the Brazilian Biological Diversity"- "PROBIO" (US\$ 20 million - being 50% GEF, 50% GoB), implemented by the MMA with COBIO as technical secretariat, will "assist the government to initiate a program for conservation and sustainable use of biodiversity by identifying priority actions; stimulating the development of demonstration sub-projects and disseminating biodiversity information".

12. Part of PROBIO, and one of utmost relevance to the project proposed herein, is a series of biome biodiversity assessments and the dissemination of resultant information through a Biodiversity Information Network. These assessments will be undertaken through five workshops with members of the scientific community, conservationist and environmentalist community, producers and users of biological resources and government agencies (federal, state and local) Covering the Cerrado and Pantanal, Caatinga, Amazon Forest, Atlantic Forest and Continental Shelf biomes, they will consolidate and analyze available information on biodiversity and conservation status and identify and evaluate options for conservation and sustainable use of each biome. In preparation for each workshop digitized GIS maps (1:2,000,000) will be produced containing information on political divisions, hydrographic features and geographic irregularities; remaining natural areas of the biome; conservation units and other protected areas (public and private); demographic characteristics and socio-economic indicators; land use patterns and other human pressure on the areas; location and status of inventory effort of key plant and animal groups; distribution of biological/ecological communities and environmental units; bio-geographic provinces; distribution of rare, endemic and migratory species; species diversity; distribution of traditionally cultivated species and related wild species.

#### **A 4. Institutional Framework**

13. Environmental issues in Brazil are addressed through the comprehensive National Environmental System (SISNAMA) established in 1981. This is composed of the National Environmental Council (CONAMA), the Federal executive environmental agency, IBAMA (Brazilian Institute of Renewable Resources and the Environment) and the state-level OEMAs (State Environmental Agencies, OEMAs). The Ministry of Environment, Water Resources and the Amazon Region (MMA) is the co-ordinator of SISNAMA at the Federal level, and is responsible for the development of national environmental policy and promoting its integration with the national and sector development policies.

14. The MMA is the designated focal point for the implementation of the CBD in the country and for the development of the NBS through its Co-ordination for Biological Diversity (COBIO) of the Environmental Affairs Secretariat (SMA/MMA). COBIO also provides technical input to the Commission for Sustainable Development Policy and for the National Agenda 21, established in 1997, substituting for the Inter-ministerial Commission for Sustainable Development (CIDES), established in 1994, to co-ordinate and supervise the implementation of the commitments of the UNCED meeting. This Commission is the political body responsible for endorsing the NBS. The National Biodiversity Program PRONABIO, that provides the main thrust for implementing the CBD, has a Co-ordinating Commission, presided by the MMA, and composed of six government representatives and six representatives from the private sector, selected from the academic, private for-profit and non-profit sectors as follows: 1 from each of the following Ministries: MMA, Science and Technology; Agriculture and Food Supply, Health, Foreign Affairs, Planning and Budget; and 2 from the Academic and Scientific Community, 2 NGOs, and 2 from the Business Sector.

15. The institutional framework in the biological diversity field also includes, federal and state executing agencies (IBAMA and OEMAs) that create protected areas for *in situ* conservation of biodiversity and develop conservation programs for endangered species and the management and monitoring of biological diversity components. Presently, more than 150 federal conservation units, covering more than 40 million hectares, are legally established.

16. *Ex situ* conservation is addressed mainly through the National System of Agricultural Research - SNPA, under the co-ordination of the Brazilian Enterprise for Agricultural Research - EMBRAPA, and its National Centre for Genetic Resources and Biotechnology Research - CENARGEN. The work carried out by CENARGEN focuses on conservation of species and varieties of present or potential economic importance, specially those species that take a priority in national agriculture. The SNPA currently has more than 150 thousand samples of vegetable species germoplasm, which are distributed over 80 germoplasm banks, strategically located in different regions in the country. *Ex situ* conservation is complemented by 40 microorganisms culture collections, more than 120 zoological and 25 botanical gardens.

## **B. PROJECT JUSTIFICATION**

### **B 1. Problems to be addressed**

17. Brazil's enormous size and diversity of biomes create special difficulties for the conservation and management of biodiversity. As described in preceding sections, the GoB has started a wide range of important initiatives in this area in accordance with the CBD. While these provide extremely valuable advances they do not represent a comprehensive National Biodiversity Strategy that would clearly be of vital importance given the outstanding global significance of Brazil's biodiversity. Such a strategy would also provide a coherent framework to ensure that the considerable sums of money, made available for biodiversity management by the GoB through international loans, be used in a consistent and complementary manner throughout the whole territory.

18. Neither PROBIO and FUNBIO provide specific financial resources for the preparation of a National Biodiversity Strategy (NBS). However, the biome assessments of PROBIO will provide important information for the definition of a NBS. It will (i) identify priority actions for each biome including the definition of institutional responsibilities; (ii) characterize principal biotic communities including abundance of key indicator species and assessment of vulnerable and threatened species with the degree of risk; (iii) analyze socio-economic trends including potential for the utilization of natural areas and their economic importance for human communities and public policies affecting biodiversity (transportation, energy, production, infrastructure, land-use taxes etc.); (iv) identify conservation needs of each biome. Whilst providing vital information, these biome assessments are different from a full NBS. This was clearly recognized by the World

Bank during the preparation of PROBIO and its project document makes specific reference to the *“National Biodiversity Strategy preparation process (that) will proceed in conjunction with the biome-level analysis and incorporate findings of the biome-level workshops”* (Annex 1- World Bank Report N°. 14523-BR, February 1996), and *“the MMA has plans for developing a National Biodiversity Strategy in compliance with the United Nations Convention on Biodiversity ....”* (Annex 2- World Bank Report N°. 14523-BR, February 1996).

19. Conscious of this, the GoB has committed further resources to advance some issues of a NBS. These include: Public Hearings and Workshop on Access to Genetic Resources; Policy Papers on Agriculture and Biological Diversity; Policy Papers on Forestry Policy; Policy Papers on Fishery Policy; Consultation and Workshop on the Brazilian Conservation System; and Elaboration of the National Report on Plant Genetic Resources. Further resources are also being made available for a series of complementary actions. In addition, in 1996, the National Technical Commission on Biosafety (CTNBIO), was established for the proposition and supervision of the National Biosafety Policy and the formulation of rules relating to engineering, cultivation, handling, use, transport, stock, trading, consumption, release and disposal of genetically modified organisms.

20. Despite these actions, several problems still need to be addressed in order to develop a full National Biodiversity Strategy in accordance with the CBD. Firstly, some issues not fully covered by the PROBIO biome-level assessments will need to be addressed in the development of a National Biodiversity Strategy. The most important of these are:

- *institutional and human capacity assessment* will require a national evaluation as this capacity is not always restricted to the geographical limitations of one biome and in many cases includes nationally based public and private institutions and professional organizations;
- *national policy and regulatory framework assessments* contains some aspects that can only be evaluated from a national perspective such as trade agreements or national security issues;
- *cross-sectorial analysis* needs to be addressed from the perspective of the full available resource base rather than biome level resource base;
- *evaluation of existing needs and costs and benefits of proposed strategies* must be addressed from the national standpoint.

21. Secondly, the priorities and needs identified within the context of each biome under PROBIO, will need to be compared in relative terms so that priorities of each are balanced within a national perspective that reviews sector and economic development across the whole country. Trade-offs between actions in each biome may be necessary from a national perspective and would not be perceived at the biome level. Similarly, the responsibilities and priorities for action at the level of the states can not be fully addressed at the biome level as political divisions do not follow the same divisions as ecological ones, (some states have several biomes within its territory and priority actions and allocations of resources would have to be balanced between these). In order to determine overall national, regional and sector priorities and strategies, aggregate statistics will be required for the whole



country. This will entail the consolidation of the information from biome assessments including overall species distributions and variability within taxa and hence the definition of bio-geographical patterns.

22. Thirdly, the task of identifying options for the implementation of the CBD, which may include the balancing of biome specific priorities and options, should be undertaken with the full participation of a wide range of stakeholders. The decentralized environmental management agencies, State Environmental Agencies (OEMAs), each with its own perspective and management mechanisms, must be fully consulted and incorporated into the definition of national priorities to clearly designate responsibilities for future implementation and ensure coherent action within the framework of national policies. The hundreds of NGOs active at the national and local level, private landowners and Brazilian corporations that have begun to take greater responsibility in the environmental area, and members of civil society, highly sensitized by the holding of UNCED in the country, must be fully consulted in the formulation of the strategy to balance different perspectives and to enhance widespread support for its implementation. This consultation process goes well beyond that envisaged in the biome specific workshops of PROBIO.

23. Notwithstanding the substantial resources already committed by the GoB for these initiatives, sufficient funds to fully develop the National Biodiversity Strategy are lacking. *Resources requested herein* will provide complementary funds necessary to formulate, with the full participation and support of a broad range of public and private stakeholders, a National Biodiversity Strategy that will integrate national, regional, sectorial and biome-specific priorities into a comprehensive strategy, to be incorporated into national and sector planning processes and to orient the implementation of major initiatives presently starting up in the country.

## **B 2. Expected end of project situation**

24. At end of the Project, the Brazilian National Biodiversity Strategy will have been fully developed and guidelines identified for incorporating conservation and sustainable use of biodiversity issues and goals into sector and national development planning. A broad consultation process will have been held to ensure the participatory development of this strategy and to build up awareness on the importance of biodiversity. Workshops in 26 states, the Federal District and ten productive sectors will have been held and civil society will have had access to this process through information disseminated via newsletters and Internet. The First Brazilian Report to the Conference of Parties will have been prepared and submitted according to the guidelines established by the Conference of Parties. These actions will have supported Brazil in fulfilling its commitments under the CBD and will contribute to the conservation of biodiversity in this outstandingly biologically diverse country.

## **B 3. Target Beneficiaries**

25. The immediate beneficiary of the proposed project will be the Government of Brazil

(GoB) as it will enable the fulfillment of commitments made under the CBD in particular those within Article 6. A secondary level of beneficiaries will be Brazilian citizens in general as it will provide an important input to the promotion of the conservation and sustainable use of the country's biodiversity and the equitable sharing of the benefits derived from this. All those participating in the consultation process will be benefited by a broader understanding of the importance of biodiversity in sustaining livelihoods and forming the basis of many aspects of national economy.

26. Furthermore, there will be considerable global benefit from this project. The outstanding nature of Brazil's biodiversity is well known and action to conserve and sustainably utilize these biological resources is vital to the world, as well as to local welfare. In consideration of Brazil's role in the Amazon Treaty, and the anticipated transfer of the permanent headquarters of the Treaty Secretariat to Brazil, this project will also contribute to Brazil's potential to provide leadership to other Amazon Basin countries, and the opportunity to relate Brazil's national strategy to those of the other Basin countries.

#### **B 4. Project Strategy and institutional arrangements**

27. The strategy for developing the NBS has been designed in accordance with the size and diversity of Brazil and with full consideration of on-going initiatives that will provide some of the inputs required for the preparation of the national biodiversity strategy. It has also been designed to stimulate the widest possible participation of public and private stakeholders in all the different regions of the country in order to increase awareness of the value of biodiversity in sustaining livelihoods and providing a resource base for many productive sectors. This participation, and resultant increased awareness of biodiversity and Brazil's commitments in relation to the CBD, will enhance support for the implementation of the final NBS and will facilitate its incorporation into sectorial and national planning.

28. The project has been carefully structured following the GEF Operational Criteria for Enabling Activities. The methodology to be used for preparing the NBS will draw from the UNEP (1993) "Guidelines for Country Studies on Biological Diversity", the "Canada Country Study of Biodiversity: Taxonomic and Ecological Census, Economic Benefits, Conservation Costs and Unmet Needs" (Mosquin Bio-Information Limited and P.G. Whiting and Associates Economic and Resource Consultants, Ottawa, 1992), "Biodiversity in Canada: a Science Assessment for Environment Canada" (Biodiversity Science Assessment Team, Environment Canada, Ottawa, 1994) and will take into account the experiences of other countries in preparing their own national strategies, documented in the "National Biodiversity Planning: Guidelines Based on Early Country Experiences" (WRI/UNEP/IUCN).

29. Action will take place at three different but complementary levels each designed to address the three stages in the preparation of national biodiversity strategies as recommended in the GEF guidelines (see ANNEX II: standard Activity Matrix):

- **Complementary stocktaking** of biodiversity related issues to provide the essential information on which the NBS can be developed. As the biome assessments within PROBIO will provide some of this information, action at this level will be restricted to complementary stocktaking to include those aspects not fully covered in PROBIO as described in section B1, footnote <sup>1</sup> and ANNEX III.
- **A broad national consultation process** to identify the options for the implementation of the CBD in Brazil and the development of the NBS. This has been designed based on recommendations of an inter-sector Working Group on Biodiversity (BWG)<sup>2</sup> and will include a national workshop with biodiversity and development specialists, public and private stakeholders; workshops in each of the 26 states and the Federal District; meetings with ten productive sectors; and consultations with a broader range of civil society through the wide scale dissemination of the key documents in newsletters and in electronic format via internet.
- **Planning and drafting** a National Biodiversity Strategy (NBS) that will define goals and identify priority areas for action at the national, regional and local levels as well as set guidelines for policy development in different sectors including agriculture, forestry, fishery, energy, mining, transport, land-use and zoning activities, industry, health and sanitation, and urban development.

30. Whilst three separate levels can be distinguished, there is clearly extensive interdependence between them and one will build on the results of the other. However, in view of the size of the country and number of biomes to be included, the stocktaking will not be fully complete until the end of the first year of the project. In order to avoid excessive delays in drafting of the NBS, the planning of the NBS development has been designed to start before all the information from the stocktaking is available. A preliminary report on the stocktaking will provide the basis for the initial stages of NBS

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<sup>1</sup> The complementary stocktaking will consolidate biome-level findings to attain aggregate statistics for the whole country that will permit the balancing of priorities of each region and the definition of national priorities. It will also undertake (i) complementary assessments of biological resources including estimates of described and total species in all phyla rather than key species as in PROBIO; (ii) an assessment of institutional and human capacity including an evaluation of the status of traditional knowledge and capacity for sustainable use of biodiversity present in the different ethnic groups around the country; (iii) policy and regulatory framework from a national perspective; (iv) cross-sectoral issues complementing that already undertaken by the MMA, (v) estimating existing needs and the cost-benefit evaluation of proposed strategies from a national viewpoint including an evaluation of the studies undertaken on valuation of biodiversity.

<sup>2</sup> An inter-sectoral Working Group on Biodiversity (BWG) was established by MMA in the second semester of 1994 with representatives of the different ministries and the different sectors of society (business, academy and NGOs). One of the tasks of this WG was to identify the best mechanisms for consultation with the stakeholders within these different sectors. All sectors identified internet, newsletters and workshops as the most effective tools.

preparation and the broad consultation process. The remaining information from stocktaking will be incorporated at successive stages of drafting as it becomes available. A full report on the stocktaking exercises will be prepared when all the information is complete. This will serve as a basis against which the implementation of the NBS can be evaluated in the future.

31. Equally so, the ambitious consultation process has been designed in two steps to stimulate participation, ensure its timely completion and allow observations flowing from these consultations to feed into the drafting of the NBS. The first step of this process is to prepare advance notification of the identification of options workshops and define a uniform format and goals for them. Each state and sector will designate a focal point for the planning, organization and advertising of the workshop. These focal points will attend a working session in Brasilia to clarify the objectives of the workshops, define common procedures and goals and set up a campaign to stimulate adhesion to the project and increased participation in the workshops. The workshops will be run by a group of facilitators that will also attend the working session in Brasilia to identify common techniques for running the workshops, define a uniform format for collating outputs and establish a time plan that allows several states to hold their events simultaneously.

32. In parallel with this, a document entitled "*Basis for the National Biodiversity Strategy*" will be prepared to ensure all workshops count with the same information on which to build and orient discussion. Information for this document will be prepared by thematic working-groups<sup>3</sup> that will review the CBD to assess its status in Brazil, identify agencies and structures available for complying with agreements, allocated resources, gaps, potential obstacles and/or opportunities. Based on this review the working groups, each composed of approximately ten biodiversity and development planning experts, will propose priorities, guidelines, methodologies and instruments for action for their respective set of articles. These will be consolidated in a draft document that will be reviewed in a three-day *national workshop* together with the results of the biome-assessments held by then, and the partial results of the complementary-stocktaking evaluations. This national workshop, held in Brasilia, will be organized by COBIO/MMA in partnership with key national public and private institutions involved with biodiversity. Recommendations

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<sup>3</sup> The PRONABIO Co-ordinating Commission is in the process of selecting and setting up 10 working groups to revise the principal articles and topics of the CBD from a Brazilian perspective. These groups will cover related sets of articles as follows (i) Identification and monitoring (Art. 7°) and impact evaluation and reduction of negative impacts (Art. 14); (ii) Conservation *in situ* (Art. 8°) and *ex situ* (Art. 9°); (iii) Sustainable use of the components of biodiversity (Art. 10) and incentives (Art. 11); (iv) Access to genetic resources (Art. 15) and to technology transfer (Art. 16); (v) Research and training (Art. 12) and scientific and technical co-operation (Art. 18); (vi) Public awareness and education (Art. 13) and information exchange (Art. 17); (vii) Biotechnology Management and Distribution of its benefits (Art. 19); (viii) Genetic Diversity; (xi) Domestic species and wild relatives; (x) Micro-organisms and soil Biodiversity.

from this meeting will be organized and consolidated by the project team and thematic working groups in the final version of the document *Basis for the National Biodiversity Strategy* that will form the basis for the broad consultation process.

33. This document will also provide guidelines to start the initial stages of preparation of the NBS in parallel to the broad consultation process. The *first complete draft* of this NBS will include the inputs from the state workshops, the sector meetings and the consultations through the Internet. This will be reviewed in a three-day **national meeting** in Brasilia with the same stakeholders groups that participated in the national workshop held to define the "*Basis for the National Biodiversity Strategy*" document.

34. Recommendations from this meeting, together with the completed results of the stocktaking exercises (all the inputs from the Biome-level Biodiversity Assessments and the completed complementary stocktaking) will be incorporated into a final draft of the NBS which will be reviewed by the Co-ordinating Commission of PRONABIO and the CBD thematic working groups. It will then be submitted by the Executive Secretariat of the MMA to the Commission for Sustainable Development Policy and for the National Agenda 21, substituting for the CIDES, for political endorsement. This project does not include an Action Plan preparation for Biodiversity Strategy implementation. Action Plan will result from decentralized initiatives following Biodiversity Strategy approval.

35. The three lines of action described above represent the different stages of the preparation of the NBS. In addition to these, the project will also include activities for the preparation of the First National Report to the Conference of Parties (CoP) in accordance with Decision II/17 of CoP. In view of the December 1997 deadline for submitting this, the Brazilian Report will be based on existing information and on the progress achieved by then in preparing the NBS. This will include the preliminary report on National Stocktaking exercises; the preliminary results of the Biome-level assessments; the results of The National Workshop to define the document "*Basis for the National Biodiversity Strategy*", and the MMA Report on the implementation of Chapters 15 (Conservation of Biodiversity) and 16 (Environmentally Sound Management of Biotechnology) of Agenda 21, submitted, in March 1997, to the United Nations Commission on Sustainable Development.

36. Activities have been programmed to follow the schedule shown in ANNEX IV, however in view of the complementary nature of this project with others, such as PROBIO, the exact timings of events will be constantly evaluated to ensure the maximum synchrony with activities undertaken in these related projects. In order to facilitate this, the workplan and timetable, deliverables, and internal project monitoring and co-ordinating mechanisms will be reviewed in a pre-implementation meeting in which the Tripartite Consultative Committee (TCC), composed of UNDP, the World Bank and the GoB and established as a facilitation mechanism (see section B7), will be present.

37. In line with other UNDP projects in Brazil, the proposed project will be executed under the national execution modality. The MMA, as focal point for the implementation of the CBD will be the executing agency for the project. Overall guidance for execution will be provided by the PRONABIO Co-ordinating Commission. PRONABIO's technical secretariat COBIO, will be responsible for the project execution at the operational level and will provide technical leadership, articulation at the national and international level, promotion of partnership between public and private entities, and dissemination of the results. Specific project activities will be undertaken by a project team co-ordinated by COBIO and composed of its staff (14), and members of public and private institutions, including NGOs and consultants hired for specific tasks as required, for example, in the complementary stocktaking exercise. The Integrated Development Secretariat (SDI/MMA) will also provide assistance where necessary to the Commission and the Ecosystem Technical Committee of the National Environment Council (CONAMA) will be heard for advice at different stages of NBS formulation.

38. To assist in the preparation and final evaluation of the NBS, the PRONABIO's Coordinating Commission will establish ten thematic working groups corresponding to the main articles of the CBD (see footnote 3) to technically assist in the corresponding issues throughout the different stages of the process. These groups will review the respective articles in the CBD, analyze relevant information from the stocktaking exercises and summarize the resulting information to provide the input for the National Workshop as described in paragraph 32. They will also be responsible for the evaluation of the corresponding issues in the first and final drafts of the NBS written by the project team. The final draft of the NBS will be reviewed by the Commission before submission through the MMA Executive Secretariat to the Commission for Sustainable Development Policy and for the National Agenda 21, substituting for the CIDES, for final political endorsement

39. Members of the project team and the PRONABIO's Coordinating Commission and the Thematic Working Groups will take part in a biodiversity instruction session (pre-implementation meeting) at the start-up of the project to become more familiar with the methodology MMA has selected for the development of the NBS and to facilitate the detailing of the work schedule and consultations to be held throughout the process.

#### **B 5. Reason for assistance from UNDP**

40. Resources from the GEF Enabling Activity funding mechanism are being requested to finance the project proposed herein. UNDP assistance has been sought for this project as one of the GEF's implementing agency and in view of the key role its technical co-operation projects have played in strengthening the MMA in Brazil (see section A3). The Co-ordination of the Biological Diversity (COBIO) in the MMA, which plans, monitors and evaluates actions related to the conservation and sustainable use of Brazilian biological diversity, is supported through the UNDP project **Management of Biological Diversity in Brazil**. The COBIO will be responsible, at the operational level, for

executing the proposed project. By selecting UNDP as GEF's implementing agency for this project, close co-ordination with on-going initiatives under COBIO will be facilitated. Furthermore, UNDP has recognized and relevant experience with projects of this nature both in Brazil and in other parts of South America.

41. In addition, the UNDP Country Cooperation Framework, 1997-1999, focuses on the sustainable environmental development, promoting the sustainable use of the country's natural resources while at the same time protecting the environment. Thus, UNDP will concentrate its overall support on the planning, coordination and implementation of national environmental policies, with particular emphasis on the sustainable use of biodiversity.

## **B 6. Special considerations**

42. In keeping with recommendations of the CBD and the GEF Operational Guidelines, the GoB is seeking to develop the NBS with the full participation of a wide range of stakeholders. This will not only ensure a more representative Strategy but, by building consensus on priorities and options, will strengthen the support for the implementation of the Strategy in the future. Furthermore, the participatory nature of identifying options presents an opportunity to change the perception of a range of stakeholders, both in and outside the government, the business sector, the scientific/technological sector, the social and environmental movements and NGOs on biodiversity so that its broad nature, implications, challenges and opportunities are fully appreciated, in accordance with the principles and objectives of the CBD.

43. Whilst this participatory development of the NBS is clearly important, it is a *huge undertaking in Brazil*, given the size of the country (about 170 times larger than Costa Rica), its population (156.7 million), its rich biodiversity (see section A 1), its rich cultural diversity (over 200 Indian cultures/ languages), its socio-economic complexity with extreme regional differences, its complex and diversified scientific and technological development (10th largest economy in the world), its complex governmental structure (a federate republic of 27 states including over 5000 municipalities) and its complex and diversified organized civil society (including thousands of NGOs). The large distances inside the country, even within major regions in the country, and the high fares of internal flight tickets, means that any regional/ or national meeting has high costs, comparable to international events.

44. The consultation process necessary to guarantee this full participation, will incur accordingly high costs. Funds requested have been maintained as low as possible by significant cost sharing from states and MMA (see ANNEX V -Budget) and, in line with the recommendations outlined in the GEF Operational Criteria for Enabling Activities, correspond to approximately 43% of the budget. (Cost norms for identification of options: total 55%; product 15%; process 40-45%).

45. Similarly as no synthesis of the wealth of biodiversity data exists for Brazil (there is no "Country Study" available on Brazilian biodiversity) a major effort must be conducted to consolidate the results of biome assessments and existing dispersed and poorly available information into aggregate statistics to allow evaluations from a national perspective. These consolidations also need to be complemented to in specific areas such as full phyla assessments of biological resources, institutional and human capacity, national policy and regulatory framework, cross-sectorial analysis, evaluation of national costs.

46. In view of this, the cost of the project, whilst above the norms given in the operational guidelines in absolute terms, *is comparable in relative terms*, to those of similar design undertaken on the scale required in smaller, less diverse countries. Indeed the amount requested herein has been maintained at this level as a result of the substantial complementary funds committed by the GoB through MMA, as well as the funding for the biome assessments as part of the PROBIO project. Under the PROBIO project the GoB has formally committed itself to matching the WB/GEF contribution on a one-to-one basis. Funding requested for this Enabling Activity will in no way alter the Trust Fund Grant Agreement between the World Bank and the GoB in regard to matching funding from the PROBIO project.

47. Brazil has already taken the step of acquiring considerable amounts of resources for the implementation of actions to strengthen conservation and sustainable use of its biodiversity. The absence of a national framework to orient the spending of these funds, will diminish their overall effect and cohesion. The fully participatory development of a National Biodiversity Strategy that will integrate national, regional, sector and biome-specific priorities into a comprehensive strategy, to be incorporated into national and sector planning processes, will provide a coherent and consensus framework to guide the implementation of these funds and thus maximize their impact.

#### **B 7. Co-ordination arrangements**

48. The National Biodiversity Program, PRONABIO, is co-ordinated by a Commission, presided by the MMA, and composed of six government representatives and six representatives from the private sector (see paragraph 14). This Commission will oversee the execution of the proposed project and will provide co-ordination with the relevant initiatives in different sectors. On a daily basis, the Commission's technical secretariat, COBIO, will ensure co-ordination with PRONABIO activities. The UNDP Brazil Country Office will provide additional co-ordination with other relevant projects through its environment sector team.

49. In addition to this, a Tripartite Consultative Committee (TCC) will be established - composed of UNDP, the World Bank and the GoB - to facilitate the effective preparation of the National Biodiversity Strategy and First National Report to the CoP, resulting from the implementation of this Enabling Activity proposal and the corresponding components of the PROBIO project. The TCC will support the implementation of the EA project and



the associated PROBIO components to promote complementarity of, and integration between the different projects' components.

50. The TCC will meet periodically to facilitate and support the development and implementation of the Enabling Activity and the relevant components of PROBIO. This will include participation in an EA pre-implementation meeting in which the workplan and timetable, deliverables, and internal project monitoring and co-ordinating mechanisms - as described in this EA brief - are examined. At the pre-implementation meeting, the TCC will agree on a schedule of further meetings, to be determined by the production of key deliverables, in order to facilitate progress and effective integration of the project.

#### **B 8. Counterpart support capacity**

51. As noted in the technical review of this project (see ANNEX VI), Brazil has been a central player in the negotiation and development of the CBD. Brazil's top scientists have been involved in the design and development of the biome-based assessments, initial analysis of strategy options and definition of the proposed project. The methodology builds upon work already under way and draws upon the experience of countries around the world.

52. The Co-ordination Commission for PRONABIO is already established and functioning and has recently been strengthened by the decision to invite the participation of key groups such as ABEMA (the Brazilian Association of State Environmental Agencies), ANAMA (the Brazilian Municipalities Association), SBPC (Brazilian Research and Science Association) and National Commerce Federation.. Its technical secretariat, COBIO, has been strengthened through a UNDP project and has the sufficient capacity to carry through with the daily activities of this project and assure the aggressive approach to implementation that will be required to complete the project in the estimated time. The National Environmental System (SISNAMA) composed of the National Environmental Council (CONAMA), and Federal and state-level executive agencies will facilitate the regional consultations.

#### **C. DEVELOPMENT OBJECTIVE**

53. To conserve the biological diversity of Brazil, use in a sustainable manner its components, and fairly and equitably share the benefits derived from the use of genetic resources, by planning and implementing national and sector development programs within the framework of a National Biodiversity Strategy.

## D. IMMEDIATE OBJECTIVES, OUTPUTS AND ACTIVITIES

### D 1. Immediate Objective 1

54. By the end of the project prepare a Brazilian National Biodiversity Strategy in accordance with the Convention of Biological Diversity, that will provide national development planners and ten productive sectors with guidelines for incorporating sustainable use, conservation of biodiversity and benefit sharing measures into the planning and implementation of their respective activities.

#### *Outputs relating to Immediate Objective 1:*

**Output 1.1.** By the end of month 6 (six), completion of the document entitled “Basis for a National Biodiversity Strategy”, to provide a common information-base for the broad consultation process (objective 2) designed to identify options and strategies for the implementation of CBD in Brazil through a National Biodiversity Strategy.

#### Indicator 1.1

- Biodiversity planning instruction session (pre-implementation meeting) held.
- Thematic Working Group’s report on the analysis of CBD articles according to national needs and interests.
- National Workshop held in Brasilia to discuss draft document
- Final document “Basis for a National Biodiversity Strategy”

#### *Activities related to Output 1.1.*

1.1.1. To hold, at the start-up of the project, a biodiversity planning instruction session (pre-implementation meeting) for the PRONABIO Co-ordinating Commission, COBIO, the project team and the Thematic Working Groups Coordinators to become more familiar with the methodology MMA has selected for the development of the NBS and to facilitate the detailing of the work schedule and consultations to be held throughout the process.

1.1.2. To finalize the selection of Thematic Working Group (TWG) members, detail the ToR and undertake revisions of key sets of articles of the CBD (see footnote 3) to assess their status in Brazil, corresponding agencies and structures available for complying with agreements, allocated resources, gaps, potential goals, potential obstacles and/or opportunities. To draft reports that propose priorities, guidelines, methodologies and instruments for each set of articles.

1.1.3. To prepare instructions for the elaboration of the NBS.

1.1.4. To hold a three-day *national workshop* in Brasilia to review the inputs organized by COBIO/MMA and the ten TWG. The workshop should have an estimated 100 participants including representatives from relevant line ministries, the National

Congress, the National Environmental Council (CONAMA), members of the PRONABIO's Coordinating Commission, all State Environmental Agencies, the ten key productive sectors, relevant Federal public agencies, the National Federations of the business sector, national associations of the business sector, national NGOs, national organizations of social movements, key universities and research institutions and independent biodiversity experts.

1.1.5. To draft a final version of the document entitled "*Basis for the National Biodiversity Strategy*" based on the consolidated recommendations from the national workshop. This will provide the basis for a broad national consultation process designed to confirm the gaps and identify options and guidelines for CBD implementation in Brazil (see objective 2)

**Output 1.2:** By the end of the project, a Brazilian National Biodiversity Strategy will have been fully developed, in accordance with the Convention of Biological Diversity, that will provide ten productive sectors with guidelines for incorporating sustainable use and conservation of biodiversity measures into the planning and implementation of their respective activities.

Indicator 1.2

- Draft National Biodiversity Strategy (NBS)
- National Meeting held to review draft (NBS)
- National Biodiversity Strategy drafted incorporating recommendations from national meeting
- Submission of final form of NBS for political endorsement

*Activities related to output 1.2.*

1.2.1. To prepare a first draft of a Brazilian National Biodiversity Strategy based on the document "*Basis for the National Biodiversity Strategy*" and the consolidated recommendations from the broad consultation process held to discuss this document (objective 2), the stocktaking reports, and the available results of the PROBIO biome-assessments.

1.2.2. To hold a three-day **national meeting** in Brasilia to discuss and review the draft NBS. This meeting, to be organized by COBIO/MMA in partnership with key national public and private institutions related to biodiversity should have about 100 participants from the same stakeholders groups that participated in the national workshop held to define the "*Basis for the National Biodiversity Strategy*" document.

1.2.3. To draft a first version of the NBS based on the recommendations from the national meeting, together with the completed results of the stocktaking exercises (all the inputs from the Biome-level Biodiversity Assessments and the completed complementary stocktaking).

1.2.4. To review the first version of the NBS within the Co-ordinating Commission of PRONABIO and submit it through the Executive Secretariat of the MMA to the Commission for Sustainable Development Policy and for the National Agenda 21, substituting for the CIDES, for political endorsement.

1.2.5. To distribute the final NBS to stakeholders that participated in the consultation process and to major national and international environmental and development institutions.

## **D 2. Immediate Objective 2**

55. By the end of the first year of the project, increase public and private stakeholder awareness of the importance of biodiversity conservation in national, regional, local and sector development and collectively identify options for the implementation of the CBD in Brazil, through a highly participatory process including workshops in each of the 26 states and the Federal District as well as meetings with ten productive sectors.

### ***Outputs relating to Immediate Objective 2***

**Output 2.1:** By month 12 (twelve), 27 state-level workshops held to review the document “Basis for a National Biodiversity Strategy”, and identify options and needs for implementing the CBD in Brazil as an input to the development of the National Biodiversity Strategy and to raise private and public stakeholder awareness on the importance of biodiversity in local, regional and national development.

#### **Indicator 2.1**

- Preparatory working session with state workshop focal points and facilitators held
- One identification-of-options and demands workshops held in each of the 26 states and in the Federal District
- Reports consolidating recommendations from each state workshop

### ***Activities related to output 2.1.***

2.1.1. To have focal points designated in each of the 26 states and in the Federal District to organize the identification of options workshops

2.1.2. To define a program for the project consultants and MMA/COBIO members participation on the process of each supporting state workshop

2.1.3. To hold two-day state-level workshops in the capital city of each of 26 states<sup>4</sup> and the Federal District. Each meeting will be organized by MMA, through COBIO, in

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<sup>4</sup> The meetings will be held the following cities: Aracaju, *Sergipe*; Belém, *Pará*; Belo Horizonte, *Minas Gerais*; Boa Vista, *Roraima*; Brasília, *Distrito Federal*; Campo Grande, *Mato Grosso do*

partnership with the respective State Secretariat for Environment and will involve mainly participants from the respective state, including representatives of the State Government (Secretariats involved with biodiversity), the State Assembly, the State Environmental Council, relevant state public agencies, the State Federations of the business sector, local associations of the business sector, local NGOs, local social movements, local universities and research institutions, local governments (State Capital and other counties), biodiversity experts and local leaders. The MMA will send professionals to assist in these state meetings including experts from COBIO, members of PRONABIO's Co-ordinating Committee, and invite a representative of the respective state in the National Congress.

2.1.4. To prepare a Report for each state-level workshop with a review and consolidation of recommendations to provide an input for the first draft of the National Biodiversity Strategy.

**Output 2.2:** By month 12 (twelve) one meeting held with representatives from each of ten productive sectors to discuss the document "Basis for a National Biodiversity Strategy", and to enhance awareness, identify options and needs for implementing the CBD in relation to each sector, as an input to the development of the National Biodiversity Strategy and the proposal of guidelines for incorporating sustainable use and conservation, and benefit sharing of biodiversity measures into the planning and implementation of sectorial activities.

**Indicator 2.2**

- Preparatory working session with sector meeting facilitators and focal points
- One meeting held with representatives from each of ten productive sectors
- One final report consolidating recommendations for each of 10 sector meetings

***Activities related to Output 2.2.***

2.2.1. To have focal points designated in each of the 10 sectors and define an advance notification campaign for the sector meeting and common techniques, goals and format for collating outputs.

2.2.2. To hold meetings 10 two-day national sector meetings, one for each of the following key sectors related to the use of biodiversity: Agriculture, Forestry/Timber & Pulp, Fisheries & Aquaculture, Ranching & Animal Breeding, Plant Extractives (except timber), Food & Beverages, Pharmaceuticals & Cosmetics, Health, Biotechnology,

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*Sul; Cuiabá, Mato Grosso; Curitiba, Paraná; Florianópolis, Santa Catarina; Fortaleza, Ceará; Goiânia, Goiás; João Pessoa, Paraíba; Macapá, Amapá; Maceió, Alagoas; Manaus, Amazonas; Natal, Rio Grande do Norte; Palmas, Tocantins; Porto Alegre, Rio Grande do Sul; Porto Velho, Rondônia; Recife, Pernambuco; Rio Branco, Acre; Rio de Janeiro, Rio de Janeiro; Salvador, Bahia; São Luis, Maranhão; São Paulo, São Paulo; Teresina, Piauí; Vitória, Espírito Santo.*

Mining/Energy /Manufacture. These meetings will be organized by MMA, through COBIO, in partnership with key national public and private institutions of the respective sectors. Each sector meeting will be held in a State Capital closest to where the stakeholders of the respective sector concentrate,<sup>5</sup> and count with participants from the respective sector, representatives of the Federal Government (Ministries involved with biodiversity), the National Congress, the National Environmental Council (CONAMA), relevant Federal public agencies, the National Federations of the business sector, the national associations of the business sector, national NGOs, national organizations of social movements and key universities and research institutions. MMA will send professionals to assist each meeting including experts from COBIO, members of PRONABIO's Co-ordinating Committee, and invite representatives associated with the respective state in the National Congress.

2.2.3. To prepare a final report for each sectorial meeting with representatives of each of ten sectors, consolidating recommendations as an input for the first draft of the National Biodiversity Strategy.

**Output 2.3.** Key documents will have been disseminated throughout the project in electronic format, through newsletters and full publications to include the broader civil society in consultations and discussions to define the National Biodiversity Strategy

**Indicator 2.3**

- Document Basis for a National Biodiversity Strategy available in electronic format through the MMA webpage and printed formats
- Reports from state workshops and sector meetings available in electronic format through the MMA webpage
- Draft National Biodiversity Strategy available in electronic format through the MMA webpage
- First version of National Biodiversity Strategy available in electronic and printed format through the MMA
- Stocktaking reports available on paper and through MMA webpage
- Newsletters available on paper and through MMA webpage
- Key biodiversity publications available on paper.

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<sup>5</sup> as follows: *Agriculture*: Porto Alegre, São Paulo or Salvador; *Forestry/Timber & Pulp*: Curitiba, Belo Horizonte or Belém; *Fisheries & Aquaculture*: Florianópolis, Manaus or Fortaleza; *Ranching & Animal Breeding*: Goiânia, Campo Grande or Recife; *Plant Extractivism (except timber)*: Rio Branco, Manaus or Belém; *Food & Beverages*: São Paulo, Rio de Janeiro or Belo Horizonte; *Pharmaceuticals & Cosmetics*: São Paulo, Rio de Janeiro or Curitiba; *Health*: Rio de Janeiro, São Paulo or Brasília; *Biotechnology*: São Paulo, Rio de Janeiro or Brasília; *ISO 14,000/Mining, Manufacture and energy*: Rio de Janeiro, São Paulo or Belo Horizonte.

### *Activities related to output 2.3.*

2.3.1. To enhance the consultation process for the NBS and increase awareness of the importance of biodiversity and Brazils commitments under the CBD, by designing and implementing a system that ensures that key documents such as "Basis for a National Biodiversity Strategy; reports from state workshop and sector meetings; Draft National Biodiversity Strategy; and stocktaking reports, are made available in electronic format to broad civil society via Internet, using the MMA web page as well as the web pages of other key public and private institutions such as IBAMA, EMBRAPA, FIOCRUZ, CNPq, BDT, IBASE, WWF/Brazil. This will also be facilitated by the National Biodiversity Information Network to be established through PROBIO in 1997.

2.3.2. To stimulate and monitor recommendations flowing from this broad consultation through Internet and systematically make these available to those responsible for drafting the various versions of the NBS.

### **D 3. Immediate Objective 3**

56. Consolidate an assessment of the status of biodiversity issues in Brazil as they relate to the implementation of the objectives of the CBD

### *Outputs relating to Immediate Objective 3*

**Output 3.1:** By the end of the project, a broad stocktaking exercise will have been concluded to provide information for the National Biodiversity Strategy and to serve as a reference to measure its implementation. This will include: six studies to complement issues not fully covered by the PROBIO; aggregated national statistics for biological resources and a full stocktaking report against which implementation of the NBS can be measured.

#### Indicator 3.1

- Reports evaluating the biodiversity issues not fully covered by PROBIO (as specified in 1.3.2.)
- A partial/initial report on stocktaking to feed into the national workshop (see output 1.2)

### *Activities related to output 3.1.*

3.1.1 To finalize Terms of Reference (ToR) and select consultancies for complementary stocktaking to provide information on which to base the National Biodiversity Strategy

3.1.2. To contract five reports in the complementary stocktaking exercise as follows:

a) *Complementary assessments of biological resources*

(this should include the collection of dispersed but existing information on better known, but not necessarily key taxa, and the estimation of species diversity and intraspecific genetic variability for these; as well as the collection of dispersed information and estimation of the number of described and undescribed species in the widest possible range of phyla, including those lesser known taxa and those with highest potential for biotechnology (e.g. micro-organisms))

b) *Institutional and human capacity assessment*

(this should include national, sectorial and professional-based institutional capacity in relation to implementation of different articles of the CBD and cover public and private institutions as well as a specific review (in the light of the CBD) of the capacity assessments of State Environmental Agencies undertaken by the NEP in 1991)

c) *The status of traditional knowledge related to biodiversity present in the different ethnic groups in Brazil*

d) *National perspective Evaluation of Policy and Regulatory Frameworks related to Biodiversity*

(including specific national policies such as national security and trade agreements)

e) *Evaluation of Costs Incurred with Conservation and Sustainable-use of biodiversity measures*

(evaluation of *existing* information/studies on biodiversity valuation undertaken in different areas of the country to incorporate into the evaluation of cost and benefits of proposed conservation and sustainable-use options)

3.1.3. To disseminate the results of the contracted studies.

#### **D 4. Immediate Objective 4**

57. Prepare and submit the First National Report to the CBD by the end of 1997.

#### ***Outputs relating to Immediate Objective 4:***

**Output 4.1.** By December 1997, the First Brazilian National Report to the Conference of Parties will be concluded and submitted in accordance with the CBD guidelines, outlining progress made on the development of the National Biodiversity Strategy and the incorporation of biodiversity related concerns into national and sectorial planning.

Indicator 4.1
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- |  |
|--|
| <ul style="list-style-type: none"><li>• First National Report submitted to the Conference of Parties in accordance with the CoP/CBD guidelines</li></ul> |
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#### ***Activities related to output 4.1.***

4.1.1. To draw-up ToR and contract consultants to develop the First National Report to the Conference of Parties in accordance with established CBD guidelines based on existing information including the preliminary report on National Stocktaking exercises; the preliminary results of the PROBIO Biome-level assessments; the results of the



National Workshop to define the document "*Basis for the National Biodiversity Strategy*", and the MMA Report to the United Nations Commission on Sustainable Development on the implementation of Chapters 15 (Conservation of Biodiversity) and 16 (Environmentally Sound Management of Biotechnology) of Agenda 21, submitted March 1997 as well as on the progress achieved by then in preparing the NBS.

4.1.2. To revise the First National Report, translate, edit and submit to the Conference of Parties by the December 1997 deadline

## **E. INPUTS**

### **E 1. Executing Agency Inputs**

58. The executing agency will place at the disposal of the project its own technical and administrative personnel for the execution of tasks provided for in this document at no cost to the project, except for travels undertaken by such personnel for services to the project.

59. The executing agency will provide adequate facilities for project consultants, technical personnel and technical team. Telephone services, fax, computer, postal service and other support services will be available for project execution.

### **E 2. UNDP Inputs**

#### ***2.1 Technical Support***

60. UNDP will, jointly with the project national executing agency, undertake program support activities, provide advice on planning and implementation as well as carry out technical, substantive, monitoring and evaluation missions in the course of project execution (utilizing resources allocated for that purpose under budget line 16.71). UNDP will collaborate in the identification and selection of project professional personnel, who, upon approval by the project coordination, will be hired by UNDP.

#### ***2.2 Support to National Execution***

61. Upon request of the national executing agency, UNDP will place at its disposal mechanisms for the acquisition of goods and services for the benefit of the project, in accordance with the corresponding approved budget (and under the appropriate budget lines).

62. The provision of the said physical and human inputs shall be made according to procedures for national execution of technical cooperation projects, agreed upon by the Brazilian Government and UNDP, and may include:

- Recruitment and hiring of national and international consultants and experts, including administration of the corresponding contracts;
- Analysis of personnel terms of reference;
- Subcontracting of public and private sector services;
- Analysis of the technical specifications of equipment;
- Support in the conduct of competitive bidding procedures;
- Evaluation and adjudication of competitive bidding;
- Financial monitoring of projects.

63. The hiring of project professional personnel shall not exceed the duration of the project, and shall not, under any circumstances, constitute an employment link with the executing agency.

64. The rules and procedures for contracting of services, acquisition of non-disposable material and hiring of consultants as well as the regulations on project execution are described in a specific annex to this document. These rules, procedures and regulations comply with those contained in the UNDP National Project Execution Manual.

65. The above mentioned assistance not only for technical support but also for support to national execution may be requested by the National Project Director or proposed by the UNDP Resident Representative, as required within the scope of the project document agreed upon with the Government. The financial resources for such assistance are to be provided by the project and its implementation shall likewise follow UNDP financial rules and regulations and, in operational terms, national execution procedures.

### ***2.3 Detailing of Inputs***

#### **Output 1.1.**

<i>National Counterpart</i>	<i>UNDP</i>
72 m/m long-term civil servants	6 stocktaking studies
126 m/m long-term consultants	01 Desktop
Infrastructure	18 m/m long-term consultants
	60 m/m short-term consultants

#### **Output 1.2**

<i>National Counterpart</i>	<i>UNDP</i>
72 m/m long-term civil servants	6 stocktaking studies
126 m/m long-term consultants	01 Desktop
Infrastructure	18 m/m long-term consultants

#### **Output 2.1**

<i>National Counterpart</i>	<i>UNDP</i>
72 m/m long-term civil servants	04 computers (notebooks)
126 m/m long-term consultants	01 Desktop
State civil servants	38 m/m long-term consultants
Infrastructure	

**Output 2.2***National Counterpart*

72 m/m long-term civil servants  
 126 m/m long-term consultants  
 Infrastructure

*UNDP*

04 computers (notebooks)  
 01 Desktop  
 38 m/m long-term consultants

**Output 2.3***National Counterpart*

72 m/m long-term civil servants  
 126 m/m long-term consultants  
 Infrastructure

*UNDP*

04 computers  
 01 Desktop  
 38 m/m long-term consultants

**Output 3.1***National Counterpart*

72 m/m long-term civil servants  
 126 m/m long-term consultants  
 Infrastructure

*UNDP*

6 stocktaking studies  
 01 Desktop  
 18 m/m long-term consultants

**Output 4.1***National Counterpart*

72 m/m long-term civil servants  
 126 m/m long-term consultants  
 Infrastructure

*UNDP*

01 Desktop  
 18 m/m long-term consultants  
 5 m/m short-term consultants

**F. RISKS**

66. The main risk in the present project is completing the broad consultation process in sufficient time to allow full input to the NBS. In recognition of this, the project strategy has included a series of activities to permit the timely completion of the consultations thus reducing this risk (see section B4 paragraph 30). As this project will involve a wide range of institutions at different levels of government, some risk may also arise from possible interruptions to the work plan through institutional changes and instability. However, several aspects will reduce this risk. Firstly the GoB is giving high priority to this subject and to its international commitments; secondly, COBIO is receiving inputs through a UNDP project that will greatly increase the stability of this technical secretariat and provide sufficient stability in the project team for successful project execution; and finally PROBIO activities, already underway, are becoming increasingly well-known in the regions and groups are forming to carry out work for the biome-assessments workshops. These groups will provide excellent focus points on which to build support to the proposed project, increasing the range of participants and thus reducing any risks that institutional instabilities may present.

## **G. PRE-REQUISITES**

67. There are no pre-requisites for an immediate start to the present project.

## **H. REPORTS, REVISIONS AND PROJECT EVALUATION**

68. The Project will be subject to tripartite revisions to be jointly carried out by the Brazilian Co-operation Agency - ABC and the Secretariat for Foreign Affairs of the Ministry of Planning and Budget - SEAIN/MPO, the United Nations Program for Development - UNDP, and the Ministry for the Environment, Water Resources and the Legal Amazon, including the General Co-ordination for Biological Diversity - MMA/COBIO, at least once every twelve months. The National Project Co-ordinator will prepare and submit, at every tripartite meeting, a Progress Report on the Project's Performance. Further reports can be asked for, if necessary, during the Project execution.

69. An in depth evaluation will also be carried out to review project implementation progress and outputs and re-orient project concept, as appropriate including its co-ordination with the implementation of PROBIO. Specific terms of reference for this exercise will be prepared by the project co-ordination, and will be reviewed and approved by ABC, SEAIN/MPO and UNDP. The evaluation is to be conducted by independent consultants and/or institutions with relevant experience in this area.

70. A terminal report will be prepared for acceptance at the final meeting of the tripartite revision. This will be prepared in the form of a preliminary document, by the Co-ordination of the Project. It is to be submitted at least two months before the final tripartite review meeting to allow for its revision and technical evaluation.

71. The Tripartite Consultative Committee (TCC) (see section B7 paragraph 48) will meet at the pre-implementation meeting and periodically after this throughout the project execution and at least once every three months to facilitate the effective co-ordination of the formulation of the National Biodiversity Strategy and relevant components of the PROBIO project.

## **I. LEGAL CONTEXT**

### **TITLE I**

### **OBJECT**

72. Article 1. The present Project Document BRA/97/G31 - National Biological Diversity Strategy and National Report to the Convention on Biological Diversity - is implemented under the aegis of the "Basic Agreement of Technical Assistance" signed between the

Brazilian Government and the United Nations, its specialised agencies and IAEA – the International Atomic Energy Agency -, dated December 29, 1964, which has been in force since May 2, 1966, particularly as foreseen in Article I. The project's main objective is to conserve the biological diversity of Brazil by planning and implementing national and sector development programs within the framework of a National Biodiversity Strategy.

First Paragraph. The main objectives of Project BRA/97/G31 - National Biological Diversity Strategy and National Report to the Convention on Biological Diversity – are:

- Immediate Objective 1: By the end of the project prepare a Brazilian National Biodiversity Strategy in accordance with the Convention of Biological Diversity, that will provide national development planners and ten productive sectors with guidelines for incorporating sustainable use, conservation of biodiversity and benefit sharing measures into the planning and implementation of their respective activities.
- Immediate Objective 2: By the end of the first year of the project, increase public and private stakeholder awareness of the importance of biodiversity conservation in national, regional, local and sector development and collectively identify options for the implementation of the CBD in Brazil, through a highly participatory process including workshops in each of the 26 states and the Federal District as well as meetings with ten productive sectors.
- Immediate Objective 3: Consolidate an assessment of the status of biodiversity issues in Brazil as they relate to the implementation of the objectives of the CBD
- Immediate Objective 4: Prepare and submit the First National Report to the CBD by the end of 1997.

Second Paragraph. The main expected outputs of Project BRA/97/G31 - National Biological Diversity Strategy and National Report to the Convention on Biological Diversity - are:

- Output 1.1: A complete stocktaking exercise will have been concluded to provide information on which to define the National Biodiversity Strategy and to measure its implementation. This will include: six studies to complement issues not fully covered by the PROBIO; aggregated national statistics for biological resources and a

full stocktaking report against which implementation of the NBS can be measured.

- Output 1.2: Completion of the document entitled “Basis for a national Biodiversity Strategy”, to provide a common information-base for the broad consultation process (objective 2) designed to identify options and strategies for the implementation of CBD in Brazil through a National Biodiversity Strategy.
- Output 2.1: 27 regional workshops held to review the document “Basis for a National Biodiversity Strategy”, and identify options and needs for implementing the CBD in Brazil as an input to the development of the National Biodiversity Strategy and to raise private and public stakeholder awareness on the importance of biodiversity in local, regional and national development.
- Output 2.2: One meeting held with representatives from each of ten productive sectors to discuss the document the document “Basis for a National Biodiversity Strategy”, and to identify options and needs for implementing the CBD in relation to each sector, as an input to the development of the National Biodiversity Strategy and the definition of guidelines for incorporating sustainable use and conservation of biodiversity measures into the planning and implementation of sector activities.
- Output 2.3: Key documents will have been disseminated in electronic format and through newsletters to include the broader civil society in consultations to define the National Biodiversity Strategy.
- Output 3.1: Six reports to complement resources not included in PROBIO. 4.1
- Output 4.1: First National Report prepared, translated and submitted to CoP.

## TITLE II

### PARTICIPATING INSTITUTIONS

73. Article 2. The Brazilian Government designates:

I – The Ministry of the Environment, Water Resources and Legal Amazon, hereinafter called “MMA”, as the executing agency of the present Project Document; and

II – The Brazilian Cooperating Agency, hereinafter called “ABC”, as the institution responsible for the follow-up and evaluation of the activities developed within the Project’s scope.

74. Article 3. The United Nations Development Programme, hereinafter called “UNDP”, designates its office in Brazil as the institution responsible for the development of the activities described in the present Project Document.

### TITLE III

#### IMPLEMENTATION

75. Article 4. The present Project Document defines in detail the objectives, activities, outputs, operational strategies, timetable, human and financial resources and the respective funding sources required for Project implementation.

First Paragraph. The administrative and financial services required to implement Project BRA/97/G31 - National Biological Diversity Strategy and National Report to the Convention on Biological Diversity - will be subject to UNDP’s rules and regulations applicable to National Execution of Projects.

Second Paragraph. The acquisition of goods and equipment, as well as the contracting of any kind of services shall be undertaken in conformity with the principle of bidding as defined by UNDP rules, regulations and procedures.

Third Paragraph. In case of projects funded by international financing institution, requests for the acquisition of goods and equipment and the contracting of services considered eligible expenditures by the Loan Agreement will be processed only upon submission of a “no objection” by the financing institution. In these cases, UNDP bidding procedures will be adjusted to the terms of the relevant Loan Agreement.

## TITLE IV

### OBLIGATIONS

76. Article 5. The Government shall:

I - through ABC:

- 1) monitor and evaluate the execution of activities resulting from the present Project Document;
- 2) ensure that all executing agencies comply with their obligations as defined in the Project Document.

II - through MMA:

- 1) execute the activities foreseen in the Project Document with the collaboration of UNDP;
- 2) ensure the deposit of the financial contributions as stated in the Schedule of Payments of the Project Document and in the subsequent project revisions, and provide adequate premises, information and necessary facilities for the implementation of project activities;
- 3) define, in cooperation with UNDP, the Terms of Reference and the Technical Specification for the hiring of consultants, the acquisition of equipment, and the contracting of services;
- 4) propose modifications and adjustments for a smooth Project implementation;
- 5) constitute a Management Committee to follow, supervise, and audit Project execution;
- 6) prepare Progress Reports and Annual Reports of Activities to be submitted to Annual Tripartite Meetings among the Executing Agency, UNDP, and the Brazilian Cooperating Agency (ABC/MRE).

77. Article 6. UNDP shall:

- 1) develop, together with MMA, the activities foreseen in the Project Document;
- 2) undertake, upon MMA request, the administrative actions needed for the attainment of Project objectives, always observing the criteria of technical quality, costs and deadlines;
- 3) provide MMA with the necessary means to the accomplishment and auditing of the activities;
- 4) organise actions required for human resources' training established in common agreement with MMA;
- 5) send to MMA, on a monthly basis, through Project Administration Unit (UAP), the financial execution statements;
- 6) prepare in partnership with MMA financial and budgetary revisions and work plans, whenever required and according to the terms foreseen in the Project Document.



## TITLE V

### COORDINATION

78. Article 7. The MMA shall indicate to UNDP and ABC the names of the Director and Coordinator of Project BRA/97/G31 - National Biological Diversity Strategy and National Report to the Convention on Biological Diversity.

## TITLE VI

### AMOUNT AND BUDGET RESOURCES

79. Article 8. The budgetary resources of this Project Document amount to US\$ 1,522,130.00 (one million, five hundred and twenty-two thousand, one hundred and thirty dollars), equivalent to R\$ 1,653,033.18 (one million, six hundred and fifty-three thousand, thirty-three *reais* and eighteen *centavos*), according to the United Nations exchange rate of August/97, that will be distributed and transferred as follows:

I - The main source of funds for this project is the Global Environment Facility (GEF) that will make available US\$ 942,500.00 (nine hundred and forty-two thousand and five hundred dollars) to the Project's account upon Project's signature. The MMA will make available the counterpart financial resources amounted to US\$ 579,630.00 (five hundred and seventy-nine thousand, six hundred and thirty dollars).

II - The MMA, during 1997, will deposit the amount of US\$ 295,680 (two hundred and ninety-five thousand, six hundred and eighty dollars), to be debited as follows: "Classificação Econômica: Despesas Correntes, Classificação Funcional Programática 44.03.009.0059.2547.0000, Unidade de Despesa 3472-41", according to the respective Schedule of Payments.

III - The Executing Agency shall make the deposits corresponding to the following years of the Project Document according to the Schedule of Payments in the Project's budget, taking into account its budget revisions.

IV - The financial contributions deposited in the Project's account shall be managed by UNDP, according to its financial policy, rules and regulations.

V - The management of the counterpart financial resources shall be in accordance with the following:

- 1) The counterpart's contribution may be increased through a governmental authorization, through a Project Amendment or Revision, according to the demands and financial availability of the MMA, in conformity with the applicable rule.

- 2) The MMA shall transfer the resources foreseen in the Schedule of Payments to UNDP through deposits in its bank account in Chase Manhattan Bank, UNDP/New York, Contribution Account n° 015-002284, or Banco do Brasil S/A, Agência 2863-0, c/c 60743-6.
- 3) UNDP shall not begin or proceed with Project's activities until the deposit of the resources in its account, as described in the Schedule of Payments of the present Project Document has been made.
- 4) The resources deposited in R\$ (Real) shall be converted into US\$ (American Dollar) according to the UN exchange rate at the date of the deposit; possible profit and loss due to exchange rate fluctuations shall be charged to the Project.
- 5) UNDP shall proceed with the restitution to the MMA of eventual resource balance within 30 (thirty) days from the date of the Project's financial closure.

## TITLE VII

### MANAGEMENT COSTS

80. Article 9. The amount of US\$ 44,334.00 (forty-four thousand, three hundred and thirty-four dollars) will be charged to Project's budget for cooperation provided by UNDP to Project's implementation. This amount will be adjusted according to the actual expenditures and eventual variations in the total budget of the Project, as follows: US\$ 16,882 (sixteen thousand, eight hundred and eighty-two dollars) will be reflected in subline 100 (Cost Sharing) of the Project budget and US\$ 27,452 (twenty-seven thousand, four hundred and fifty-two dollars) will be reflected in subline 054.01 (Direct Costs) of the project budget revisions and no invoices will be issued.

## TITLE VIII

### ACCOUNTING

81. Article 10. UNDP, through UAP, will provide a monthly statement of accounts to the Executing Agency.

First Paragraph. Each documentary proof of expenditure shall be filed at UAP.

Second Paragraph.. UAP shall maintain copies of original documents kept by UNDP in respect of its privileges and immunities.

82. Article 11. UNDP shall issue a final financial statement showing all project expenditures within 60 (sixty) days after the end of the Project operation.

## TITLE IX

### GOODS AND EQUIPMENT

83. Article 12. Goods and equipment purchased with Project resources will be transferred to the Executing Agency upon receipt by the Project or upon installation in its premises. This transfer requires a formal commitment by the MMA that such equipment will be used within Project's scope.

## TITLE X

### AMENDMENTS

84. Article 13. Through common consent of the Parties, this Project Document may be modified, by means of Revision, for financial adequacy and/or eventual adjustments in Project execution, aiming at the improvement necessary for the continuity of its implementation.

## TITLE XI

### ENFORCEMENT

85. Article 14. This Document will come into effect on the date of Project's signature, expiring on 31/12/98, date established for its end. The Project may be extended through an agreement between the Parties.

## TITLE XII

### SUSPENSION

86. Article 15. The present Project Document may be suspended by any of the Parties involved, by means of a prior formal notification of at least 30 (thirty) days.

87. Article 16. Through their representatives, the Parties involved have the required authority to suspend this Project Document.. In this case, they shall proceed with a final project evaluation regarding the activities developed so far, as well as establish termination procedures for ongoing contracts/obligations and eventual settlement of indemnities.

### TITLE XIII

#### PUBLICATION AND DISSEMINATION OF ACTIVITIES

88. Article 17. The MMA may publish the present Legal Context, eventual amendments and any other acts referred to in Article 8 in the Government's Official Press.

First Paragraph. All documents and reports produced during the execution of the Project will be considered confidential between UNDP and the MMA. Its dissemination is subject to authorization by the involved Parties.

Second Paragraph. The MMA is obliged to mention the participation of UNDP in the dissemination of all activities undertaken by this Project..

### TITLE XIV

#### AUDIT

89. Article 18. This Project shall be subject to an annual auditing undertaken by the Federal Secretariat of Control under the Ministry of Finance.

Sole Paragraph. Each and every supporting document shall be available at UAP for auditing purposes; the referred documentation shall be at the disposal of MMA administrative branch, as well as of all organs and external agents authorized to audit the Project whenever requested.

### TITLE XV

#### EQUIPMENT PURCHASED , PROJECT OUTPUTS AND PENDING FINANCIAL CHARGES

90. Article 19. Transfer of equipment shall be carried out as provided in Article 12.

91. Article 20. The outputs resulting from the implementation of Project BRA/97/G31 - National Biological Diversity Strategy and National Report to the Convention on Biological Diversity - shall belong to MMA providing due credit to the participation of the UNDP.

92. Article 21. UNDP shall return to the MMA the balance of the resources that were not utilized, as soon as all pending commitments are settled.

93. Article 22. In case of insufficient financial resources in the Project's account, the MMA shall reimburse UNDP for the amount disbursed in support of this Project's activities, provided that such expenditures have been previously authorized by the MMA.

## TITLE XVI

### PRIVILEGES AND IMMUNITIES OF UNDP

94. Article 23. Nothing in or relating to this Project Document shall be deemed as waiver of any of the privileges and immunities of the UNDP or the United Nations regarding international acts celebrated with the Brazilian Government.

## TITLE XVII

### SETTLEMENT OF DISPUTES

95. Article 24. The Parties shall use their best efforts to settle amicably any disputes arising out of or in connection with this Project Document or its interpretation thereof, by promoting the direct negotiation between the cooperating Parties.

First Paragraph: In case of any pending controversy, arbitration proceedings shall be conducted in accordance with the rules of procedure for arbitration of the United Nations Commission on International Trade Law - UNCITRAL.

Second Paragraph: As to the matters not considered in the present Project Document the provisions of the "Standard Agreement on Technical Assistance between the Government of Brazil and the United Nations Organization, its specialized agencies and the International Atomic Energy Agency" signed on December 29, 1964 shall apply.

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## **K. BUDGET (see attached)**

**GEF Budget by Inputs****Project Number: BRA/97/G31/B/1G/99****Project Title: National Biological Diversity Strategy and Report to the CBD****Source of Funds: GEF****Executing Agency: MMAAL (GOB)**

<b>B/L</b>	<b>Description</b>	<b>1,998</b>	<b>1,999</b>	<b>Total</b>
	<b>PERSONNEL/MISSIONS</b>	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>
15.01	Local Travel	256,012	20,000	276,012
16.71	Mission Costs	2,000		2,000
	<b>NATIONAL CONSULTANTS</b>			
17.51	National Professionals	114,966		114,966
17.52	Short Term Consultants	59,410		59,410
	<b>SUBCONTRACTS</b>			
21.01	Subcontracts	200,000	25,000	225,000
	<b>WORKSHOPS</b>			
32.01	Workshops and Meetings	100,532	69,252	169,784
	<b>EQUIPMENT</b>			
45.01	Expendable Equipment	2,500		2,500
45.02	Non-expendable equipment	12,000		12,000
45.03	Maintenance of the Office	3,000		3,000
45.04	Maintenance of Equipment	1,000		1,000
	<b>MISCELLANEOUS</b>			
52.01	Reporting Costs	31,000	15,000	46,000
53.01	Sundries	3,376		3,376
54.01	Project Support Services	23,574	3,878	27,452
<b>99.99</b>	<b>PROJECT TOTAL</b>	<b>809,370</b>	<b>133,130</b>	<b>942,500</b>

## L. ANNEXES

96. The following annexes make up an integral part of this document:

- a) Annex I: Present team of COBIO
- b) Annex II: Standard Activity Matrix in Accordance with GEF Guidelines
- c) Annex III: Complementarity with PROBIO
- d) Annex IV: Work Schedule
- e) Annex V: Project Budget
- f) Annex VI: Technical Review
- g) Annex VII: Summary of Logical Framework
- h) Annex VIII: Terms of Reference
- h) Annex IX: Audit Requirements for Government Execution of UNDP Funded Projects
- i) Annex X: Letter of endorsement

## ANNEX I

### PRESENT TEAM OF COBIO

CARGO	NOME	NIVEL/VINCULO		QUALIFICAÇÃO
<b>I. COORDENAÇÃO</b>				
Coordenador Geral	Braulio F. de Souza Dias	DAS-4	MMA	Biólogo, Ph.D.
Gerente de Programa	Lidio Coradin	DAS-3	MMA	Engº Agrônomo, M. Sc.
Assessor de Apoio à Cooperação Internacional	Antônio Dantas Machado	E-II	PNUD*	Engº Agrônomo, M.Sc.
Secretária Sênior da COBIO	Mariza Barreto de Freitas Militão	D-IV	PNUD*	Lic. Letras
Secretária de Apoio Geral	M. Joana Piauilino	C-IV	PNUD*	Lic. Letras
<b>II. GERÊNCIA ADMINISTRATIVO- FINANCEIRA</b>				
Gerente Administrativo- Financeiro	Danilo C. de Souza	F-IV	PNUD*	Bel. Direito
Gerente de Projeto	Rogério M. Magalhães	DAS-2	MMA	Engº Florestal, Advogado
Técnico em Execução Financeira	A. Maurício A. Silva**	D-III	PNUD*	Bel. Ciências. Contábeis
Assistente Administrativo	M. Angélica Montaldi	C-V	PNUD*	Bel. Comércio Exterior
<b>III. GERÊNCIA TÉCNICA</b>				
Gerente Técnico-	Warton Monteiro	F-IV	PNUD*	Biólogo, Ph. D.
Gerente de Projeto	Luzdalma M. G. Machado	DAS-2	MMA	Bel Economia
Técnico Esp. em Biodiversidade	Maria Luiza de Araujo Gastal	D-V	PNUD*	Bióloga, Ph. D.
Técnico em Informação	Sandra do Val Galante Grover	D-V	PNUD*	Bel. Ciências da Computação
Assistente Administrativo	Márcia Ribeiro F. Dias	C-V	PNUD*	Bel. Relações Internacionais

\* PNUD: Projeto de Gestão da Diversidade Biológica Brasileira (BRA/95/012/B/01/99)

\*\* Atua junto ao Gestor Administrativo, CNPq; instalado na Diretoria de Programas Especiais do CNPq.



## ANNEX II

### Standard Activity Matrix in Accordance with GEF Guidelines

ENABLING ACTIVITY	OUTPUT		CAPACITY BUILDING		Public Participation	Comments
	Commitment	Execution	Institutional Strengthening	Training		
<b>1. Stocktaking and Assessment, based on Existing Information</b>						
1.1. Biodiversity and biological resources	V/ PROBIO/ X					1
1.2. Cross-sectorial Issues	CIDES / X					2
1.3. Policy and Regulatory Framework	MMA/PROBIO/ X					3
1.4. Institutional and Human Capacity	NEP / X					4
1.5. Analysis of root causes of BD loss	PROBIO/ X					5
1.6. Technologies for Conservation and SU	MMA / X					6
1.7. Activities with Adverse Impact	PROBIO					
1.8. Existing Measures and Programmes	MMA/ISPN					7
1.9. Preliminary Statement of Objectives	CON/PROBIO/ X					8
1.10. Identification of Gaps	PROBIO/ X					9
1.11. Assessment of Existing Needs	X					10
<b>2. Identification and Analysis of options to Meet the Objectives of the CBD</b>						
2.1. Strategies for Conservation in situ, ex situ	X		X	X	X	11,12,13
2.2. Strategies for Sustainable Use	X		X	X	X	11,12,13
2.3. Strategies for Benefit Sharing	X		X	X	X	11,12,13
<b>3. Planning and Preparation of a Strategy</b>						
3.1. National Strategy	X		X		X	13,14,15
<b>4. Preparation of First National Report to CBD</b>						
4.1. First National Report	X				X	

X = Activity Undertaken Within Enabling Activities Proposal; V= Various previous initiatives -see footnote 1; PROBIO = National Biodiversity Project; CIDES = Inter-ministerial Commission for Sustainable Development; MMA/ISPN= On-going project with NGO Instituto Sociedade, População e Natureza to survey existing projects; CON = Brazilian 1988 Constitution.

**Footnotes:**

1. *Although considerable information is available on Brazilian biodiversity, it is either spatially or taxonomically restricted, and no country synthesis exists. Three recent regional assessment workshops collated selective data for the Amazon Forest (Manaus Workshop, 1990 by CI, INPA and IBAMA), for the North-eastern Atlantic Forest (Itamaraca Workshop, 1994 by SNE, Biodiversitas and CI) and for the South-eastern Atlantic Forest (Campinas Workshop, 1996 by Biodiversitas, BDT and CI). PROBIO will finance five biome assessments and workshops that will complement and up-date these earlier efforts collecting information on and determining spatial distribution patterns for species in selected taxa (Key, threatened, endangered species) as well as reviewing other biodiversity related issues (see notes 5,6,9,). The current project will complement the stocktaking of biological resources by including an all phyla assessment with the estimated number of described and undescribed species in all phyla and major classes of organisms in Brazil and its marine territories, determining biogeographical patterns (see budget footnote 7) and compiling biome assessment findings into aggregate national statistics to permit the identification of options and priorities from a national perspective.*
2. *CIDES has been established to co-ordinate cross-sectoral policy issues, but is still not fully operational. Recent assessments of forestry, fisheries and agriculture have been conducted by MMA but without fully incorporating the objectives of the CBD. The GoB has already committed resources to advance some issues related to the NBS: Public Hearings and workshop on Access to Genetic Resources (by the Brazilian Senate, MMA, EMBRAPA and the NGOs WWF/Brazil, Instituto Vitae Civilis, Instituto Socio-Ambiental and AS-PTA); Policy Paper on Agriculture and Biological Diversity (by MMA and EMBRAPA); Assessment on Forestry Resources and Policy (by the NGO FUNATURA supported by ITTO); Assessment on Marine Fishery Resources and Policy (through MMA and the Marine Resources Inter-ministerial Commission - CIRM); Assessment on Continental Fishery and the Energy Sector (by ELETROBRAS, IBAMA and FUNATURA); Consultation and workshop on Conservation Units System (through MMA and the Environmental Committee of the Brazilian Congress); and the National Report on Plant Genetic Resources (by CENARGEN/EMBRAPA in connection with FAO). This project will collate the findings of these initiatives and undertake a full sectorial evaluation of these and the other results of the stocktaking in the sector consultations to be held during the identification of options stage. The thematic groups to be set up under the PRONABIO's Co-ordinating Commission will be responsible for this analysis.*
3. *Analysis of the impact of key public policies on biodiversity conservation, sustainable use and benefit sharing is needed as most recent policy reviews have not fully considered the commitments in the CBD. The PROBIO biome assessments will include the impact of some public policies and this project will review and complement these and other analysis and include specific aspects that can only be evaluated from a national viewpoint such as trade agreements and national security policies.*

4. *The National Environment Programme undertook an assessment of the institutional capacity* in the State Environmental Agencies in 1991, however this did not specifically address biodiversity-related capacity. This project will review and complement the results of this assessment in the light of the CBD. It will also include an evaluation of the traditional knowledge and capacity that exists in the different ethnic groups for conservation and sustainable use of BD that should be taken into account for the identification of options.
5. *PROBIO will identify and review some root causes of biodiversity loss* through its biome assessments. The current project will complement this collating these results and evaluating them from a national perspective by undertaking a review of macro-issues, for example trade agreements, that will only be addressed from a national perspective.
6. *Several complementary initiatives* that are being funded by the MMA will include evaluations of the technologies available for conservation and sustainable use (see section 2). This project will complement these and include them in the overall summary of the stocktaking exercise to provide a baseline against which strategy implementation can be assessed.
7. *A survey of biodiversity-related projects* in the process of approval, under implementation or recently completed is being conducted by MMA in partnership with the NGO Instituto Sociedade, População e Natureza (ISPN).
8. *The 1988 Constitution and PROBIO specifies some objectives* to be achieved relative to biodiversity, these will be reviewed and complemented during this project.
9. *Identification of gaps will occur at two levels.* The first is at the biome level through the assessments to be funded under PROBIO. The second is through the complementary stocktaking funded through this project which will include identification of gaps from a national perspective using the aggregate statistics of the biome level assessments as available and the additional information on issues such as estimates of the numbers of species in all phyla, institutional and human capacity, policy framework, estimation of costs and benefits. As the results of biome assessments will not be complete until the end of 1997, a preliminary identification of gaps will be made, using partial results, for the National Workshop to define the document that will be the basis for broad consultation to identify options (see footnote 11) and for the preparation of the First National Report to the CBD, to be completed by the end of June 1997.
10. *An estimation of the costs and benefits and needs* from the national perspective will be undertaken. This will include the results of an evaluation of the existing studies on valuation of biodiversity that have been undertaken in the country.
11. *Identification of options for strategies* on biodiversity conservation, sustainable use and benefit sharing will be undertaken through the following steps: (i) review of CBD articles by national consultants and the Thematic Working Groups under PRONABIO's Co-ordinating Commission; (ii) results from the biome-level assessments undertaken by then and the partial results of the complementary stocktaking; (iii) review of the findings from these two steps in a national workshop from the different sector perspectives (government, business, science & technology, NGOs, social movements), and from different thematic areas (different articles of the Convention and different components of biodiversity). Recommendations from this workshop will be used to formulate a document "Basis for a National Biodiversity Strategy" which will be used as the

basis for *broad-based consultations* to define options. These consultations will be held at three levels. At the state level with a meeting in each of the 27 states; at the sector level (10 sectors) and throughout civil society through the widespread dissemination and discussion of the document via newsletters and electronic format (internet).

12. *Members of the project team and PRONABIO Co-ordinating Commission* will take part in a biodiversity instructions session at the start-up of the project to become more familiar with the methodology MMA has selected for this process (“Guidelines for Country Studies on Biological Diversity”-UNEP 1993, “Canada Country Study of Biodiversity: Taxonomic and Ecological Census, Economic Benefits, Conservation Costs and Unmet Needs” 1992; “Biodiversity in Canada: a Science Assessment for Environment Canada”; “National Biodiversity Planning: Guidelines Based on Early Country Experiences” - WRI/UNEP/ IUCN, 1995). It will also permit a more uniform level of knowledge that will facilitate the careful detailing of the work schedule and consultations to be held throughout the process. Instruction sessions will also be held for the facilitators hired for the state and sector consultations to ensure that a common format and methodology is used in each state and sector, that goals are clearly understood and that recommendations are collected in the same format.

13. *A range of stakeholders* from the public and private sector will have strengthened capacities for the management of biodiversity related issues and heightened awareness to CBD implementation, through the participation in the various levels of consultations and through the dissemination of the final reports of the stocktaking exercises, the NBS and the First National Report to the CBD.

14. *A national meeting* will be held with a range of public and private sector stakeholders to review the first draft NBS. Recommendations from this will be incorporated into a final draft NBS that will be reviewed by PRONABIO’s Co-ordinating Commission supported by a small group of biodiversity and national planning experts before being submitted to CIDES for approval.

15. *The final NBS* will be widely disseminated to promote widespread support and enhance implementation.

## ANNEX III

### Complementarity with PROBIO Stocktaking

#### **1. The Difference between Biome Assessments and a National Strategy.**

- PROBIO will cover a wide range of biodiversity related issues within each of five specific biomes and will produce respective lists of priorities and action plans for the conservation and sustainable use of biodiversity in each one.
- The relative importance of each biome *for the country as a whole* can only be determined by comparing the resource base that each biome could contribute to the country's national development.
- This involves looking at the relative contribution and or/importance of each biome from the perspective of sector development (at least in the major sectors for national development) and/or national policy perspective.
- In the case of sector development, the goals and targets of, for example, the agriculture, forestry or mining sectors could be met from undertaking activities in each biome or alternatively concentrate on one area to the exclusion of another. The decision of where sector actions will be most concentrated should be guided by an analysis of the relative opportunities for each activity in each biome and the relative negative effect they would have in each (amount of biodiversity loss as *a percentage of the total national biodiversity*). From the national viewpoint a strategic decision can then be taken for sector development in the country as a whole which may inevitably involve placing one biome over another in terms of relative efforts for conservation efforts/sustainable use of biodiversity/or more intense exploitation.
- In the case of national policy perspectives certain biomes may be more important to the country than others in issues such as national security. Additionally trade agreements undertaken at the national level (e.g. Mercosul) may require specific strategic decisions to be made over the use of some elements of biodiversity over others, or conservation techniques/biomes over others.
- This comparison of biomes requires building a composite picture of the national biodiversity which will indicate areas of priority as a result of uniqueness, vulnerability, opportunities for development etc. For this aggregate statistics are needed not only for biological resources (biogeographical patterns, diversity of key taxa etc.) but for other biodiversity related issues such as degree of conservation, degradation, capacity for conservation etc.
- The PROBIO biome assessments will provide some of this information, however, it will require further evaluation to attain aggregate statistics.
- Additionally the biome level assessments will not provide all the information necessary. The assessment approach will be limited to key taxa, missing the estimation of species diversity and intraspecific genetic variability, as well as the collection of dispersed information and estimation of the number of described and undescribed species in the widest possible range of *phyla*, including those lesser known taxa and those with highest potential for biotechnology (microorganisms).

**ANNEX IV**  
**Work Schedule**

Month	01	02	03	04	05	06	07	08	09	10	11	12	13	14	15	16	17	18
0. Formation of team, biodiversity planning instruction	X	X																
<b>1. Stocktaking and Assessment</b>																		
1.1. PROBIO <i>Biome Assessments</i> <sup>6</sup>																		
• Preparation of databases	X	X	X	X	X	X	X	X	X	X								
• Workshops				X		X		X	X		X							
• Follow-up															X	X	X	X
1.2. <i>Complementary stocktaking</i>																		
• Initial Data Gathering:			X	X														
• Preliminary Assessment	X	X	X	X	X													
• Complete Data Gathering						X	X		X									
• Prepare initial/partial report					X						X							
• Prepare Final Report											X	X	X					
<b>2. Identification of Options and Strategies</b>																		
2.1. Review CBD	X	X	X															
2.2. Prep. workshop document				X	X													
2.3. National Workshop					X													
2.4. Prepare doc "Basis for NBS"						X	X											
2.5. Broad National Consultations					X	X	X	X	X	X	X	X	X	X	X			
<b>3. National Biodiversity Strategy</b>																		
3.1. Prepare Draft NBS													X	X				
3.2. National Meeting													X					
3.3. Prepare final draft														X	X			
3.4. Final review																	X	
3.3. Submit NBS to CIDES																		X
<b>4. First National Report to the CBD</b>																		
4.1. Prepare 1st National Report			X	X	X	X												
4.2. Translate National Report					X	X												
4.3. Disseminate National Report						X												

<sup>6</sup> To be financed through PROBIO with an approximate cost per workshop of US \$ 280,000. The order of the workshops is Cerrado and Pantanal; Atlantic Forest; Caatinga; Continental Shelf; Amazonia.

**ANNEX V  
PROJECT BUDGET**

**1. GEF Enabling Activity Structured Budget**

	Product	Process	Total
<b>1. Stocktaking and Inventory of Existing Information</b>	<b>230,000</b>		<b>230,000</b>
<b>1.1. Complementary stocktaking (national consultants, travel )</b>			
• Biological resources ( <i>aggregate statistics and national perspective</i> )	40,000		
• Policy and regulatory framework	20,000		
• Institutional and Human Capacity <sup>7</sup>	30,000		
• Analysis of root causes of biodiversity loss ( <i>national perspective</i> )	10,000		
• Identification of gaps for: ( <i>aggregate statistics and national evaluation</i> )			
- Conservation in situ and ex situ	30,000		
- Sustainable-use	20,000		
- Benefit sharing	20,000		
• Assessment of costs and benefits and needs <sup>8</sup>	40,000		
• Preparation of final stocktaking report	20,000		

<sup>7</sup> (including the evaluation of traditional knowledge and capacity for conservation and sustainable use of biodiversity in different ethnic groups.

<sup>8</sup> including the evaluation of existing studies on valuation of biodiversity.

**GEF Enabling Activity Structured Budget (continued)**

	Product	Process	Total
<b>2. Identification of options</b>	<b>80,000</b>	<b>418,500</b>	<b>498,500</b>
2.1. Instruction session for planning team (including int. consultants)		15,000	
2.1 CBD Revision	50,000		
2.2. Thematic National Working groups	10,000	15,000	
2.3 National Workshop (NW) to identify options (100 participants) <sup>9</sup>		35,000	
2.4 National Consultants for prep. doc. for consult. & distribution	20,000	10,000	
2.5 Regional Consultations on identification of options (27 states) <sup>10</sup>		175,500	
2.6 Sector consultations for identification of options (10 sectors) <sup>11</sup>		160,000	
2.7 Consultations via Internet etc.		8,000	
<b>3. National Biodiversity Strategy</b>	<b>70,000</b>	<b>65,000</b>	<b>135,000</b>
3.1. National consultants for preparation of First draft	35,000		
3.2. Thematic working groups (incl. evaluations of first and final draft)	10,000	15,000	
3.3 National Meeting to review draft NBS (100 participants)		35,000	

<sup>9</sup> The cost of the national workshop and meeting are estimated at US\$ 50,000 each. This project will provide US\$ 35,000 for each to match other government funds.

<sup>10</sup> The cost of each State meeting is estimated at US\$ 12,000.00. This project will provide US\$ 6,500 for each of these meetings (basically to cover travel expenses and facilitators) as matching funds to state contributions.

<sup>11</sup> Each Sector meeting is estimated to cost US\$ 30,000. This project will provide US\$ 16,000 for each of these meetings (basically to cover travel expenses and facilitators) as matching funds.



3.4. National consultants for preparing final NBS draft	25,000		
3.5. Printing , dissemination of Final NBS (10,000 copies)		15,000	
<b>4. First National Report</b>	<b>30,000</b>	<b>10,000</b>	<b>40,000</b>
4.1 Preparation, publication, translation and dissemination	30,000	10,000	
<b>Co-ordination and Management Costs</b>	<b>29,000</b>	<b>10,000</b>	<b>39,000</b>
<b>TOTAL</b>	<b>439,000</b>	<b>503,500</b>	<b>942,500</b>

ANNÉX VI  
Technical Review

**BRAZIL--National Biological Diversity Strategy  
and National Report**

1. **Overall Impression.** This request for GEF financial cooperation to enable Brazil to prepare its national biodiversity strategy, and its first national report, is very well prepared and presented. While there are a variety of on-going projects in the country that support components of biodiversity planning and management, the proposal makes a credible case for the need to also support this process which will bring these various measures together, ensuring adequate field assessment, organizing wide consultation with the public and private sector, and formulating at the national level a prioritized set of actions and investments that can serve to coordinate pre-existing funds and projects as well as outline new initiatives.
2. **Relevance and Priority.** The importance is high in terms of the CBD, especially given the critical role of Brazil as a nation, people and government, in addressing the goals of the Convention in a country with such abundant biotic diversity. The superlative nature of Brazil's biodiversity is well known. Their action to conserve and sustainably utilize these biological resources is vital to the world, and to local welfare.
3. **Background and Justification.** The justification is sound, and the rationale for this level of investment and this enabling activity is clear and acceptable. Brazil has been a central player in the negotiation and development of the CBD. This carries that commitment to the national level, and internalizes the intent of the Convention within the country.
4. **Scientific and Technical Soundness.** Technically, the project proposal draws upon the experience of countries around the world. Brazil's top scientists have been fully involved in the design and development of the biome-based assessments, identification of gaps, and initial analysis of strategy options.
5. **Objectives.** The methodology that is proposed builds upon work already under way. The biome-based assessment process draws upon tested approaches for rapid inventory of major taxa, that are endorsed by leading scientists and research centers world-wide. I would say that the methods included in this proposal are "cutting edge". And, importantly, Brazilian scientists are not only fully capable of designing and implementing these efforts, but are members of international teams that are at the forefront of developing such methods. The objectives of this project can be achieved by the methodology proposed; however, this requires that the steps of the process are rigorously followed. For example, the regional consultations, public fora, workshops, and involvement of civil society, business and industry, and state and local governments is key to success.

6. **Activities.** The steps outlined in the method follow current best practice as discussed and endorsed by the CBD. They also follow the GEF guidelines. Their sequence is logical. They can work well to great extent because they build upon the ongoing activities of other projects. For example, several of the biome-based assessments are already well advanced or near completion. The institutional framework for cooperation among federal agencies and with the states and local government offices already exists. Considerable effort will be required, however, to make these institutional arrangements actually operate satisfactorily. Until now, on-the-ground observation suggest that some of these arrangements have yet to be fully employed.
7. **Participatory Aspects.** All the components and steps for the participation of public agencies, state and local governments, NGOs, civil society, business and industry, are well described in the document. Given the relative absence of such dialogue in the past, one has to hope these steps will actually be implemented as presented. Biodiversity is becoming recognized by the Parties, as well as groups within each country, as a unique and powerful integrating concept that relates people to the productive capacity that sustains their livelihoods. Unless farmers, foresters, fishers, resource-using corporations, and indigenous groups are directly involved in and committed to biodiversity conservation and sustainable use, all these other steps in the methodology are for naught. This is clearly recognized in the GEF guidelines.
8. **Global Benefits.** The background section makes this quite clear. Mention could have been made of Brazil's role in the Amazon Treaty, and the anticipated transfer of the permanent headquarters of the Treaty Secretariat to Brazil in the future. This would imply an even stronger case for Brazil's contribution of benefits to the global community vis-a-vis its growing influence over the greater ecosystem.
9. **GEF Strategies and Plans.** The project fits perfectly well within the goals of the GEF, the GEF operational Strategies and program priorities, and Article 6 a and b, and 26 of the Convention.
10. **Replicability.** The methodology proposed by the project proposal for preparing a national biodiversity strategy are consistent with the approaches discussed by the Parties. Further, as a generalization, this method can be employed elsewhere, in any biome or region. What is innovative in this proposal is an outgrowth of the size and complexity of the country. That is, the assessment method has been under development since prior to the pioneering Manaus meeting which provided the first science-based, and tax-organized, inventory of Amazonian biodiversity, and the basis for early determination of priorities for action. This method has also been undergoing trial in Mexico, and can be expected to be of considerable value to other countries.
11. **Capacity Building.** The project method calls for assessment of capacity needs. From personal observation, capacity needs for this type of work in Brazil, can usefully be targeted upon three key groups of actors: first, enabling central, state and local

government agency employees to design and implement the many tasks associated with biodiversity planning and management, interalia, in-situ and ex-situ conservation, technology development for sustainable farming and forestry, developing local-based funding mechanisms for conservation, inventory and data management, and bioregional planning at landscape scales. The aim is to ensure that implementation and buy-in takes place at all levels of government. Second, private sector resource users, e.g., farmers, foresters, fishers, and corporations, need to become fully involved in biodiversity management, a challenge that includes helping them become aware of what biodiversity is and how it works, the benefits that can be derived, the technologies available, and the responsibilities of stewardship. Third, and perhaps most difficult, is the challenge of inter-agency, inter-departmental cooperation and coordination. For example, policies to foster bioprospecting may become meaningless unless protected area managers are involved in designing the licensing and regulatory process, know their roles, and are fully backed by the judiciary. Needed are training activities to foster and promote cross-agency vision and cooperative action.

12. **Project Funding.** Funding appears adequate, especially since the work is building upon several other projects.

13. **Time Frame.** Completing the activities in 18 months will require high political will, strong coordination and an aggressive approach to implementation. It can work because most of the biome-based assessments are in fact well under way. But, the consultations take time. Without adequate advanced notice participation can be poor. And, incorporation of the valuable observations flowing from these consultations takes considerable time. Absent this care, the consultative process may fail to provide the buy in and contribution of all stakeholders to the goals of the program.

14. I give this proposal very high probability of success in producing a scientifically sound national biodiversity strategy that has had a reasonable level of consultation with the public and private sector. It can easily provide a framework and good information for the national report. I would like to see reference to the Amazon Treaty, the potential to provide leadership to other Amazon Basin countries, and the opportunity to relate Brazil's national strategy to those of the other Basin countries, drawing upon the data that already exists in the Treaty Secretariat, and the FAO Regional Office for Latin America on the network of in-situ protected areas, and other measures already considered basin-wide.

**ANNEX VII**  
**SUMMARY OF THE LOGIC FRAMEWORK**  
 Project "Brazilian National Biodiversity Strategy"

<b>DEVELOPMENT OBJECTIVE</b>	
<p>To conserve the biological diversity of Brazil, use sustainably its components and fairly and equitably share the benefits derived from the use of genetic resources, by planning and implementing national and sector development programmes within the framework of a National Biodiversity Strategy.</p>	
<b>IMMEDIATE OBJECTIVE 1</b>	<b>IMMEDIATE OBJECTIVE 2</b>
<p>To develop a Brazilian National Biodiversity Strategy, in accordance with the Convention of Biological Diversity, that will provide national development planners and ten productive sectors with guidelines for incorporating sustainable use and conservation of biodiversity measures into the planning and implementation of their respective activities.</p>	<p>To increase public and private stakeholder awareness of the importance of biodiversity conservation in national, regional, local and sector development and collectively identify options for the implementation of the CBD in Brazil, through a highly participatory process including workshops in each of the 26 states and the Federal District as well as meetings with ten productive sectors.</p>

<p><b>OUTPUT 1.1</b> A complete stocktaking exercise will have been concluded to provide information on which to define the National Biodiversity Strategy and to measure its implementation. This will include: six studies to complement issues not fully covered by the PROBIO; aggregated national statistics for biological resources and a full stocktaking report against which implementation of the NBS can be measured</p>	<p><b>OUTPUT 2.1</b> 27 regional workshops held to review the document "Basis for a National Biodiversity Strategy", and identify options and needs for implementing the CBD in Brazil as an input to the development of the National Biodiversity Strategy and to raise private and public stakeholder awareness on the importance of biodiversity in local, regional and national development.</p>
<p><b>OUTPUT 1.2</b> Completion of the document entitled "Basis for a national Biodiversity Strategy", to provide a common information-base for the broad consultation process (objective 2) designed to identify options and strategies for the implementation of CBD in Brazil through a National Biodiversity Strategy.</p>	<p><b>OUTPUT 2.2</b> One meeting held with representatives from each of ten productive sectors to discuss the document the document "Basis for a National Biodiversity Strategy", and to identify options and needs for implementing the CBD in relation to each sector, as an input to the development of the National Biodiversity Strategy and the definition of guidelines for incorporating sustainable use and conservation of biodiversity measures into the planning and implementation of sector activities.</p>
	<p><b>OUTPUT 2.3</b> Key documents will have been disseminated in electronic format and through newsletters to include the broader civil society in consultations to define the National Biodiversity Strategy</p>

<b>IMMEDIATE OBJECTIVE 3</b>		<b>IMMEDIATE OBJECTIVE 4</b>
To produce studies and reports in complementary stocktaking exercises, and disseminate consolidated results to support the preparation of the basis of the NBS.		To prepare and submit the First National Report to the CBD.

<b>OUTPUT 3.1</b> Six reports to complement resources not included in PROBIO.		<b>OUTPUT 4.1</b> First National Report prepared, translated and submitted to CoP.

## **ANNEX VIII**

### **Terms of Reference**

#### **1. Terms of Reference for Thematic Working Groups (TWG) to Revise the Articles of the Convention of Biological Diversity in Relation to Brazil**

1.1. The Coordinating Commission of PRONABIO will establish ten working groups one for each of the following related sets of CBD articles:

- Identification and monitoring (Art. 7°) and impact evaluation and reduction of negative impacts (Art. 14);
- Conservation in situ (Art. 8°) and ex situ (Art. 9°);
- Sustainable use of the components of biodiversity (Art. 10) and incentives (Art. 11);
- Access to genetic resources (Art. 15) and to technology transfer (Art. 16);
- Research and training (Art. 12) and scientific and technical co-operation (Art. 18);
- Public awareness and education (Art. 13) and information exchange (Art. 17);
- Biotechnology Management and Distribution of its benefits (Art. 19);
- Genetic Diversity;
- Domestic species and wild relatives;
- Microorganisms and soil Biodiversity.

1.2. Each working group will consist of 10 (ten) national experts in the respective area. Out of the members, a Co-ordinator and a Reporter will be appointed. To each TWG one auxiliary will be assigned.

1.3. The tasks for each thematic groups are as follows:

- Select the auxiliary
- Prepare a questionnaire/survey for data collection
- Review the final product of the data collecting by the auxiliary
- Prepare a report for the Co-ordinating Commission of PRONABIO on the status of the corresponding set of articles proposing priorities, guidelines, methodologies and instruments its implementation in Brazil
- Assist the Co-ordinating Commission of PRONABIO and the General Co-ordination of COBIO, in the analysis of information related to the groups theme from the stocktaking exercises and the evaluation of the corresponding issues in the first and final drafts of the NBS.

1.1.4. The auxiliary for each group will be expected to complete the tasks detailed in the ToR by the TWG within 1 (one) month from the date of contracting.



## **2. Terms of Reference for the National Workshop to Prepare the document Basis for the National Biodiversity Strategy**

**2.1. Aim:** The National workshop will permit a wide range of stakeholders to revise the draft document “Basis for A National Biodiversity Strategy” and to define its final form to provide the information base on which the broad consultation process will build to identify options and strategies for the implementation of the CBD in Brazil within a National Biodiversity Strategy.

### **2.2. Locale, Duration and Estimated Date.**

A three-day workshop will be held in Brasilia in the fifth month of the Project implementation.

### **2.3. Target Participants**

An estimated 133 participants will include representatives from relevant ministries, the National Congress, the National Environmental Council (CONAMA), relevant Federal public agencies, the National Federations of the business sector, national associations of the business sector, national NGOs, national organisations of social movements, key universities and research institutions and independent biodiversity experts.

### **2.4. Inputs**

a) A preliminary report on the stocktaking exercises summarising reports available by the time of the meeting, expected to include

- Available PROBIO biome-level assessments information
- Complementary assessments of biological resources including estimates of described and total species in *all phyla* rather than key species as in the PROBIO assessments.
- The evaluation of institutional and human capacity present in the different ethnic groups around the country.
- A national-perspective evaluation of the biodiversity-related policy and regulatory framework.
- Analysis of root causes of biodiversity loss (national perspective).
- Report on cross-sectorial biodiversity related issues.
- An evaluation of existing conservation and sustainable use of biodiversity needs and an estimate of the costs and benefits of these proposals.
- Series of complementary initiatives that the government is presently supporting or planning to execute during the course of the project preparation time, including a workshop on the Clearing-House Mechanism; the publication and dissemination of the results of recently held workshops on methods for biodiversity assessment and on regulation of access to genetic resources and a book on case studies of loss & change of biodiversity in Brazil; status of conservation efforts, and identification of the sources of financing of biodiversity-related projects in Brazil.

b) Reports from the ten CBD thematic working groups proposing priorities, guidelines, methodologies and instruments for action for the implementation of respective sets of articles in Brazil.

- c) Text of the Convention for Biological Diversity and of the Conference of Parties and others.
- a) CHM products.
- b) Information bulletin.
- c) Draft of stocktaking report.

### **2.5. Workshop and National Meeting**

The workshop to define the document "Basis for the National Biodiversity Strategy" will be organised by COBIO/MMA in partnership with key national public and private institutions involved in biodiversity through the following activities:

- a) Rent a locale for the workshop that provides appropriate facilities for a three-day workshop with 100 participants including plenary and break-out rooms for groups sessions, reporting equipment and isolated from the central office area of the city.
- b) Hire a highly qualified consultant to co-ordinate the drafting of reports from group and plenary sessions, to prepare, direct and co-ordinate plenary session and to draft the final report.
- c) Hire three consultants to prepare the National Meeting and the draft of the Final Report.
- d) Provide tickets and per diems to key specialists that are not financed through their own institutions.

## **3. Terms of Reference for Complementary Stocktaking**

### *3.1. Complementary assessments of biological resources*

3.1.1. Undertake assessments of existing information on biological resources to complement aspects not fully covered in the PROBIO biome-level assessments, by carrying out the following activities:

- a) Estimate described and total species in all phyla rather than key species as in the PROBIO assessments.
- b) Determine national biogeographical patterns.
- c) Collect dispersed but existing information on better known but not necessarily key taxa and estimate species diversity.
- d) Collect information and estimate intraspecific genetic variability for these better known taxa.
- e) Collect dispersed information and estimate number of described and undescribed species in the widest possible range of phyla, including those lesser known taxa, for which some information is available but scattered in different institutions, and those taxa with highest potential for biotechnology (e.g. micro-organisms).
- f) Disseminate the results of the contracted studies.

3.1.2. Estimated cost US\$ 40,000.00

### *3..2. Institutional and Human Capacity Assessment*

3.2.1. To evaluate national institutional and human capacity in bio-related issues including an evaluation of the status of traditional knowledge and capacity for sustainable use of biodiversity present in the different ethnic groups around the country through the following activities:

- a) Evaluate human and institutional capacity in relation to implementation of different articles of the CBD covering national, sectorial and professional-based institutions such as the National Federation of Industries, the State Energy Companies, the National Organisation of Lawyers.
- b) Review (in the light of the CBD) the capacity assessments of State Environmental Agencies undertaken by the NEP in 1991.
- c) Assess nationally based universities and NGOs that may not have been fully evaluated in the biome level workshops.
- d) Collect information and evaluation of traditional knowledge of conservation and sustainable use of biodiversity by the more than 200 ethnic groups present in Brazil.

3.2.2. Estimated costs: US\$ 30,000.00

### *3.3. National Perspective Evaluation of Policy and Regulatory Frameworks related to Biodiversity*

- a) Evaluate biodiversity related national policies, laws and norms to assess compatibilities and conflicts in terms of the CBD including trade-agreements and national security policies.
- b) Identify the gaps and needs in this regulatory framework that must be bridged to facilitate the incorporation of conservation and sustainable-use of biodiversity measures in the sector and inter-sector policies, programmes and plans.

Estimated cost US\$ 10,000.00

### *3.4. Assessment of existing studies on valuation of biodiversity as part of the estimation of costs and benefits of proposed conservation and sustainable use strategies*

#### *3.4.1. Context*

Economic valuation of biodiversity is taking an increasingly important role in governmental decisions providing an economic assessment of environmentally related issues, more effectively orienting policies and investments and facilitating the incorporation of these issues into planning processes. By signing and ratifying the CBD, the GoB is committed to integrate conservation and sustainable-use of biodiversity measures into government and intersector plans and programmes in accordance with

Articles 6 and 11 and to adopt economic measures that serve as incentives for the conservation of sustainable use of biodiversity. In view of this, it is important to assess the existing studies on valuation of biodiversity in Brazil and use this to determine real costs and benefits of proposed conservation and sustainable measures and as an instrument in future national and sector development planning.

#### 3.4.2. Objective:

- a) Collect information on existing studies on
  - Economic valuation of biodiversity in the country
  - Analyses and evaluations of costs and benefits of biodiversity conservation
  - National study cases
- b) Collect information to assist in the evaluation of costs and benefits of proposed strategies to fulfil existing needs identified in the stocktaking for the National Biodiversity Strategy

3.4.3. Estimated Cost US\$ 20,000

### ***3.5. Evaluation of Costs Incurred with Conservation and Sustainable-use of biodiversity measures***

#### 3.5.1. Context

Effective biodiversity management can be greatly enhanced by systematic data collection and storage of estimates of costs incurred by conservation and sustainable-use of biodiversity measures and their direct and indirect economic returns. This data would permit the orientation of environmental policies and investments and the evaluation of the role biodiversity plays in the national socio-economic panorama, thus promoting the adoption of new forms of biodiversity management in government in society in general. It will also be greatly contribute to the definition of a National Biodiversity Strategy by facilitating the evaluation of full costs and benefits of proposals to address the existing needs identified in the stocktaking exercise.

#### 3.5.2. Objectives

Provide an input to the evaluation of costs and benefits of proposed strategies to fulfil existing needs identified in the stocktaking by collecting and assessing statistical data on the costs incurred and/or expenditure realised with the present and past management of Brazilian biodiversity in terms of measures adopted for its conservation and sustainable use.

3.5.3. Estimated cost US\$20,000.

**ANNEX IX**

**Audit Requirements for Government Execution of UNDP Funded Projects**

**UNITED NATIONS DEVELOPMENT PROGRAMME  
BRAZIL COUNTRY OFFICE**



**PROGRAMME AND PROJECTS MANUAL**

**AUDIT REQUIREMENTS FOR GOVERNMENT EXECUTION  
OF UNDP FUNDED PROJECT**

PPM Section 30503, subsection S.0

February 1991



Audit Requirements for Government Execution of  
UNDP funded Projects

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ANNEX Article XVII of the United Nations Development Programme Financial Regulations



## AUDIT REQUIREMENTS FOR GOVERNMENT EXECUTION OF UNDP FUNDED PROJECTS

### 1.0 General

#### 1.1 Accountability of Governments

Governments which execute UNDP projects are responsible for the management of all UNDP resources allocated to a project. In this capacity, a government is accountable to the Administrator for the entirety of UNDP resources under its management.

The administration by government of funds obtained from or through UNDP shall be carried out under their respective financial regulations, rules, practices and procedures to the extent that they provide adequate control over the resources. Where the financial governances of a government do not provide the required guidance, those of UNDP shall apply.

Each government shall maintain such accounts and records as are necessary to enable it to report on the financial status of funds obtained from or through UNDP.

To ensure the existence of data required for UNDP management purposes, the Administrator is authorized to specify the basis, content and periodicity of reports on funds obtained from or through UNDP which are to be submitted by governments.

#### 1.2. General Audit Requirement

Article XVII of the United Nations Development Programme Financial Regulations pertaining to external audit has been annexed for information to these requirements and shall, mutatis mutandis apply to audits of government-executed project.

The Administrator shall ensure that governments executing UNDP projects shall require their auditors to follow, to the extent feasible, the audit principles and Procedures prescribed for the United Nations with respect to funds obtained from or through UNDP and shall submit audit reports annually together with the reports specified in the project document and those mentioned in 3.3 below.



### 1.3 Audit Authority

Audits of government-executed projects shall be conducted by the legally recognized auditor of the government or by a commercial auditor engaged by the government.

## 2.0 Purpose of the Requirements

The purpose of these audit requirements is to provide auditors (herein after referred to as "the Auditor") of government-executed with the UNDP accounting, reporting and auditing framework for government-executed projects which are discussed under the sections which follow.

## 3.0 Financial Accounting, Monitoring and Reporting Procedures

### 3.1 Accounting Controls

Adequate control systems should be in place within a project management structure. A review of the general control environment as well as the specific internal accounting controls that are being used to support and validate transactions should be undertaken in order to determine whether satisfactory measures exist and are being followed to prevent losses or detect potential risks.

#### a) Review of General Controls

The general control environment includes a number of key project management factors which indicate whether or not the project is being executed in a conducive environment. These factors include:

- Management approach
- Organization structure
- Record-keeping
- Personnel
- Delegation
- Communication
- Authority and responsibility
- Policies and procedures

#### b) Review of Internal Accounting Controls

The internal controls over responsibility, authority, certifying, recording, documenting and segregation of duties are maintained in order to reduce or eliminate risks associated with the financial operations of a project. The certification process is singled out as most significant to UNDP.

#### c) Certification

As part of fulfilling its fiduciary responsibility for the management of UNDP resources, governments agree to follow a process that requires the designated authorized official (hereinafter referred to as the project management) to provide written certification is required by UNDP from the project management for:

- Requests for advances of project funds;
- Requests for UNDP to disburse project funds directly; and
- Project financial reports.

The certification function is designated by the government executing body to the personnel managing the project. This authority should be in writing.

### 3.2 Funding of Projects

#### a) Requests for Advances of UNDP Funds

Funding of projects is made through direct advances to the government whereby they receive and disburse project funds directly. In order to receive an advance, a project management completes and certifies a Request for Advance of Funds from UNDP form. The Request is submitted to the resident representative.

There should be an adequate system of internal controls over requests for advances. At a minimum, the controls should ensure that:

- The Form is prepared accurately;
- The certification is by the designated government official;
- Prior advances have been accounted for; and
- The advances requested are reasonable in line with the provisions of the project budget and the work plan.

#### b) Requests for Direct Payments by UNDP

A second method of funding government-executed projects is by "Direct Payment". Through this method project managements may request UNDP resident representatives to directly disburse project on their behalf. Resident representatives may do so from their own bank accounts or they may refer the request to UNDP headquarters for action.

In making direct payments, UNDP relies on the certification and on the internal controls and records maintained by a project management.

In requesting UNDP to make direct payments, the government is to complete the Direct Payment Request form. This form contains the following certification:

"The undersigned authorized government official hereby certifies that the payment being requested has not previously been made and that it will be:

- Made in accordance with the project document;

- Made for goods or services that have been delivered for the satisfaction of the government or will be delivered pursuant to the terms and conditions of the contract; and
- Made on the basis of original supporting documentation that is, or will be, on file with the government or UNDP”.

### Original Supporting Documentation

Original supporting documentation may be attached by project management to the Direct Payment Request or, alternately, original supporting documentation may be generated by the resident representative as a consequence of a Direct Payment Request for procurement which produce invoices. Thus, direct payment transactions may be straight forward payment actions or, they may be complex. In which case, appropriate systems for procurement for example, should be in place, e.g., requisitions and purchase orders and for contracting, e. g., bidding.

Resident Representatives are to provide project managements with copies of Disbursement Vouchers and any other supporting documentation for all direct payments transactions they undertake.

#### c) Co-operation Agency Expenditures

At the request of governments, United Nations executing agencies may be called upon to executed portions of or the entire project. When this occurs, the agencies are referred to as co-operating agencies.

Co-operating agencies receive project funds directly from UNDP due to standard arrangements between United Nations agencies and UNDP. This does not detract from the fact that in the agreement which is entered into by governments and co-operating agencies, it is agreed, inter alia, that are accountable to government. for all inputs and activities they implement.

### 3.3 Financial Reporting by Governments

A government is to manage and be accountable for all UNDP resources allocated to a government-executed project. This management and accountability applies to disbursements made by governments through advances they receive, for direct payments by UNDP and for cooperating agency expenditure. In this regard, governments are to maintain appropriate records to record financial transactions which are undertaken by others on their behalf.

For advances, governments are required to prepare, certify and submit to UNDP resident representatives each calendar quarter the Government Disbursement Report and Reconciliation of Outstanding UNDP Advance/Status of Fund reports. The year-end financial report called Combined Delivery Report (CDR) is prepared by UNDP headquarters. The CDR is a consolidation of expenditure incurred by governments, UNDP field office/headquarters direct payments and co-operating agencies expenditure. The CDR is transmitted to governments'

project managements through the UNDP resident representatives. Upon receipt, project managements are to verify and certify the CDRS. The project management certified CDR should be submitted to the auditors for the financial audit.

The Government Disbursement Report and Reconciliation of Outstanding UNDP Advances/Status of Funds report by project and currency types are to be submitted to UNDP through the resident representative by the 15th day following the end of the quarter. The certification of financial reports should be by the authorized government official.

The certification on financial reports attests to the propriety of disbursements and to the project balances held by a government. The certification also serves as a re-affirmation of liability in the event disbursements made by a government are disallowed as a result of an audit.

In addition to the tests of the books and records, the internal controls in the accounting and reporting process which may include the following should be evaluated:

- Authorization of transaction.;
- Recording of transactions;
- Procedures for budgetary classification of transactions;
- Closing procedures; and
- Report preparation and review procedures.

a) Verifying the Government Disbursement Report

This report is designed to provide UNDP with specific information regarding the utilization of UNDP funds advanced to a government. The report also shows the amount of UNDP funds available to a government by budget component and line. Verification of this report for each quarter during the period under review should confirm that:

- The "Annual Budget" indicated on the report corresponds to the government budget approved in the most recent project budget/revision document;
- The "Year-to-Date" disbursement equals the "Disbursements for the Quarter" plus the "Year-to-Date" shown on the prior quarter's report;
- The "Disbursements" for each month shown on page two of the report agrees with the project's accounting ledgers;
- The report is mathematically correct; and
- The "Certification" on the report is signed by the authorized government official.

b) Verifying the status of Fund/Reconciliation of Outstanding Advances Report

The purpose of this report is to show the amount of UNDP funds advanced to but not yet disbursed by the government. Verification of this report for each quarter during the period under review should confirm that:

- The "Outstanding UNDP Advance (beginning of year)" agrees with the closing balance from the report for the previous year.
- The amount of "UNDP Advances Received This Quarter" agrees with the field office records.
- The amount shown on the line "UNDP Advances Received in Prior Quarters (year-to-date)" is the same as the amount that appears on the "Total UNDP Funds Received" (year-to-date) line of the prior quarter's report.
- The amount of "Total Disbursements (Year-to-date)" equals the amount taken from the prior quarter's plus the amount of disbursements for the current quarter (as shown on the Government Disbursement Report).
- The amount shown on the line "Outstanding UNDP Advance" in Step 1 equals the amount shown on the same line in Step 2.
- The report is mathematically correct.
- The report is Certified by the authorized government official.

#### 3.4 Project Monitoring Evaluation and Reporting

Reference should be made to UNDP's project monitoring, evaluation and reporting (MER) requirements which are contained in Section 30600 in this PPM. The requirements equally apply to governments which execute projects. It is the responsibility of governments to plan and perform correctly all of the MER requirements for the projects they execute. Thus, a review of MER should be incorporated in the audit scope. The MER audit scope should be limited to ascertaining that MER activities were planned and undertaken. The reference document for this exercise is the Country Programme Management Plan (CPMP). A copy of this document is to be obtained from the UNDP resident representative in advance of the audit.

#### 3.5 Project Equipment

##### a) Ownership

The type of equipment, the objective and the duration of the project determines the title of ownership. UNDP retains the title of ownership when the equipment is highly specialized; when the project does not attain its objectives or when the equipment may be utilized in a subsequent phase of the project. Otherwise, after delivery, the equipment would become the property of the government as soon as the transfer formalities are completed at the end of each year.

##### b) Non-expendable Property Ledger

Governments should maintain a non-expendable property ledger for the purpose of recording the acquisition and disposition of property and equipment funded by UNDP. This ledger should contain information on all property and equipment whether purchased directly by governments from funds advanced to it; or by the UNDP; or a co-operating agency on behalf of the government.

c) Annual Inventory Report

Governments are to perform annual physical inventory of non-expendable equipment. They are to furnish UNDP resident representatives with reconciled annual reports of non-expendable property purchased during the year within 60 days following 31 December of the year.

d) Transfer of Equipment

Upon report and verification of the annual report of non-expendable equipment, a formal transfer of the equipment to the government should be agreed upon by the resident representative and the government. The transfer is undertaken by an exchange of letters or transfer document.

#### 4.0 Audit Objectives and Scopes

The overall objective for an audit of a government executed project is to obtain reasonable assurance that UNDP's resources are being managed by government in accordance with: governments financial regulations, rules, practices and procedures; the project document; the project implementation, monitoring, evaluation and reporting procedure, and the accounting and financial reporting procedures for government execution which are contained herein in Sections 30500 and 30600.

In managing UNDP resources a government has fiduciary and compliance responsibilities including adherence to UNDP reporting procedures. Thus, an audit of a government-executed project must fulfill a set of audit objectives designed to provide UNDP with reasonable assurance that:

- Project disbursements are made in accordance with the project document;
- Project disbursements are valid and supported by adequate documentation;
- Project financial reports are fair and accurately presented;
- An appropriate management structure, internal controls and record-keeping systems are maintained by the project management and can be relied upon;
- Project monitoring and evaluation are undertaken and reports are prepared as required; and
- Project non-expendable equipment procurement, use, control and disposition are in accordance with the requirements

As a result, UNDP identifies its government execution audit scopes to be: financial operations and controls; adequacy of the management structure; MER; and equipment use and control.

The audit shall be conducted in conformity with generally accepted common auditing standards and in accordance with the Auditor's professional judgment.

## **5.0 The Audit**

UNDP expects that the audit of government-executed projects will meet the standards and terms of reference established for the United Nations Board of External Auditors which are described in Annex I to these requirements, "Article XVII of the UNDP Financial Regulations".

### **5.1 Audit Report**

A separate report should be issued for each project that is audited. The CDR which is the basis for the financial review should be signed and stamped by the Auditor and attached to the audit report.

In particular, the report should address, inter alia, those instances where :

- Disbursements have not been made in accordance with the project document;
- Financial reports are not fairly presented or accurate;
- Disbursements are not valid or are not supported by adequate documentation;
- There are material weaknesses with the management, in the structure and controls; and
- There are improper certifications from the government.

The audit reports should be submitted to governments for their review and release to resident representatives.

### **5.2 Observations, Findings and Recommendations**

The significant findings and observations should be mentioned in a section of the report. These findings and observations should be discussed with project managements and their comments should be included in the audit report.

Specific recommendations pertaining to the audit findings should be made.

### **5.3 Audit Opinion**

An audit opinion should be rendered on each of the audit scopes mentioned in paragraph 4.0 above.

When the review of a scope shows no findings of a material nature, unqualified language to that effect should be used.

When the review of a scope results in findings of a material adverse nature such that reasonable assurance as to the proper management of UNDP resources by a government cannot be provided, qualified language to that effect should be used.

## **6.0 Accountability**

A government execution audit process has been designed to ensure that audits of government-executed projects are undertaken as required by the UNDP Financial Regulations and Rules. The overall audit process requires the following:

- Action by the operational and monitoring units at UNDP headquarters;
- Action by governments and resident representatives in the field; and
- Adherence to the audit approach.

### **6.1 Responsibility of UNDP Headquarters**

#### **a) The Regional Bureaux**

Regional Bureaux are to pursue a follow-up with resident representatives in order to ensure that the financial accounting, auditing and reporting procedures, the identity of the proposed auditing body and the source of audit funding are determined at the project formulation stage and included in each government-executed project document. Where these provisions are not already provided for in existing projects documents, the documents should be revised accordingly.

#### **b) The Division Of Finance (DOF)**

DOF is to maintain, *inter alia*, a complete data base of all government-executed projects and up-to-date financial data and reports on government execution.

DOF is to ensure that the Accounting and Financial Reporting Procedures for government execution are available to all governments which execute projects. DOF is to monitor the timely receipt of quarterly financial reports from governments and likewise, DOF is to provide governments with timely " Combined Delivery Reports".

DOF is to review the capabilities of governments to manage the financial activities of government execution and where applicable, DOF is to provide training to government project personnel.

#### **c) Division for audit and Management Review (DAMR)**

A Government Execution Audit Section is established within the DAMR. The principal functions of the section are to ensure the effective discharge of audits of government-executed projects; to undertake reviews of the modality as it is managed by governments, headquarters and resident representatives; to monitor, evaluate and execute audits of government-executed projects; and to make recommendations aimed towards implementation of the modality in accordance with its requirements.



## 6.2 Responsibilities of Governments

Governments which are executing agencies are to adhere to the provisions for audits contained in project documents. It is primarily a government's responsibility to identify and appoint the auditing body, to fund the cost of an audit out of government's resources and to ensure that the audit is performed in accordance with generally accepted common auditing standards and completed within 120 days of the end of the year.

Governments are the recipients of the auditors reports. After their review and comments, governments are to forward three copies of the audit reports to resident representatives.

## 6.3 Responsibilities of Resident Representatives

UNDP resident representatives are primarily responsible for the following:

- Ensuring that project documents include the government's responsibility for accounting, auditing, and identification of the proposed auditing body;
- In consultation with governments, UNDP resident representatives have a major role in the selection process of projects to be audited;
- Ensuring that governments comply with audit requirements when government-executed projects are selected for audit;
- Ensuring the receipt and distribution to headquarters of three copies of audit reports; and
- For maintaining an appropriate follow-up until adverse findings and recommendations contained in an audit report are corrected.

Three copies of each project's audit report should be submitted to the Government Execution audit Section, DAMR, UNDP headquarters no later than 120 days after the end of the calendar year.

## 6.4 The Audit Approach

The major aspects of the audit approach are:

- Selecting projects for audit;
- Monitoring the conduct of an audit; and
- Following up on the auditor's findings and recommendations.

### a) Selection Criteria

The UNDP Financial Regulations and Rules include the provision for audit of each government-executed project. This is also stated in each project document. Pending a review of the provision, it is accepted that audits of all of the projects within a country's government-executed projects portfolio may not be practical. Thus, an understanding has been reached with the United Nations Board of auditors that each government should ensure that no less than 80 per cent of its annual government-execution expenditure be audited. The selection of projects to be audited, whose expenditure would make up the 80 per cent, is to be decided by governments, in consultation with resident representatives and DAMR, if necessary.

b) Liaising with the Auditor

The Government Execution Audit Section, DAMR is to liaise with the auditors ascertaining in the process that the auditors are availed of all relevant UNDP Financial Regulations, Rules, Procedures and Guidelines, and have access to project management financial and administrative records. In essence, the Section is to ensure that the auditor's work is facilitated.

c)- Follow-up on Audit Findings

Project managements should ensure that actions are taken to correct adverse audit findings and the Government Execution audit Section is to maintain a follow-up on the matter with UNDP resident representatives.

## 7.0 Source of Audit Funding

Governments are primarily responsible for funding the cost of audits. Under exceptional circumstances UNDP may be willing to approve the use of "add-on" funds, when available, for audit costs.

"Add-on" funds requirement for audits should be determined at the stage of project formulation for new projects and prior to project budget revision for existing projects. Requests for "add-on" funds should be submitted in advance to the Director, Division of Finance, UNDP headquarters.

## I. EXTERNAL AUDIT

### Article XVII. External Audit

Regulation 17.1: The External Audit provisions of Article XII of the United Nations Financial Regulations have been annexed for information to these Regulations and shall, mutatis mutandis, apply to UNDP, except that:

- a) The reports of the Board of Auditors, together with the audited financial statements and the comments thereon of the Advisory Committee, shall also be transmitted to the Members of the Governing Council;
- b) Executing agencies which are organizations of the United Nations system shall transmit to the Administrator for submission to the Governing Council annual accounts showing the status of funds allocated to them by the Administrator for the execution of UNDP activities. Such accounts shall bear audit certificates from the organizations' External Auditors and shall be accompanied by their reports, if any, and copies of any relevant resolutions adopted by their legislative or governing bodies;
- c) In submitting the above annual accounts to the Governing Council, the Administrator shall comment on the Auditors' substantive observations and on their follow-up;
- d) Notwithstanding (b) and c) above, executing agencies which are organizations of the United Nations system and which have adopted a biennial financial period but which do not receive audit certificates covering the accounts of the first year of the biennium shall submit interim accounts for that year. Such interim accounts may be unaudited, provided that audited accounts are submitted covering both years of the biennial financial period.

Regulation 17.2 The Administrator shall ensure that Governments which are executing agencies, and other parties selected for project implementation under Regulation 8.10(e), shall require their auditors to follow, to the extent feasible, the audit principles and procedures prescribed for the United Nations with respect to funds obtained from or through UNDP and shall submit audit reports annually together with the reports specialized in the project document and under Article XV of these Regulations.

Information Annex

**UNITED NATIONS FINANCIAL REGULATIONS**

**ARTICLE XII. EXTERNAL AUDIT**

**Appointment of a Board of Auditors**

Regulation 12.1: The General Assembly shall appoint a Board of Auditors to perform the audit of the accounts of the United Nations. This Board shall consist of three members, each of whom shall be the Auditor-General (or officer holding the equivalent titles) of a Member State.

**Tenure of office of the members of the board of Auditors**

Regulation 12.2: The members of the Board of Auditors shall be elected for a three-year term of office. The term of office shall commence on 1 July and expire on 30 June three years subsequent thereto. The term of office of one of the Members shall expire each year. Consequently, the General Assembly shall elect each year a member to take office from 1 July of the following year.

Regulation 12.3: If a member of the Board of Auditors ceases to hold office as Auditor-General (or equivalent title) in his own country, his tenure of office shall thereupon be terminated and he shall be succeeded as a member of the Board by his successor as Auditor-General. A Board member may not otherwise be removed during his tenure of office except by the General Assembly.

**Scope of Audit**

Regulation 12.4: The audit shall be conducted in conformity with generally accepted common auditing standards and, subject to any special directions of the General Assembly, in accordance with the additional terms of reference set out in the annex to the present Regulations.

Regulations 12.5: The board of Auditors may take observations with respect to the efficiency of the financial procedures, the accounting system, the internal financial controls and, in general, the administration and management of the Organization.

Regulation 12.6: The Board of Auditors shall be completely independent and solely responsible for the conduct of the audit.

Regulation 12.7: The Advisory Committee may request the Board of Auditors to perform certain specific examinations and issue separate reports on the results.

### **Facilities**

Regulation 12.8: The Secretary-General shall provide the Board of Auditors with the facilities it may require in the performance of the audit.

Regulation 12.9: For the purpose of making a local or special examination or of effecting economies in the audit cost, the Board of Auditors may engage the services of any national Auditor-General (or equivalent title) or commercial public auditors of known repute, or any other person or firm who, in the opinion of the Board, is technically qualified.

Regulation 12.10: The Board of Auditors shall issue a report on the audit of the financial statements and relevant schedules relating to the accounts for the financial period, which shall include such information as the Board deems necessary with regard to matters referred to in regulation 12.5 and in the additional terms of reference.

Regulation 12.11: The reports of the Board of Auditors shall be transmitted to the General Assembly through the Advisory Committee, together with the audited financial statements, in accordance with any directions given by the Assembly. The Advisory Committee shall examine the financial statements and the audit reports and shall forward them to the Assembly with such comments as it deems appropriate.

### **Audit assignment allocation**

Regulation 12.12: The Board of Auditors shall, subject to the concurrence of the Advisory Committee, allocate and rotate the audit work among the members of the Board.

# UNITED NATIONS FINANCIAL REGULATIONS

## ANNEX

### Additional terms of reference governing the audit of the United Nations

1. The Board of Auditors shall perform jointly and severally such audit of the accounts of the United Nations, including all trust funds and special accounts, as it deems necessary in order to satisfy itself:
  - a) That the financial statements are in accord with the books and records of the Organization;
  - b) That the financial transactions reflected in the statements have been in accordance with the Rules and Regulations, the budgetary provisions and other applicable directives;
  - c) That the securities and moneys on deposit and on hand have been verified by certificate received direct from the Organization's depositaries or by actual count;
  - d) That the internal controls, including the internal audit, are adequate in the light of the extent of reliance placed thereupon;
  - e) That procedures satisfactory to the Board of Auditors have been applied to the recording of all assets, liabilities, surplus and deficits.
2. The Board of Auditors shall be the sole judge as to the acceptance in whole or in part of certifications and representations by the Secretary-General and may proceed to such detailed examination and verification as it chooses of all financial records, including those relating to supplies and equipment.
3. The Board of Auditors and its staff shall have free access at all convenient times to all books, records and other documentation which are, in the opinion of the Board of Auditors, necessary for the performance of the audit. Information which is classified as privileged and which the Secretary-General (or his designated senior officials) agrees is required by the Board for the purposes of the audit and information classified as confidential shall be made available on application. The Board of Auditors and its staff shall respect the privileged and confidential nature of any information so classified which has been made available and shall not make use of it except in direct connexion with the performance of the audit. The Board may draw the attention of the General Assembly to any denial of information classified as privileged which, in its opinion, was required for the purpose of the audit.
4. The Board of Auditors shall have no power to disallow items in the accounts but shall draw to the attention of the Secretary-General for appropriate action any transaction concerning which it entertains doubt as to legality or propriety. Audit objections, to these or any other transactions, arising during the examination of the accounts shall be communicated immediately to the Secretary-General.

5. The Board of Auditors (or such of its officers as it may designate) shall express and sign an opinion on the financial statements in the following terms:

“We have examined the following appended financial statements, numbered ... to ..., properly identified, and relevant schedules of (name of the body) for the financial period ended 31 December 19... Our examination included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as we considered necessary in the circumstances.”

And which states, as appropriate, whether:

- a) the financial statements present fairly the financial position as at the end of the period and the results of its operations for the period then ended;
  - b) The financial statements were prepared in accordance with the stated accounting principles;
  - c) The accounting principles were applied on a basis consistent with that of the preceding financial period;
  - d) Transactions were in accordance with the Financial Regulations and legislative authority.
6. The report of the Board of Auditors to the General Assembly on the financial operations of the period should mention:
- a) The type and scope of its examination;
  - b) Matters affecting the completeness or accuracy of the accounts, including where appropriate:
    - (i) Information necessary to the correct interpretation of the accounts;
    - (ii) Any amounts which ought to have been received but which have not been brought to account;
    - (iii) Any amounts for which a legal or contingent obligation exists and which have not been recorded or reflected in the financial statements;
    - (iv) Expenditures not properly substantiated;
    - (v) Whether proper books of accounts have been kept - where in the presentation of statements there are deviations of a material nature from the generally accepted accounting principles applied on a consistent basis, these should be disclosed;
  - c) Other matters which should be brought to the notice of the General Assembly, such as:
    - (i) Cases of fraud or presumptive fraud;
    - (ii) Wasteful or improper expenditure of the Organization's money or other assets (notwithstanding that the accounting for the transaction may be correct);
    - (iii) Expenditure likely to commit the Organization to further outlay on a large scale;
    - (iv) Any defect in the general system of detailed regulations governing the control of receipts and disbursements or of supplies and equipment;

- (v) Expenditure not in accordance with the intention of the General Assembly after making allowance for duly authorized transfers within the budget;
- (vi) Expenditure in excess of appropriations as amended by duly authorized transfers within the budget;
- (vii) Expenditure not in conformity with the authority which governs it;

d) The accuracy or otherwise of the supplies and equipment records as determined by stock-taking and examination of the records;

e) If appropriate, transactions accounted for in a previous year concerning which further information has been obtained or transactions in a later year concerning which it seems desirable that the General Assembly should have early knowledge.

7. The Board of Auditors may make such observations with respect to its findings resulting from the audit and such comments on the Secretary-General's financial report as it deems appropriate to the General Assembly or to the Secretary-General.
8. Whenever the scope of audit of the Board of Auditors is restricted, or whenever the Board is unable to obtain sufficient evidence, it shall refer to the matter in its opinion and report, making clear in its report the reasons for its comments and effect on the financial position and the financial transactions as recorded.
9. In no case shall the Board of Auditors include criticism in its report without first affording the Secretary-General an adequate opportunity of explanation on the matter under observation.
10. The Board is not required to mention any matter referred to in the foregoing which in its opinion, is insignificant in all respects.



**ANNEX X**

Letter of endorsement



**MINISTÉRIO DO MEIO AMBIENTE, DOS RECURSOS HÍDRICOS  
E DA AMAZÔNIA LEGAL**

Ofício nº 31 - SMA/GABIN

Brasília, 22 de março de 1996.

Senhor Representante,

Manifesto a Vossa Senhoria o interesse do Governo Brasileiro em mobilizar recursos financeiros, do Fundo para o Meio Ambiente Mundial (GEF), por intermédio do Programa das Nações Unidas para o Desenvolvimento (PNUD), para custear despesas relacionadas com a elaboração de:

- Estratégia Nacional e Plano de Ação de Diversidade Biológica,
- Inventário Nacional (Country Study) da Diversidade Biológica,
- Relatório para a Convenção sobre Diversidade Biológica

2. Está sendo preparada uma pré-proposta do projeto, que proximamente será enviada a Vossa Senhoria.

3. Solicito de Vossa Senhoria a gentileza do adiantamento das providências necessárias à aprovação do projeto.

Atenciosamente,

**HAROLDO MATTOS DE LEMOS**  
Secretário de Coordenação dos Assuntos  
do Meio Ambiente

A Sua Senhoria o Senhor  
Cesar A. Miquel  
Representante Residente do PNUD no Brasil  
Brasília, DF

UNITED NATIONS	
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FIN. SEC. Biological Dept	
Nº 2049	
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