



# PROJECT IDENTIFICATION FORM (PIF)

PROJECT TYPE: Full-sized Project  
THE GEF TRUST FUND

Submission Date: 3 September 2008

Re-submission Date:

## PART I: PROJECT IDENTIFICATION

GEF PROJECT ID<sup>1</sup>: 3767 PROJECT DURATION: 5 YEARS

GEF AGENCY PROJECT ID: 606160

COUNTRY(IES): Brazil

PROJECT TITLE: Strengthening National Policy and Knowledge Frameworks in Support of Sustainable Management of Brazil's Forest Resources

GEF AGENCY(IES): FAO

OTHER EXECUTING PARTNER(S): Brazilian Forest Service (BFS), under the Ministry of Environment (MMA), in coordination with the Brazilian Institute for Geography and Statistics (IBGE); the Brazilian Ministry of Science and Technology/National Institute for Spatial Research (INPE) and the Brazilian Agricultural Research Corporation (Embrapa Forestry).

GEF FOCAL AREA (S)<sup>2</sup>: Biodiversity, Climate Change

GEF-4 STRATEGIC PROGRAM(S): BD-SP4; CC-SP6

NAME OF PARENT PROGRAM/UMBRELLA PROJECT (if applicable): Sustainable Forest Management

PROJECT PROMOTES SOUND CHEMICAL MANAGEMENT (if applicable): yes  no X

INDICATIVE CALENDAR*	
Milestones	Expected Dates
Work Program (for FSP)	11/2008
CEO Endorsement/Approval	03/2010
Agency Approval Date	04/2010
Implementation Start	09/2010
Mid-term Evaluation (if planned)	03/2013
Project Closing Date	09/2015

\* See guidelines for definition of milestones.

### A. PROJECT FRAMEWORK (Expand table as necessary)

**Project Objective:** To develop and support informed and participatory strategic decision making in natural resources management, with emphasis on controlling adverse land use-change, mainstreaming biodiversity conservation in forest management and improving livelihoods.

Project Components	Indicate whether Investment, TA, or STA**	Expected Outcomes	Expected Outputs	Indicative GEF Financing*		Indicative Co-financing*		Total (\$) c = a + b
				(\$ a)	%	(\$ b)	%	
1. National framework for forest resource monitoring, analysis and strategic decision making.***	70% TA 30% STA	1. Partners are organised and collaborate to ensure that SFM is mainstreamed in development policy and practices at the national and local levels.	1. Partnership framework between BFS and other relevant agencies (government, private-sector and NGOs) at the national and local levels. 2. National consensus about information needs and appropriate analytical framework required to monitor, analyse and oversee future forest management and land-use decisions.	400,000	29	1,000,000	71	1,400,000
2. Capacity building for strategic decision making.	50% Inv. 30% TA 20% STA	1. Partners work efficiently to collect and analyse information about forest resources and	1. National forest resource monitoring and analysis process operational and self-sustaining. 2. Roughly 2,500 students, technicians and professionals trained in collection and analysis of information about	800,000	35	1,500,000	65	2,300,000

<sup>1</sup> Project ID number will be assigned initially by GEFSEC.

<sup>2</sup> Select only those focal areas from which GEF financing is requested.

		influence development policies more effectively.	forest resources and sustainable forest management. 3. Capacity for improved decision making is sustained through production and dissemination of training materials and implementation of forest information system.					
3. Support to monitoring and information system.	60% Inv. 30% TA 10% STA	1. Baseline information is established and widely used in national policy processes and for reporting to international fora.	1. Harmonized land cover/ land use classification system. 2. Qualitative and quantitative data on forests obtained (through landscape analysis of satellite images combined with systematic field sampling). 3. Data is processed, analysed and widely disseminated (and used as input to Component 4). 4. Forest information system established to store information and support strategic decision making. 5. Long-term monitoring system established (using permanent sample plots all over the country covering a representative sample of land uses).	5,450,000	16	28,100,000	84	33,550,000
4. Policy reform to enhance the contribution of SFM to national development and the global environment.	10% Inv. 40% TA 50% STA	1. Emissions from LULUCF are reduced. 2. Biodiversity conservation and livelihoods are enhanced. 3. SFM is mainstreamed into national and local development policies.	1. Policies and instruments to reduce emissions and biodiversity loss from adverse land-use changes. 2. Policies and instruments to strengthen biodiversity conservation in production forests and support local livelihoods. 3. National development policies are reviewed and revised in recognition of the cross-sectoral linkages between SFM and other development objectives.	1,550,000	61	1,000,000	39	2,550,000
5. Project management				650,000	22	2,300,000	78	2,950,000
<b>Total project cost</b>				<b>8,850,000</b>	<b>21</b>	<b>33,900,000</b>	<b>79</b>	<b>42,750,000</b>

\* List the \$ by project components. The percentage is the share of GEF and Co-financing respectively to the total amount for the component.

\*\* TA = Technical Assistance; STA = Scientific & technical analysis.

\*\*\* Forest resource monitoring and analysis is defined here broadly as including the gathering and analysis of information about forests and trees outside forests, associated socio-economic, biological and geographical data (e.g. information about forest-uses, biodiversity, climate and soil types) and the full range of goods and services – including socio-economic values – that these resources might provide

**B. INDICATIVE FINANCING PLAN SUMMARY FOR THE PROJECT (\$)**

	Project Preparation (a)		Project (b)	Total C = a + b	Agency Fee
	PDF-A/B	PPG			
GEF		150,000	8,850,000	9,000,000	900,000
Co-financing		100,000	33,900,000	34,000,000	
<b>Total</b>		250,000	42,750,000	43,000,000	900,000

**C. INDICATIVE CO-FINANCING FOR THE PROJECT PROJECT PREPARATION AND FOR PROJECT BY SOURCE and BY NAME (in parenthesis) if available, (\$)**

Sources of Co-financing	Type of Co-financing	Project Preparation	Project	Total
Project Government Contribution (mostly in cash)	Cash and in-kind	100,000	33,600,000	33,700,000
GEF Agency(ies)	in-kind		300,000	300,000
Bilateral Aid Agency(ies)	(select)			
Multilateral Agency(ies)	(select)			
Private Sector	(select)			
NGO	(select)			
Others	(select)			
<b>Total co-financing</b>				34,000,000

**D. GEF RESOURCES REQUESTED BY AGENCY (IES), FOCAL AREA(S) AND COUNTRY(IES)\***

GEF Agency	Focal Area	Country Name/ Global	(in \$)			
			PPG** (a)	Project (b)	Agency Fee (c)	Total d=a+b+c
FAO	Biodiversity	Brazil	100,000	5,400,000	550,000	6,050,000
FAO	Climate Change	Brazil	50,000	3,450,000	350,000	3,850,000
<b>Total GEF Resources</b>			150,000	8,850,000	900,000	9,900,000

\* No need to provide information for this table if it is a single focal area, single country and single GEF Agency project.

\*\* Input only if PPG request submitted with PIF; if no PPG requested, leave the column blank.

**PART II: PROJECT JUSTIFICATION**

**A. STATE THE ISSUE, HOW THE PROJECT SEEKS TO SOLVE IT AND THE EXPECTED GLOBAL ENVIRONMENTAL BENEFITS TO BE DELIVERED:**

Brazil's forests constitute 12% of the global forest area and a quarter of the tropical forest area. They account for a significant proportion of global terrestrial biodiversity and store about 20% of global above ground forest carbon. At the same time, these forests are under pressure from other land uses, resulting in the highest amount of deforestation in the World (currently -3.1 million ha per year). Brazil's forests are also subject to widespread degradation and devastating fires. This combination of land use changes, forest degradation and fires leads to an estimated 952 Tg CO<sub>2</sub> annual emissions that account for 92% of all of Brazil's net carbon emissions (Brazil's first National Communication to UNFCCC in 2004).

The future of Brazil's forests and the implications of future land use changes on biodiversity, climate and the provision of other ecosystem services are a major concern at the national and global level. However, despite considerable investments in scientific research and institutional development, the capacity for decision making and policy formulation with respect to natural resource management remains weak at the national level.

Discussions within Brazil and with international partners (see Box 1) have revealed that a major barrier to the implementation of sustainable forest management (SFM) and rational land use decisions is the lack of reliable, systematic, nationwide, comprehensive and in-depth knowledge about the forest resource (including its management, uses, users, as well as developments over time). Without this knowledge it is impossible to make wise, participatory and democratic,

decisions about policies in forestry and related sectors and it is very difficult to balance environmental concerns (e.g. climate change, biodiversity conservation and sustainable land management) against national development goals. It is also impossible to guarantee sustainable forest management. Furthermore, where information is lacking, not transparent or unreliable, disagreement over facts permeates national and international debates about the contributions that forests can make to broader sustainable development goals and it is difficult to generate broad support amongst all stakeholders for specific measures to improve natural resource management.

### **Box1: Background to project development**

The need for improved information management to enhance policy formulation and improve forest management was highlighted in 2005 at a national workshop organised by the Ministry of Environment. This workshop discussed some of the main issues that should be examined further and, following this, a technical committee consulted with others to outline a national framework for forest resource monitoring and analysis and start to develop a national project that allows reaching stronger policy basis for sustainable forest management. The committee consulted widely with national experts and other interest groups from various institutions at different levels and presented a first draft proposal at a second national workshop in December 2006. As part of this effort, FAO supported Brazil in a pilot phase to test the methodologies and approaches and further develop the national project from which this GEF proposal is drawn.

In addition to the above, another major weakness in policy formulation has been the lack of coordination between institutions (at state and national level) and the fragmented approach of international support in this area in the past. To address this, the newly established Brazilian Forest Service has the mandate to co-ordinate and oversee forest management at the national level and is requesting this project to strengthen its capacity through the following four components:

**Component 1: National framework for forest resource monitoring, analysis, strategic decision making:** A country as large and complex as Brazil can only develop and implement strategic forestry and land-use decisions if all stakeholders discuss and reach consensus on the modalities for decision making (including the generation, analysis and dissemination of information on which those decisions are based). This component will build the necessary institutional partnership for sustainable forest management that will define information needs and analytical tools that will be used to improve policy making and SFM. (This immediate output will occur during the duration of the project, but the partnership will continue beyond this to maintain and build upon this output). In addition, and in accordance with the mandate of the BFS, this component will also include co-ordinating and developing synergies between the many, fragmented forestry projects currently operating in Brazil (e.g. including those mentioned in section D) and streamlining national efforts for SFM.

**Component 2: Capacity building for strategic decision making:** As the new National Forest Law and BFS were only established in 2006, the capacity to gather information, analyse and disseminate it and support SFM and strategic decision making in a co-ordinated fashion at the national level is not yet developed. Therefore, considerable capacity building is required to design and implement procedures for the generation and analysis of information that will be coherent, comparable and co-ordinated across the many partner institutions working in the forestry sector for SFM. Through training and development of tools, databases and other materials, this component will build the human resources and institutional arrangements necessary for continued SFM and strategic decision making oriented forest resource assessment.

**Component 3: Support to monitoring and information system:** Baseline information for sustainable forest management and policy formulation will be collected using the following techniques:

- Site surveys: Field information will be collected from systematic samples across the country and covering the six biomes at different intensities. The sampling design for field data collection will follow established national standards. This information will include the biophysical attributes of forests and trees, biodiversity, carbon stocks, practised management systems and their effect on forests, disturbances, tenure and ownership, combinations of land uses in the landscape, and an array of other social and environmental parameters.

- **Interviews:** To complement site surveys, socioeconomic surveys will be carried out simultaneously at the same locations to interview representative key informants, aiming to gather data to describe how local communities view and are using their available forest and tree resources and also informing them about the national policy in relation to forestry incentives.
- **Mapping:** This component encompasses the preparation of topographic and vegetation maps nationwide. The vegetation map will support and complement the field information collection. Among the landscape attributes to be analysed are: forest fragmentation for biodiversity assessment, changes on forest cover and land use and the conditions of permanent protected areas.

The project will work to harmonize the land cover/land use classification system, carry out field surveys for data collection on forest and trees biophysical and socio-economic properties and set up a long term monitoring system for sustainable forest management. It will generate information on landscape from analysis of remote sensing data and set up a forest information system to host the collected data and the generated information. The field and map data will be processed, information analysed and findings published and made public for immediate use by stakeholders for sustainable forest management. The project will cover the entire country with adapted knowledge generation approaches in the six biomes (Amazon, Cerrado, Pantanal, Atlantic Rainforest, Caatinga and Pampa) and adopting a landscape/integrated land use perspective for sustainable forest management.

**Component 4: Policy reform to enhance the contribution of SFM to national development and the global environment:** The knowledge generated through a transparent and participatory approach in components 1-3 will provide a foundation for revision and adaptation of the public social, economic and environmental policies and development strategies that will strengthen sustainable forest management. The generated knowledge used to revise and reform policies and influence future decisions on sustainable forest management will be an integrated component of the project. A detailed work plan will be developed in the project preparation phase, which will include a review of policies and institutional arrangements that may be revised during the course of this project.

The project will ensure that the information and analysis generated by Components 1-3 will be widely used in the national decision making process, including in the revision and adaptation of the national forestry policy, development strategies and in the design of the national forest programme that aims at sustainable forest management. It will also facilitate the inclusion of forest resources and benefits in broader development policy processes (e.g. on poverty, energy and land use). Furthermore, the project will ensure that the global environmental benefits from forests are properly accounted for in national planning and decision making (e.g. by mainstreaming biodiversity conservation objectives in production forestry activities and mainstreaming SFM in overall development policies). It will also focus on improving the livelihoods of poor rural people through revised and improved approaches to forest management, as this will be critical to reducing deforestation, forest degradation and broader adoption of SFM.

#### **Global environmental benefits (GEBs):**

The project will increase the availability of information on the state of the Brazil's forests and tree resources and their management systems and, by analysing this information, will enhance the capacity of the Government of Brazil to tackle environmental threats with adapted policies and strategies. The main GEBs are likely to be enhanced biodiversity conservation in the production landscape, reduced emissions from land use change, reduced land degradation in forest landscapes and forest degradation.

**Biodiversity conservation:** Brazil has one of the largest and most diverse terrestrial ecosystems in the world. By systematically collecting information about biodiversity in forests and analysing the human, economic and environmental factors that affect that biodiversity, the project will help Brazil to adapt policies and develop operational strategies to maintain the quality of habitats that contain species of global significance through adapted sustainable forest management. This is particularly important at this time, as Brazil is now developing new arrangements for the management of production forests within public lands that present an opportunity to ensure that biodiversity conservation is mainstreamed into these activities. Although most sampling sites are likely to be found in the production landscape, many of these areas are likely to occur in High Conservation Value Forests (and some sampling sites will fall in protected forest areas), so the impact of the project on biodiversity conservation is likely to be significant.

**Reduced emissions, forest and land degradation:** The project will improve the knowledge base and understanding the driving forces of deforestation and forest degradation processes, which will lead to the adoption of effective measures to curb deforestation. This will result in reduced carbon emissions from adverse land use change and will help to slow the

gradual degradation of forests and associated land. An additional benefit will be the reduction in biodiversity losses that may occur with more rational land use decisions.

An indirect GEB of the project will be the impact that improved information and analysis of Brazil's forests will have on international negotiations on forests and on the global understanding of SFM and, in particular, climate change processes. As Brazil accounts for such a large share of the global tropical forest resource, the knowledge generated by this project will facilitate enhanced scientific assessment and modelling of global forest resources and climate change and will enhance the international dialogue on forests and nature conservation.

## **B. DESCRIBE THE CONSISTENCY OF THE PROJECT WITH NATIONAL PRIORITIES/PLANS:**

**Biodiversity:** Implementation of Brazil's National Biodiversity Strategy Action Plan started in 1998 and includes (amongst others) the following priority actions: development and publication of strategic studies; elaboration of the National Biodiversity Policy; creation and implementation of the Biodiversity Information Network; and development of proposals for implementation of the National Biodiversity Policy. In collaboration with existing initiatives conducted by Biodiversity and Forest Secretariat, such as the National Biodiversity Project (PROBIO) and vegetation mapping aimed at biodiversity monitoring, this project will respond to those priorities by filling-in gaps in existing information, analysis and knowledge.

**Climate Change:** Brazil has already instigated a number of projects, programmes and policy measures to monitor and combat climate change. Examples related to forestry include the Project for Gross Deforestation Estimation in the Brazilian Legal Amazonia (PRODES), the National System of Conservation Units (SNUC) and the National System of Forest Fire Prevention and Control (PREVFOGO). This project is consistent with the aims and objectives of these programmes and will contribute to them through their participation in the project as Executing Partners. Furthermore, the design of site surveys' methods and its linkage with national vegetation mapping will contribute to harmonise data with IPCC guidelines to the national report to UNFCCC.

**SFM and National Forestry Policy:** The new law (Forest Law 11.284, 2006) defined the modalities for forest resource management, including the creation of the Brazilian Forest Service (BFS) within the Ministry of Environment, and establishes the National Forest Development Fund. The activities planned under this project are indicated as a high priority in the Law and its implementation strategy and this project has been designed in collaboration with the BFS to meet this need. The project is expected to contribute to the design of policies and procedures that will be required to implement the new law, as well as a wisely long term planning of forestry sector expansion, taking into account the current state of the natural resources in the country and their contribution to social, economic and environmental development.

**Other National Policies:** Numerous other national policies in areas such as environment, land reform, agriculture, energy and mining have linkages to forestry and can have major impacts on forests and the global environmental benefits that they produce. During the project preparation phase, this project will be designed to ensure that it is consistent with the aims and objectives of these numerous policies and programmes in the areas where there are strong cross-sectoral linkages with the forestry sector.

## **C. DESCRIBE THE CONSISTENCY OF THE PROJECT WITH GEF STRATEGIES AND STRATEGIC PROGRAMS:**

One of the ultimate aims of this project will be to assist with the integrating of biodiversity conservation in production landscapes. Although the project will focus heavily on forested landscapes, the use of systematic sampling and holistic approaches to data collection and analysis will ensure that forest management will be examined at the landscape level and with full attention to the social and economic drivers of current management practices. Thus, the project is in line with the aims and objectives of BD-SO2. At the programme level, the project will overcome several of the constraints noted in BD-SP4 (e.g. weak capacity and lack of knowledge) and, through the policy reforms envisaged as a final output of this project, it should result in the mainstreaming of biodiversity concerns in overall development efforts with respect to forestry and other land uses. Therefore, the project is consistent with the approach outlined in BD-SP4 to remove critical knowledge barriers, develop institutional capacities and establish the policies, legislative and regulatory frameworks required to integrate biodiversity conservation and sustainable use objectives into the actions of the production sectors.

The project can also enhance markets for biodiversity goods and services, as measures to encourage such markets require much better knowledge about forest resources (as a foundation for the development of national capacities and an enabling environment for such markets to thrive). Thus, it can also make a contribution to achieve BD-SP5.

A second aim of the project will be to collect and analyse data on land use and land use change with respect to forestry (LULUCF) with a view to developing national capacity and policies, regulations and other measures that will reduce land-use changes that have an adverse impact on carbon emissions. This aim is clearly in line with that of CC-SO7. Through the development of a systematic methodology to measure and understand forest land use changes and the identification and implementation of policies and practices that reduce emissions from LULUCF, the activities proposed here are consistent with those stated in CC-SP6. In addition, by establishing a nationwide forest monitoring and assessment system that will include indicators of carbon storage (drawing from current scientific knowledge and the IPCC Good Practise Guidance) the project will contribute to the broader aim of CC-SP6 to develop and implement such methodologies for future use across all GEF carbon-related projects.

Similarly, the generation of improved forestry knowledge and subsequent policy reform will also assist with creating an enabling environment that places SLM in the mainstream of development policy and practice (an objective of LD-SO2). The project will vastly increase the understanding of the inter-relations between forests, other woodlands, trees outside forests and other land uses, leading to opportunities for integrated land use policies and planning. It will also challenge current sectoral boundaries by increasing understanding about the frequent combinations of different land uses on the same site and how to manage these situations. Thus, with respect to LD-SP2, it will strengthen the national enabling policy and institutional environment for managing forest and woodland resources in the wider production landscape and assist with defining strategies to avoid the degradation of woodlands, forest margins and further forest fragmentation (mainly caused by expanding cropland and grazing activities in Brazil).

#### **D. OUTLINE THE COORDINATION WITH OTHER RELATED INITIATIVES:**

The current project will be coordinated by the BFS, which is also responsible, through its charter, for developing the National Forest Information System. Considering the complexity and diversity of the activities, the project will be implemented in partnership with other institutions that will implement specific components of the project in their fields of technical expertise. Among the partner institutions are: the Brazilian Institute for Geography and Statistics (IBGE) responsible for vegetation mapping; the National Institute for Spatial Research (INPE) to coordinate the satellite image interpretation at landscape level; and Embrapa Forestry (the forestry branch of the Brazilian Agricultural Research Corporation), which will contribute to development of the analytical framework that will support future decision making. Universities will also take part in training, research and development activities and private companies and organisations will be involved in data collection in their areas of operation.

The project will build upon the results of many previous FAO forestry projects implemented in Brazil, such as: Validación de 15 indicadores priorizados de sostenibilidad del bosque amazónico (TCP), the Technical Assistance for the Preparation and Initiation of the Atlantic Forest Programme in Brazil (GCP), the Management of Forests, Support to Sustainable Production and Strengthening of Civil Society in the Brazilian Amazon (GCP) and many other FAO projects connected to biodiversity and natural resources. In particular, it will build upon the recent pilot project “Establishing Methodological Basis and Building Partnerships for Brazil’s National Forest Resources Inventory” funded through the Technical Cooperation Programme (TCP) of FAO and will link very strongly with the two FAO projects in Brazil currently assisting with the development of new and revised national practices and policies for production forest management.

With respect to GEF (and other) projects, there have been numerous previous GEF forest-related projects and there are a number of ongoing projects with a forestry component. Many of these projects had/have forest information components and the project will build on the achievements and lessons learnt from these and other donor-supported forestry projects in the country. In addition, it is expected that this project will make a significant contribution to the recently approved global GEF project on modelling, measurement and monitoring of carbon benefits. A detailed analysis of past and current projects will be made during the project preparation phase to ensure that the project benefits from the outputs of these other interventions and mechanisms for current and future coordination will be developed (under Component 1) as this is a core function of the newly established BFS.

#### **E. DISCUSS THE VALUE-ADDED OF GEF INVOLVEMENT IN THE PROJECT DEMONSTRATED THROUGH INCREMENTAL REASONING:**

The high level of proposed government co-financing for this project certainly indicates that, without GEF support, Brazil will start to gather more information about their forest resources. However, with a more limited budget, it is likely that this effort will be focused on national priorities (primarily focused in the economic domain) and pay less attention to data collection, analysis and development of policies to support the generation of global environmental benefits. In particular, policy reform is likely to be more difficult with the more limited resources that would probably be devoted to national

co-ordination, capacity building and analysis in support of policy reform (Components 1, 2 and 4). Efforts to mainstream biodiversity conservation and combat adverse land-use changes are also likely to be less effective without the strong co-ordination and significant technical benefits that this project will bring (e.g. FAO's internationally recognised expertise as a global centre of knowledge about forest management and the scale-benefits from co-ordination and collaboration amongst the many different projects in Brazil that this project will achieve).

With GEF support, the project will enable the BFS to adopt and implement a more holistic and far-reaching assessment of the national forest resource (i.e. far beyond simply its national economic value) and strengthen the long-term sustainability of this effort through the development of co-ordination mechanisms and national capacity building as well as the translation of project results into policy actions that support the production of global environmental benefits. A further benefit of GEF support is that the involvement of FAO, GEF and co-ordination with other GEF projects will raise the profile of these activities amongst national and international policy makers. This will help to ensure that the improved knowledge about Brazil's forest resources will have a bigger impact on policy decisions and should also improve information about many issues related to tropical forests at the global level.

**F. INDICATE RISKS, INCLUDING CLIMATE CHANGE RISKS, THAT MIGHT PREVENT THE PROJECT OBJECTIVE(S) FROM BEING ACHIEVED, AND IF POSSIBLE INCLUDING RISK MEASURES THAT WILL BE TAKEN:**

Risk	Mitigation
1. Commitment of Brazil is insufficient or fades away.	- Brazil has already launched some of these activities and is strongly committed to the project. Commitment will be sustained through effective co-ordination and communication between all stakeholders and the Government.
2. Project is not implemented following the participatory approach or there is a lack of support from key stakeholder groups and organisations.	- Many partners will share responsibility for project implementation and their representatives will be invited to participate in project oversight. The project will also establish technical consultative committees at the national and state levels with the aim of supporting the BFS to design and implement activities that reflect the interests of different regions and stakeholders.
3. Donors provide sub-optimal support for all or any of the key elements.	- The project does not envisage a high level of donor support and will mostly be co-financed from the Government budget. FAO will provide a modest level of support, but may be able to add to this from other projects in Brazil if required.
4. Stakeholders require more than what the project can deliver.	- Periodic meetings will be conducted to inform stakeholders and project team members about the scope, possibilities and limitations of the project.
5. National administrative procedures hinder timely implementation of the project work plan.	- The project will ensure that the Government designates leading institutions who will assign full time personnel to the project and to ensure that all levels of decision making on project budget and other issues are in accordance with the project requirements.
6. Climate change risks	- Climate change constitutes severe risks for forests and forestry in Brazil. Furthermore, there is a risk that climate change concerns will trigger decisions that are not well supported by knowledge. The project will mitigate both the overarching climate change risks for forests and forestry, as well as the risks in decision-making related to climate change by securing a systematic and reliable knowledge base as a foundation for devising strategies and following-up on implementation of decisions.

**G. DESCRIBE, IF POSSIBLE, THE EXPECTED COST-EFFECTIVENESS OF THE PROJECT:**

Due to the multi-focal nature of this proposal, it is very difficult to apportion costs and benefits to biodiversity conservation, climate change and land degradation or to estimate precisely the cost-effectiveness of project impacts in different focal areas. However, the following has been calculated to give a rough indication of the cost-effectiveness of this project in the different areas:

**Biodiversity conservation:** Currently, production is the main objective of forest management in around 26 million ha of forest in Brazil (it is a lower-priority management objective in a further 15 million ha). Forest plantations account for slightly more than 5 million ha of this, so about 20 million ha of natural forest in Brazil is used primarily for production. Industrial roundwood production from natural forests has declined significantly over the last 20 years and currently amounts to about 30 million CUM per year, suggesting that about 1 million ha (or maybe slightly more) is probably harvested each year using selective logging. With a total project cost of USD 44 million, the cost of improving biodiversity conservation in production forests through this project would amount to between USD 1 and USD 4 per ha (depending on assumptions about the time it would take for project outputs to have an impact on the ground) and the



benefits of these outputs would have to be measured against this cost (or a proportion of this cost, given that the full project cost is directed towards outputs in many different areas).

Reduced carbon emissions from LULUCF: Brazil's last official estimate of annual carbon emissions from deforestation and forest degradation (from 1994) amounted to 952 Tg CO<sub>2</sub> or 952 million tonnes CO<sub>2</sub>. Assuming that the majority of this comes from deforestation (and excluding the opposite effect of secondary forest regrowth) this is very roughly equal to emissions of 300 tonnes CO<sub>2</sub> for every 1 ha reduction in forest area. Current estimates of the prices paid to reduce CO<sub>2</sub> emissions (from Ecosystem Marketplace) are in the range of USD 5-12 per tonne CO<sub>2</sub>. This implies that each 1 ha reduction in deforestation could have a one-off carbon benefit of USD 1,500-3,600. Based on these figures, the benefits of reduced emissions from LULUCF would exceed the full project cost (USD 44 million) if they resulted in a total reduction in deforestation of only 12,000-30,000 ha compared against a "without project" baseline. Even with a very low "value" of reduced emissions (USD 1 per tonne CO<sub>2</sub>), project benefits would outweigh costs with a one-off reduction in deforestation of 150,000 ha. Given these figures, it seems highly likely that the benefits of improved land-use decisions as a result of this project will far outweigh the costs.

Land degradation: GEF performance indicators for land degradation projects include: the extent to which SFM practices are adopted in new forestry and land laws; the increase in area where SFM is implemented; and the extent to which projects lead to improved local livelihoods. It is anticipated that this project will result in a substantial impact in all of these areas.

The figures above are presented as an indication of the expected cost-effectiveness of this project. Mechanisms to set benchmarks, record and monitor progress will be developed in collaboration with stakeholders as part of full project preparation.

#### **H. JUSTIFY THE COMPARATIVE ADVANTAGE OF THE GEF AGENCY :**

FAO is within the comparative advantage matrix so that no justification is required. Nevertheless, it should be stressed that FAO is already shown by GEF as the agency with comparative advantage in forestry, including in i) climate change mitigation in forestry through carbon sequestration, substitution and conservation; ii) conservation and sustainable use of plant and forest genetic resources; iii) sustainable management of natural and planted forests, including forest health and wildfire prevention and control. In the specific case of Brazil, FAO is a key partner for policy and legal reform in forestry and has been one of the providers of technical assistance for policy making and capacity building in the forestry sector. FAO also functions as centre for knowledge management and dissemination of information on innovative financing mechanisms for sustainable forest management. Through these functions, FAO seeks to promote sustainable forest management, sustainable land management, conservation of biological diversity and climate change mitigation and adaptation in a coherent and complementary basis.

### **PART III: APPROVAL/ENDORSEMENT BY GEF OPERATIONAL FOCAL POINT(S) AND GEF AGENCY(IES)**

#### **A. RECORD OF ENDORSEMENT OF GEF OPERATIONAL FOCAL POINT (S) ON BEHALF OF THE GOVERNMENT(S):** (Please attach the country endorsement letter(s) or regional endorsement letter(s) with this template).

<b>CARLOS EDUARDO LAMPERT COSTA</b> General Coordinator for Social Operations Ministry of Planning, Budget and Management Secretariat of International Affairs Esplanada dos Ministerios, Bloco K, 5 andar CEP 70040-906, Brasilla DF, Brazil TEL: 55 61 3226 1993 FAX: 55 61 3225 4022 E-mail: <a href="mailto:carlos.lampert@planejamento.gov.br">carlos.lampert@planejamento.gov.br</a> <i>(Operational Focal Point)</i>	Date: <i>August 29, 2008</i>
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#### **B. GEF AGENCY(IES) CERTIFICATION**

<p>This request has been prepared in accordance with GEF policies and procedures and meets the GEF criteria for project identification and preparation.</p>	
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