**BRAZIL****Ecosystem Restoration of Riparian Forests in São Paulo Project****Minutes of Negotiations**

1. Technical discussions on a GEF Grant for the above-referenced project were held in São Paulo on March 16, 2005, followed by negotiations of the grant agreement and related documents via video conference (DC/ Sao Paulo) on April 14, 2005. A list of participants is attached as Annex 1 to the Minutes.

**Agreements Reached**

2. The agreements reached during the discussions are reflected in the following document: draft Grant Agreement (Ecosystem Restoration of Riparian Forests in São Paulo Project), dated April 14, 2005, between the State of São Paulo and the International Bank for Reconstruction and Development, acting as an Implementing Agency of the Global Environment Facility.

3. It was also agreed that the Project Indicators (output and outcome) set out in Annex 3 of the PAD will be used to monitor project implementation progress and achievement of project results. The indicators will be incorporated in the Operational Manual and used during project implementation as set forth in Sections 1.02 (q) and 3.03 (a) of the Grant Agreement.

**Other Agreements and Clarifications**

4. The Draft Project Appraisal Document was revised taking into account different comments agreed and the Recipient confirmed its agreement to its disclosure as per Bank policy after Board approval of the grant. The indicators will be incorporated in the Operational Manual and used during Project implementation as set forth in Sections 1.02 (q) and 3.03 (a) of the grant agreement.

5. It was agreed that the requirement for a project financial management system satisfactory to the Bank, as mentioned in Section 6.01 (d), will be fulfilled by the *Sistema de Acompanhamento Físico-Financeiro (SAFF)*, once it is customized to incorporate the suggestions already made by the Bank's financial management specialist. It was also agreed that the Inter-Agency Coordination Committee mentioned in Section 3.01 (c) (i) (B), includes the State Secretaries of *Fazenda, Economia e Planejamento, Meio Ambiente, and Agricultura e Abastecimento*.

6. The Government of São Paulo confirmed its commitment to provide project co-financing in the amount of US\$ 10,630,600.00, consisting of the following already budgeted resources: (a) US\$ 3,295,000.00 from the State Secretariat of Environment (SMA) as counterparts for implementation of the project; and US\$ 7,335,600 from the

São Paulo Land Management III Bank loan implemented by the Secretariat of Agriculture and Supply (SAA), to be re-directed to the areas where the GEF project will be implemented. This co-financing would enable the implementation of Parts C.1 and D.3 (a) of the Project as set forth in Section 3.01 (a) (ii) of the grant agreement, and the financing of all seedlings required for implementation of part C.2.

7. The São Paulo delegation confirmed its final agreement with the draft Grant Agreement dated April 14, 2005, and informed the Bank Team that the signing of the Grant Agreement is subject to the authorization of the *Procuradoria Geral do Estado*, after its review of the final version of the document.

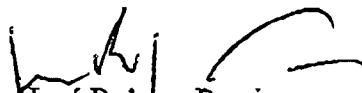
8. The Bank Team indicated that the Grant is scheduled to be presented to the Board on June 21, 2005.

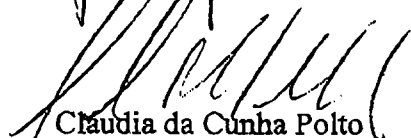
9. The proceeds of the grant account will be only used to finance eligible expenditures as provided for in the grant agreement.


10. Project expenditures from March 15, 2005, financed from SMA resources will be counted as part of the project cost and considered as State counterpart/co-financing.

São Paulo, April 14, 2005


**For the São Paulo Delegation**

  
José Rubens Pereira  
Diretor de Captação de Recursos  
Secretaria da Fazenda

  
Claudia da Cunha Polto  
Procuradora do Estado, Assessora  
Procuradoria Geral do Estado

  
Helena Q. Carrascosa von Glehn  
Coordenadora do Projeto  
Secretaria do Meio Ambiente

**For the World Bank**

  
Maria Isabel J. Braga  
Environmental Specialist

**Annex 1: List of Participants****Brazilian Delegation****State of São Paulo Government:**

José Rubens Pereira	Diretor de Captação de Recursos Secretaria da Fazenda
Cláudia da Cunha Polto	Procuradora do Estado, Assessora Procuradoria Geral do Estado
Vera Lúcia Ferreira	Assistente Técnico de Gabinete Secretaria da Fazenda
Ana Lúcia Segamarchi	Assessora de Projetos Especiais Secretaria do Meio Ambiente
Helena Carrascosa von Glehn	Coordenador do Projeto Secretaria do Meio Ambiente

**Bank Delegation**

Maria Isabel Braga	Environmental Specialist, LCSEN
Marta Molares-Halberg	Lead Counsel, LEGLA
Regis Cunningham	Senior Finance Officer, LOAG1
Luiz Gazoni	Lead Procurement Specialist, LCOPR
José Janeiro	Senior Financial Management Specialist, LCOAA
Anemarie Proite	Procurement Analyst, LCOPR
Grace Menck Figueroa	Junior Professional Assistant, LCSEO