



Project Information Document/ Identification/Concept Stage (PID)

Concept Stage | Date Prepared/Updated: 21-Feb-2022 | Report No: PIDC254144



BASIC INFORMATION

A. Basic Project Data

| | | | |
|------------------------------|---|---|--|
| Project ID | Parent Project ID (if any) | Environmental and Social Risk Classification | Project Name |
| P177957 | | Moderate | BR DGM for Indigenous People and Traditional Communities Phase 2 |
| Region | Country | Date PID Prepared | Estimated Date of Approval |
| LATIN AMERICA AND CARIBBEAN | Brazil | 21-Feb-2022 | |
| Financing Instrument | Borrower(s) | Implementing Agency | |
| Investment Project Financing | Centro de Agricultura Alternativa do Norte de Minas | Centro de Agricultura Alternativa do Norte de Minas | |

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PROJECT FINANCING DATA (US\$, Millions)

SUMMARY

| | |
|---------------------------|------|
| Total Project Cost | 0.90 |
| Total Financing | 0.90 |
| Financing Gap | 0.00 |

DETAILS

Non-World Bank Group Financing

| | |
|--------------------------|------|
| Trust Funds | 0.90 |
| Climate Investment Funds | 0.90 |

B. Introduction and Context

Country Context

The Cerrado is a strategic biome for economic and environmental reasons as well as for food security. The Cerrado biome is a savanna-forest mosaic located in central Brazil, south and east of the Amazon region, covering almost one quarter (2.04 million km²) of the country. Stretching over 10 States (Goiás, Tocantins, Mato Grosso, Mato Grosso do Sul, Minas Gerais, Bahia, Maranhão, Piauí, Paraná, São Paulo) and the Federal District, it is the largest wooded savanna area in a single country and its area holds significant reserves of



carbon, water resources and biodiversity. Cerrado forests are important due to the substantial amount of carbon stored in their biomass and soils and for their biodiversity. Furthermore, the Brazilian Cerrado is considered the world's most biodiverse savanna region and one of the world's biodiversity hotspots. There is a great diversity of habitats, which determine a remarkable alternation of species among different phyto-physiognomies, i.e., 11,627 registered species of native plants. The Cerrado is home to an enormous abundance of endemic species, although these are currently suffering epic habitat loss. It also holds the sources of South America's three largest hydrographic basins (Amazon/Tocantins, São Francisco and Prata), resulting in the region's high aquifer potential and rich biodiversity. Finally, it plays a critical role in maintaining connectivity among biomes because it borders nearly all other Brazilian biomes (except for coastal ecosystems and pampas).

The Cerrado plays a key role in the expansion of the agricultural frontier and the growth of commodities and biofuel production. Over the past 30 years, the biome's vegetation is being rapidly transformed due to agricultural expansion. Much of the Brazilian agricultural growth has taken place in the Cerrado, primarily through cattle ranching and mechanized commercial production of soybean, maize and cotton. Presently, the Cerrado is responsible for 70 percent of Brazil's agricultural production. It accounts for 95 percent of the total cotton, 54 percent of soybean, 55 percent of beef, and 43 percent of sugarcane produced in Brazil. In terms of agricultural production area in the Cerrado, the most relevant commodities produced in the region are beef cattle with 26.14 Mha of pasture lands and soybean with 18.2 Mha of production area. This expansion has reshaped the Cerrado landscapes with environmental costs, including significant land degradation and biodiversity and agriculture productivity losses. The rapid expansion of agriculture over the last three decades have had a high environmental cost, including fragmentation of habitats, invasion of exotic species and loss of biodiversity, as well as soil erosion, land degradation, and aggradation and pollution of aquifers. Approximately 100 million hectares have been converted to cultivated pasture or extensive agricultural areas. According to some indexes, over 65 percent of its original area has already been heavily modified. About 40 percent of the biome's area is now degraded.

Hence, the Cerrado is threatened by deforestation and land use change. The findings of the TerraClass Cerrado report (2018) indicates that Brazilian Cerrado has lost 81 Mha (50.6 percent) of its native vegetation cover. Estimates show that deforestation in the Cerrado is proportionately more severe than in the Amazon. Estimates also indicate that deforestation in the Cerrado is proportionally more severe than that of the Amazon Biome. In 2013, the Cerrado accounted for 26 percent of the Brazilian emissions from land use change, driven mainly by agricultural activities. Since then, its relative contribution to GHG emissions in the country has increased. Land use changes related to the expansion of the agricultural frontier and the conversion of forests to planted pastures largely account for the Cerrado's increasing share in the country's GHG emissions, even though deforestation and gross GHG emissions have steadily declined in the last decades.

Climate change is expected to have acute harmful effects on the Cerrado. The costs of climate change in Brazil by 2050 have been estimated, according to different scenarios envisaged by the Stern Review and the Intergovernmental Panel on Climate Change (IPCC), as losses on the order of 0.5 to 2.3 percent of the country's GDP. These impacts will: (i) hit harder the poorest and less developed areas of the country; (ii) have



a greater effect on the agricultural sector and rural areas, with losses equal to 3.6 and 5.0 percent, respectively, thus increasing pressures for rural–urban migration; and (iii) increase regional inequalities and have a major effect on social groups whose livelihoods rely on subsistence agriculture. Due to its acute vulnerability to climate change effects, the Cerrado biome will face the highest costs, with losses totaling 4.5 percent of GDP in 2050. The more severe predictions for temperature change indicate that most of the Cerrado would experience an increase of about 4o C, except for the areas in transition with the Amazon, where an increase of 6o C is expected. In terms of precipitation, the impacts of more severe changes indicate a decrease of 50 to 70 percent and the impacts of less severe changes range from 30 to 50 percent, as well as changes in rainfall distribution throughout the year, with an expected increase of 20 to 30 days in the length of the dry season. These changes could extinguish up to 48 percent of the Cerrado’s tree species and restrict their areas of distribution to the southern part of the biome. Moreover, these changes will cause the intensification of fires and increase the biome’s vulnerability to fires, impoverish soils, and decrease the Cerrado’s primary productivity.

Sectoral and Institutional Context

Nearly half of the Cerrado has been converted to pasture (29.5 percent) or cropland (11.7 percent), and only a small portion (8.2 percent) of the biome is formally protected by parks or indigenous territories. Of this total, 2.85% are full protection conservation units and 5.36% are sustainable use conservation units, including Private Natural Heritage Reserves (RPPNs). Meanwhile, indigenous lands, quilombola and traditional communities[4] have played a significant role in conserving the biodiversity of the Cerrado (as well as all other different forest biomes in Brazil) due to: (i) their territorial extension; (ii) the variety of ecosystems the biome contains; (iii) the conservation status of these lands and their natural resources; (iv) the prevailing sustainable natural resource management and livelihoods they abide to within their territories; and (v) the connectivity that their territories provide between protected areas in the different biomes. Indigenous lands alone represent 58 percent of the total number of areas under some form of protection in the Cerrado. Ninety-five indigenous lands have already been identified, demarcated and/or regularized in the Cerrado. They cover a total area of some 12.3 million hectares, approximately 4.3 percent of the biome’s area. The larger indigenous lands in the States of Mato Grosso and Tocantins are more effective in protecting the forest cover (around 80 percent of the native vegetation).

Indigenous peoples, quilombolas and traditional communities are vulnerable and disadvantaged social groups, which livelihoods and food security largely rely on the natural-resources uses and land-based productive activities. They have contributed to the conservation of their living habitats (an area that encompasses about 15 percent of the Cerrado biome), but their traditional forest/land use management systems, livelihoods and cultural survival are under increasing threat. Externally and internally driven pressures are eroding their adaptive capacity and social resilience and increasing their social and economic vulnerability. The expansion of the agriculture frontier and the adverse impacts of climate change largely contribute to the erosion of the effectiveness and adaptive capacity of their traditional ways of life. In consequence, the global benefits for environmental conservation and for climate-change adaptation (including carbon sinks) that their territories are used to provide are increasingly at risk. Lately, these drivers



of social and economic vulnerability have been further enhanced by the adverse effects of Covid-19 and the measures of social distancing that have been required to respond to the pandemic. To continue providing the global environmental and climate benefits they use to and to develop the resilience needed to cope with the adverse impacts of climate-change and other man-made threats, these peoples and communities need – on the short and medium-term – an enhanced understanding about climate change and support aimed at to promote sustainable natural resource management and climate-smart livelihoods that contribute to ensure their food security, traditional livelihoods and development.

Brazil's 1988 Federal Constitution recognizes the social organization, customs, languages, beliefs and traditions of indigenous peoples and other traditional communities as well as their rights to occupy their traditional territories. The Federal Constitution (Articles 215 and 216) determines that the State protects popular, indigenous and Afro-Brazilian cultural manifestations and that the Brazilian cultural heritage must be promoted and protected by the Public Power, considering both material and immaterial goods – the way of expressing, being and living – of the different groups that make up the Brazilian society. Article 231 of Constitution of 1988 recognized for the first time, the indigenous peoples of Brazil had the right to be different: The Constitution also assures indigenous peoples the right to use their languages and own processes for education at the primary school level (Article 210, § 2º) and rules that indigenous lands are to be permanently occupied by indigenous peoples who can enjoy exclusive use of the existing soils, rivers and lakes situated therein. Furthermore, the Constitution rules that the exploitation of water resources, including energy potentials, research and mining of mineral wealth in indigenous lands can only be carried out with the authorization of the National Congress, after hearing the affected communities (Art 231, paragraph 3). Above all, the Constitution establishes that the Rights of the Indigenous Peoples to the lands they traditionally occupy are of an original nature.

Brazil has issued a significant set of legislation in support of Indigenous Peoples. As defined in Law 5,371/67, it is the responsibility of the National Indian Foundation (FUNAI) to mediate relations with indigenous communities. FUNAI is also the organ that manifests itself on impacts and interventions in indigenous lands in the licensing process (Interministerial Ordinance 60/2015, dated 03/24/2015). Other relevant policy is the National Policy for Environmental and Territorial Management of Indigenous Lands (PNGATI; Decree 7747/2012). The PNGATI's main objectives are to guarantee and promote the protection, recovery, conservation and sustainable use of natural resources in indigenous lands to ensure improvements in quality of life and in physical, social and cultural survival. The Biodiversity Law (Law 13.123/2015) protects the traditional knowledge associated with the genetic heritage of indigenous peoples, traditional communities or traditional farmers against illicit use and exploitation. Any traditional knowledge associated with genetic heritage will be considered collective in nature, even if only an individual of indigenous population or traditional community holds it. FUNAI's Policy for Isolated and Recently Contacted Indigenous Peoples is internationally praised and began to be implemented in 1987. According to FUNAI guidelines, the indigenous groups that do not establish permanent contact with the national population are considered "isolated", being distinguished from the indigenous peoples who maintain an old and intense contact with the non-Indians.



Finally, Brazil signed the International Labor Organization (ILO) Convention No.169 on Indigenous Peoples and Tribal Populations and The United Nations Declaration of Indigenous Peoples' Rights and regulated its provisions. ILO Convention 169 was regulated and made effective in Brazil with the publication of Decree 5,051/04. This convention stipulates that governments should ensure that studies are carried out with the peoples concerned to identify impacts on these peoples, be they of a social, spiritual, cultural or environmental. The Convention also obliges governments to consult the peoples concerned whenever legislative or administrative measures are envisaged that may directly affect them. The ILO Convention 169 also rules on Free, Prior and Informed Consent. Aligned with *ILO Convention 169*, FUNAI promotes training and information the right to participation and consultation and accompanies specific processes of consultation in administrative or legislative measures, under the responsibility of the decision-making bodies, advising Indigenous Peoples and public entities in intercultural dialogue.

With regards to quilombola communities, article 68 of the Transitory Constitutional Provisions Act recognizes definitive ownership to the remnants of the quilombo communities that are occupying their lands and states that the State must issue them the respective titles. At the infra-constitutional level, there are four central pieces. On the one hand, Federal Decree nº 4.887/2003 and INCRA Normative Instruction 57/2009 regulate the procedure for identification, recognition, delimitation, demarcation, clearance, titling and registration of lands occupied by remnants of quilombo communities. On the other, Federal Law 7,668/1988 created the Fundação Cultural Palmares (FCP) and the FCP Ordinance No. 98/2007 instituted its General Registry of Remnants of Quilombo Communities in the country.

With regards to other traditional communities, the National Policy for the Sustainable Development of Traditional Peoples and Communities (PNPCT – Decree 6,040/2007) makes explicit the state recognition and protection of other culturally differentiated groups, in addition to indigenous and quilombolas. Traditional Peoples and Communities are defined as culturally differentiated groups that recognize themselves as such, that have their own forms of social organization, that occupy and use territories and natural resources as condition for its cultural, social, religious, ancestral and economic reproduction, using knowledge, innovations and practices generated and transmitted by tradition. Additionally, traditional Territories are defined as the spaces necessary for the cultural, social and economic reproduction of traditional peoples and communities, whether they are used permanently or temporarily. The PNPCT's main objective is to promote the sustainable development of Traditional Peoples and Communities, with an emphasis on recognizing, strengthening and guaranteeing their territorial, social, environmental, economic and cultural rights, with respect and appreciation for their identity, their forms of organization and its institutions.

Brazil has historically developed a strong policy framework to foster sustainable natural resources management and address climate change. In 2009, The Brazilian government created the National Policy on Climate Change – NPCC (Law 12,187/2009) to guide the country to fulfil with the national voluntary commitment to reduce GHG emissions between 36.1% and 38.9% of the projected emissions by 2020. In the context of NPCC, the Ministry of Agriculture, Livestock and Food Supply (MAPA) developed the "Sector Plan for Mitigation and Adaptation to Climate Change for the Consolidation of a Low Carbon Emissions Agriculture Economy", also known as the ABC Plan (Decree No. 7,390/9/2010). The ABC Plan is expected to reduce pressure on forests by increasing agricultural productivity and promoting sustainable management practices,



by promoting six technologies that have a proven effect on the reduction of GHG emissions and increase of carbon sequestration by the agriculture sector. These practices are no-till agriculture; restoration of degraded pasture; integration of crops, livestock and forest; planting of commercial forests; biological nitrogen fixation; and treatment of animal wastes.

Relationship to CPF

The project is consistent with the World Bank Group's Country Partnership Framework (CPF) 2018–23 for the Federative Republic of Brazil (Report no. 113259-BR) discussed by the Executive Directors on July 16, 2017. The CPF proposes a reorientation of new lending and advisory services and analytics toward supporting the government in addressing the main development constraints identified in the Systematic Country Diagnostic, including natural resource management. The proposed project would directly contribute to the third focus area of the CPF (Inclusive and Sustainable Development), namely by conserving and fostering the recovery of the Cerrado. As per the CPF, the World Bank Group continues to support management of natural resources in a sustainable way, combining conservation with the promotion of local and regional economic development. The engagement in the country (and specifically in the Cerrado) seeks to: (i) combine conservation with the promotion of local and regional economic development; (ii) support increased sustainability of agricultural production and forestry; (iii) focus on long-term solutions to further capitalize on its natural resource assets (a vast quantity of biodiversity content and the world's largest forest carbon stocks) in a sustainable manner; and (iv) improve the sustainable management of natural resources and enhance resilience to climate shocks, while maximizing contributions to local economic development and enabling local communities, civil society and the private sector to participate actively in policy formulation and implementation.

As well as the Brazil DGM Phase 1, the proposed project is also well aligned with the World Bank corporate commitments with gender equity, citizen/stakeholder engagement and greenhouse gas emissions. On gender equity, acknowledging that women have played an important role in the management of the Cerrado ecosystems for centuries, and more so than men, rely on non-timber forest products (NTFPs) for their livelihoods, the Brazil DGM project has incorporated since the start a gender-sensitive lens. Women have been involved in all consultations and represented in the National Steering Committee (NSC),^[1] which has been coordinated by a woman. Specific capacity building activities to enhance the skills and participation of women leaderships were carried out. Subproject selection criteria emphasized that subprojects should engage women in proposal design and include them as co-implementers. The end goal of DGM Brazil is for 30% of beneficiaries to be women and progress has shown that this target has already been exceeded. Thirteen out of the 64 selected subprojects were led by women / women representative organizations. Phase 1 supported subprojects benefited 11,041 women (32 percent of the beneficiaries). Beneficiary women have expressed that the DGM should continue to fund their activities and helping them to get access to market.^[2] Women participation would be further emphasized in the BR DGM Phase 2.



C. Project Development Objective(s)

Proposed Development Objective(s)

The development objective is to support the adoption of sustainable, resilient natural resource management and livelihood practices among the Indigenous Peoples, Quilombola and Traditional Communities in the Brazilian Cerrado biome.

Key Results

The project components will support activities aimed at enhancing the understanding of climate change adaptation issues by indigenous peoples, quilombola and traditional communities from the Brazilian Cerrado biome as well as their use of climate-smart livelihoods and their practices of sustainable natural resources management. The PDO indicators to be measured are:

- Indigenous Peoples, quilombola and traditional communities increased knowledge about climate change adaptation (Number of participants satisfied with capacity building events; number of users accessing digital platform);
- Indigenous Peoples, quilombola and traditional communities adopting sustainable natural resources management practices (Number of communities undertaking NRM subprojects);

Indigenous Peoples, quilombola and traditional communities adopting low-carbon, climate-smart livelihood practices (Number of communities undertaking climate-smart livelihood subprojects).

D. Preliminary Description

Activities/Components

Considering the lessons learned with and the satisfactory implementation of the Brazil DGM Phase 1 as well as consultations held with Indigenous Peoples, Quilombola and Traditional Communities from the Cerrado Biome (three regional seminars virtually held in December 2021 and with the participation of 145 representatives of the beneficiary people), the proposed Phase 2 also comprises three components.

Component 1: Community Subprojects (Estimated budget US\$ 550,000). Under this component, technical assistance and subgrants will be provided to implement community subprojects proposed by indigenous peoples, quilombola and traditional communities and selected by the DGM National Steering Committee focused on:

Sustainable livelihoods subprojects aimed at ensuring natural resources conservation while generating income and increasing food security and well-being. Thus, the Brazil DGM Phase 2 will: (a) foster the harvesting of native forests through the strengthening the existing networks for exchange of creole seeds and native tree seedlings in the Cerrado; (b) promote the implementation of agroecological gardens and agroforestry systems; and (c) enhancing the participation of beneficiary communities in the biodiversity production chain.



Adaptation to climate-change, through water resources management (protection of water springs and streams), the restoration of degraded areas and the fostering of the use of clean energy sources within beneficiary communities.

The component will also allocate resources for the provision of technical assistance in support of the selected community subprojects (up to 15% of the subproject value). Technical assistance may be provided by the Executing Agency with in-house capacity or by social organizations or private firms located closer to the beneficiary communities.

The component will comprise two windows:

- **First Window (up to US\$ 130,000) – Consolidation.** This window will provide support to Indigenous Peoples, Quilombola and Traditional Community organizations that have been previously funded by the DGM Phase 1. These communities will be selected according to “good performance criteria during the 1st Phase” and the support they will receive will aim to scale up activities, enhance the subproject outcomes and ensure their sustainability.
- **Second Window (up to US\$ 420,000) – New Opportunities:** This window will fund up to twelve subprojects proposed by Indigenous Peoples, Quilombola and Traditional representative regional networks, community organizations and/or coalition of community organizations. These subprojects will be selected by the National Steering Committee based on a broadly disseminated Call of Proposals. This Call of Proposals will prioritize Indigenous Peoples, Communities that have not been supported under DGM Phase 1 and Indigenous Peoples, Quilombola and Traditional Community women’s organizations.

Component 2: Capacity Building, Networking and Knowledge Exchange (Estimated budget US\$ 200,000).

Under this component, the Brazil DGM Phase 2 will support:

- Quarterly meetings of the Brazil DGM National Steering Committee (NSC) – which membership will be renewed – to plan and oversee the implementation of project activities. During the outbreak of Covid-19, these meetings will always be virtually held to ensure the safety of the NSC members, who will receive an allowance to get adequate connectivity services. The costs of the NSC meetings will not exceed ¼ of the amount assigned to Component 2. They will cover expenditures with internet connectivity, travel, accommodation and per diem.
- Two capacity building training events to enhance managerial skills and access of beneficiary communities to markets. If held during the outbreak of Covid-19, these training events will be virtually held to ensure the safety of the participants.
- Six capacity building training events to increase awareness on climate change, sustainable natural resources management, agroecological, climate-smart and low-carbon agricultural practices and other relevant topics. If held during the outbreak of Covid-19, these training events will be virtually held to ensure the safety of the participants.



- The development and operationalization of a knowledge-sharing digital platform to allow that the experiences and lessons learned by these beneficiary producer’s organizations reach other IP&T communities that did not benefit from the BR DGM project and expects to scale up its results.

Component 3: Project Management, Communication, Monitoring and Evaluation (Estimated budget US\$ 150,000). Under this component, the project will support: (a) the administrative and fiduciary management of the grant, including the technical coordination of Components 1 and 2; (b) the implementation of the environmental and social risk management instruments according to the World Bank Environmental and Social Standards; (c) the project’s communication platform; and (d) the monitoring and evaluation of project implementation.

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Environmental and Social Standards Relevance

E. Relevant Standards

| ESS Standards | | Relevance |
|---------------|---|------------------------|
| ESS 1 | Assessment and Management of Environmental and Social Risks and Impacts | Relevant |
| ESS 10 | Stakeholder Engagement and Information Disclosure | Relevant |
| ESS 2 | Labor and Working Conditions | Relevant |
| ESS 3 | Resource Efficiency and Pollution Prevention and Management | Relevant |
| ESS 4 | Community Health and Safety | Relevant |
| ESS 5 | Land Acquisition, Restrictions on Land Use and Involuntary Resettlement | Relevant |
| ESS 6 | Biodiversity Conservation and Sustainable Management of Living Natural Resources | Relevant |
| ESS 7 | Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities | Relevant |
| ESS 8 | Cultural Heritage | Relevant |
| ESS 9 | Financial Intermediaries | Not Currently Relevant |

Legal Operational Policies

| Safeguard Policies | Triggered | Explanation (Optional) |
|---|-----------|--|
| Projects on International Waterways OP 7.50 | No | Project activities do not comprise (a) hydroelectric, irrigation, flood control, navigation, drainage, water and sewerage, industrial, and similar projects that involve the use or potential pollution of international waterways or (b) detailed design and engineering studies of projects under (a) above, |



Projects in Disputed Areas OP 7.60

No

including those to be carried out by the Bank as executing agency or in any other capacity. Project activities will not take place on Disputed Areas.

Summary of Screening of Environmental and Social Risks and Impacts

The screening of Environmental and Social Risks and Impacts for this Project was based on the proposed activities and extensive work experience in another previous grant (Brazil DGM Phase 1 Project). The project interventions will comprise mainly small-scale investments that are expected to cause positive or neutral impacts. So, the proposed conservation project is expected to have a positive environmental and social impact because it seeks to promote sustainable development and livelihoods, forest and natural resources management, and climate-change coping and adaptation strategies in indigenous lands and local communities whose livelihoods depend on the biome's natural resources. Project activities may also contribute toward reducing deforestation pressures on the remaining forests on which the livelihood of most IPLCs relies and protecting headwaters and riparian zones by reducing water and soil pollution. Due to the community-demand-driven approach, the Project is not expected to bring any adverse effects for beneficiary communities. Instead, it will support only activities that will contribute to: (i) improve the livelihood of IPLCs; (ii) increase their social resilience, adaptive and mitigating capacity to deal with the social and environmental pressures that they face and that harm their social, cultural and economic survival; (iii) recover and preserve their traditional knowledge; and (iv) strengthen the capacity of their representative organizations to plan their future life and to promote the effective, efficient and sustainable management of their lands and natural resources.

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