

# Brazil



## THE SITUATION

Brazil is the world's fifth largest country and contains 12% of the world's forests and 35% of the world's tropical rainforests. Brazil's forests are important not only as enormous stores of greenhouse gas (GHG) emissions and home to some of the world's richest biological diversity. Cattle ranching and agriculture are central components of the Brazilian economy, and Brazil is the largest exporter of various agricultural products, including sugarcane, beef, and tobacco, among others. From 2003 to 2009, the value of Brazil's agribusiness exports increased by over 110%. While the conversion of large swaths of forest areas has enhanced the livelihoods of millions, the overexploitation of Brazil's forest resources threatens to undermine the country's long-term economic, environmental, and social development.

Among the largest and most affected of Brazil's forests is the Cerrado, which spans 11 states and four geopolitical regions. Over the past 50 years, 48% of the Cerrado has

been converted from a savannah biome to be used for intensive agriculture and cattle ranching. Adding to the low environmental sustainability of Brazil's current agricultural model, insufficient information and monitoring of land use and cover have created pressing challenges for local and indigenous communities, preserving valuable natural resources, and reducing greenhouse gas (GHG) emissions.

## THE TRANSFORMATION

Brazil is tapping US\$70 million in grant and near-zero interest financing from the Forest investment Program (FIP) to support an investment plan designed under the government's leadership in coordination with the Inter-American Development Bank (IDB), the World Bank Group (IBRD, IFC), other development partners and key Brazilian stakeholders. The investment plan aims to promote sustainable management and use of previously anthropized savannah woods areas, to maintain carbon stocks and reduce GHG emissions, and to improve the collection and management of information on the Cerrado biome. Brazil's FIP investments focus on the incorporation of the interests and priorities of Brazil's indigenous peoples, and will provide valuable services to these groups, such as improved access to fire alerts and early warning systems, information and support for environmental compliance, and assistance with the adoption low-carbon farming practices in and around their lands.



Source: USDAgov

“The FIP provides an opportunity to bring people together who are doing related work, but who never really worked together, to develop a common goal.”

Mercedes Bustamante, Director of the Ministry of Science and Technology for Policies and Thematic Programs, Brazil

## BRAZIL QUICK FACTS

Protected areas in the Cerrado biome:	8.2%
Indigenous lands in the Cerrado biome:	4.4%
Percent of Brazil's soybean production in the Cerrado:	> 50%
Heads of cattle in the Cerrado (% national herd):	50 million (33%)
ABC financing accessed by farmers:	10%
2002–2010, burning in Brazil located in the Cerrado:	67%
Indigenous groups in the Brazil; the Cerrado:	238; 38
Native vegetation cover in the Cerrado:	52%
2002–2008, forest cover lost in the Cerrado:	4.1%
Cerrado-based GHG emissions (% national):	17%

## BRAZIL FIP QUICK FACTS

FIP financing:	US\$70 million* (54% grant; 46% near-zero interest credit)
Expected to leverage:	US\$49 million

\*An additional indicative allocation of US\$ 50 million is available through the Dedicated Grant Mechanism (DGM)

## EXPECTED FIP IMPACT: Assessing the co-benefits of Brazil's FIP investments

In addition to transforming land management, Brazil's FIP investments are expected to generate substantial environmental, socio-economic and institutional co-benefits. The promotion of robust and sustainable environmental practices is expected to enhance biodiversity in privately owned lands, as well as preserve the long-term value of Brazil's soil and water resources. New rural credit funds will provide improved access to financing for previously underserved areas and communities, accelerating investments and reducing rural poverty. Furthermore, FIP investments aim to stimulate inter-institutional dialogue, to enhance tools and methodologies needed for effectively implement the investment plan and other national and sub-national policies, and to strengthen project management capacity within and beyond the Cerrado.

## EXPECTED FIP IMPACT: Transforming land management in the Cerrado

The Cerrado, a vast mosaic of grasslands, savannahs, and evergreen tropical woodlands at the heart of Brazil's agricultural industry, is under constant threat from deforestation and degradation due to extensive tilling and cattle production. Brazil's FIP investment plan is intended to advance the mitigation, adaptation, and poverty reduction objectives in the Cerrado. Initiatives financed under Brazil's FIP investment plan include environmental regularization of agricultural land uses, climate-friendly farming technologies and techniques, information systems to support public and private sector partners in forest and land management, and early warning systems for fire prevention and land protection.

## BRAZIL FIP INVESTMENT FOCUS AREAS

### FOREST MANAGEMENT AND USE

**RATIONALE:** FIP financing will support investments to standardize environmental compliance systems for rural lands and promote sustainable agricultural practices in accordance with existing national policies and objectives.

**FINANCING:** US\$44.2 million in FIP grant and near-zero interest credit financing is expected to leverage US\$42.5 million in co-financing for two distinct IBRD-implemented projects.

#### EXPECTED RESULTS:

- Build on and enhance the *Sectoral Plan for the Mitigation and Adaptation of Climate Change for a Low Carbon Emission Agriculture* to reduce deforestation and degradation enhance carbon stocks in privately owned lands.
- Purchase equipment and materials, train local stakeholders, and implement a rural environmental regularization system across the 11 states of the Cerrado to improve access to technical, legal, and financial assistance for sustainable forest management and use.
- Support the registration of rural lands with micro-watershed basins or those experiencing trends of rapid deforestation; produce guidelines and manuals for effective policy implementation; promote meetings and workshops to develop local, state, and national level capacities for improved forest management, monitoring and evaluation, and communication with stakeholders.

### FOREST INFORMATION

**RATIONALE:** FIP financing will support investments to implement an early warning system for forest fires and to monitor vegetation cover. Financing will also support efforts to strengthen conservation and sustainable resource management through improved information systems.

**FINANCING:** US\$25.9 million in FIP grant and near-zero interest credit financing is expected to leverage US\$6.5 million for two distinct IDB and IBRD-implemented projects.

#### EXPECTED RESULTS:

- Produce and disseminate systematic and continuous primary information on the quantities, qualities and location of forest resources, land use changes, above and below ground carbon density, vegetation cover and forest fires risks.
- Streamline land planning and management to reduce GHG emissions, increase carbon uptake, improve conservation, protect of biodiversity, and reduce pressures on remaining forest resources.
- Develop and implement an effective early warning system for forest fires to reduce the risk of fire damage and to improve legislation and administrative processes for regulating the use of prescribed burnings and for attributing civil and criminal responsibility to landholders for fires due to negligence or malice.

