

**PROJECT INFORMATION DOCUMENT (PID)  
CONCEPT STAGE**

Report No.: PIDC122

<b>Project Name</b>	Marine Protected Areas Project (P128968)
<b>Region</b>	LATIN AMERICA AND CARIBBEAN
<b>Country</b>	Brazil
<b>Sector(s)</b>	General agriculture, fishing and forestry sector (100%)
<b>Lending Instrument</b>	Specific Investment Loan
<b>Project ID</b>	P128968
<b>Focal Area</b>	Biodiversity
<b>Borrower(s)</b>	Brazilian Biodiversity Fund - FUNBIO
<b>Implementing Agency</b>	Ministry of Environment - MMA, Instituto de Chico Mendes de Conservação da Biodiversidade - ICMBio
<b>Environmental Category</b>	B-Partial Assessment
<b>Date PID Prepared</b>	14-Nov-2011
<b>Estimated Date of Appraisal Completion</b>	00000000
<b>Estimated Date of Board Approval</b>	17-Jul-2012
<b>Concept Review Decision</b>	Track I - The review did authorize the preparation to continue

## I. Introduction and Context

### Country Context

1. Brazil signed the Convention on Biological Diversity (CBD) in 1992 and Congress ratified it on February 28, 1994. The country also ratified the RAMSAR Convention on wetlands in May 1996. Since the early 1990s, the Brazilian Federal Government has taken, with the support of the Global Environment Facility (GEF) and other international organizations, decisive measures to implement the three objectives of the CBD, which are fully compatible with the Ramsar Convention's objectives for the conservation and sustainable use of wetlands. These measures include: enhancement of the legal framework for environmental issues; institutional capacity building of the Ministry of the Environment; and establishment of national policies, programs, and major projects for biodiversity conservation and sustainable use. The proposed project contributes to Brazil's commitments under these two Conventions and meets the Brazilian eligibility criteria for GEF funding according to the guidelines set by the National Commission on Biodiversity (CONABIO) - National Biodiversity Policy Decree No. 4.339, of August 22, 2002, outlined in the document #Brazilian Strategy for the GEF#.

2. Brazil is a global leader in biodiversity conservation. In addition to being a signatory of the above-mentioned key international environmental agreements, Brazil has developed and is implementing a National Biodiversity Strategy (NBS) under which a national policy and a legal framework for biodiversity protection and management were developed. One of the first important initiatives was the National Biodiversity Program (PRONABIO), conceived as an intergovernmental and multi-institutional program. This Program was followed by the Conservation and Sustainable Use of Brazilian Biodiversity Project (PROBIO), with the main objectives of assisting the Government to identify priority areas and actions for the conservation and sustainable use of biodiversity, stimulate the development of demonstration subprojects, and disseminate biodiversity information.

3. In addition, the Brazilian government established the National Protected Areas Strategic Plan (PNAP), as a blueprint for implementing the country's commitments under the CBD. The PNAP addresses all Brazilian biomes, and takes into consideration the recommendations made by the Ad Hoc Technical Expert Group on Marine and Coastal Protected Areas. These latter call for a representative marine and coastal protected areas system which should include a primary representative network of no-take zones, inserted within a secondary Marine and Coastal Protected Areas (MCPAs) network associated to a system of sustainable management practices. Although the PNAP did not include specific national targets, CONABIO approved the national target of achieving 10% of the marine and coastal zones in protected areas under any category, plus another 10% of these zones in protected areas for strict biological protection and/or no-fishing zones. The PNAP indicates that the final percentage of each coastal and marine ecosystem to be protected should be defined based on studies on the ecological representativeness of the protected areas system.

4. Brazil has also advanced significantly in biodiversity conservation through strengthening the National Protected Areas System (SNUC in Portuguese). SNUC defines management categories and objectives of protected areas and provides, for the first time, a framework for coordination between federal, state, and municipal levels and the private sector on this matter. The present proposal is clearly in line with SNUC objectives as it seeks to strengthen this System to ensure the effective conservation of national marine and coastal ecosystems. Brazil's interest and effort to conserve coastal areas is clearly indicated by the second National Environmental Program (PNMA II). This project has coastal zone management as one of its focal areas under the institutional development component. Furthermore, it is important to recall that, given the enormously large marine zone under Brazilian jurisdiction

tion, this proposed project would have benefits that are broader than for Brazil alone. Numerous migrating aquatic species and sea birds, including important fisheries resources and endangered species, feed, rest and/or breed in Brazilian waters, oceanic islands, and coastal zone. The protection of these globally important areas to be achieved under the project will reflect positively on the conservation of migrating biodiversity and on the amount and quality of migrating fisheries resources, among other global benefits.

### **Sectoral and Institutional Context**

5. The Federal Government agencies responsible for Protected Areas creation and maintenance are the Ministry of Environment (MMA) and its executive agency the Chico Mendes Institute for Biodiversity Conservation (ICMBio # the body responsible for federal protected areas and issues related to threatened species in Brazil). Within MMA the Secretariat of Biodiversity and Forests (SBF) is responsible for the institutional coordination of this proposed project through the Directorate of Protected Areas (DAP). The project will target federal protected areas only, where creation goals will focus mainly on marine areas (which are more deficient in PAs) and consolidation actions will include both coastal and marine PAs.

6. The project is a partnership between Governmental agencies, NGOs and the private sector. The Ministry of Environment (MMA) will be the grant recipient, while the Brazilian Biodiversity Fund (FUNBIO) will be responsible for procurement actions with grant funds through a cooperation agreement with MMA, as well as for monitoring implementation of project actions. Petróleo Brasileiro S.A. (Petrobras # leader in the Brazilian oil and gas industry) will provide most of the counterpart funds for this project. MMA will create and strengthen coastal and marine protected areas through the ICMBio and will partner with the academic sector and NGOs to implement specific project actions. The institutional arrangements will be further detailed in the Project Appraisal Document.

7. Petrobras# interest in partnering on biodiversity conservation issues and its interest in taking biodiversity into account in its investment decisions is a positive step towards mainstreaming biodiversity in the entire oil and gas industry. Other private sector groups, attracted by the importance of the issue and the already significant resources expected to flow into coastal zone conservation have expressed an interest in joining this effort. These new commitments will be incorporated if and when they materialize.

8. Other stakeholders involved with the project are: communities living within the protected areas, people involved with the fishing industry (artisanal and commercial), and the tourism sector. It is estimated that fishery activities account for 800,000 jobs in Brazil, involving about 4 million people directly and indirectly.

### **Relationship to CAS**

9. The World Bank#s Country Partnership Strategy for Brazil for FY 2011-2014 has #sustainable Brazil# as one of its key pillars. Support for protected areas is listed as the first area within the sustainable development pillar where the Bank should focus its development efforts with the Government. The proposed project - and especially its focus on priority ecosystems - is a major initiative under this pillar.

10. The World Bank Brazil Country Office is one of the largest Bank offices in the world. Technical staff involved in the design and supervision of the proposed project includes specialists in biodiversity, water resources management, land tenure, and social issues including gender and indigenous peoples. Additionally, financial, procurement, legal and disbursement officers are based in the Country Office. The World Bank would also draw upon specialists working in other regions of the world on issues related to coastal zone management and fisheries, thus bringing global knowledge and experience to Brazil. The Bank has sponsored a number of South-South dialogues led by Brazil # mostly on agriculture and water resources. The MAR project is an obvious candidate for more of this type of collaboration, particularly given the Brazilian successful experiences with protected areas.

## **II. Proposed Global Environmental Objective(s)**

### **Proposed Global Environmental Objective(s)**

11. The project#s global environmental objective (GEO) is to contribute to the conservation of trans-boundary ocean life, including migrating species, through the protection of important areas where these species feed, rest and/or breed along the Brazilian Coast.

12. The project#s development objective (PDO) is to support the creation and implementation of a representative and effective marine and coastal protected areas (MCPAs) system in Brazil to reduce the loss of coastal and marine biodiversity. Protected ecosystems will maintain their capacity to produce food, maintain good water quality, and increase their capacity to recover from disturbances, bringing far-reaching social and economic benefits.

13. The specific objectives of the proposed project are to:

- # Increase the area under protection to at least 5% of the total Brazilian marine area;
- # Implement and consolidate the already existing marine and coastal protected areas; and
- # Design and test financial mechanisms to ensure the long-term sustainability of the MCPA system.

### **Key Results**

14. Key expected results of the project are:

- # Marine areas under protection increased to at least 5% of the Brazilian marine territory;
- # High priority Brazilian marine and coastal protected areas created and implemented, which involves elaborating and implementing the management plan, building the necessary infrastructure, establishing the mechanisms of acceptance and community participation, developing community alternative projects, and starting enforcement actions;
- # Representative system of marine and coastal protected areas established and being managed;
- # Biodiversity and managerial effectiveness monitoring system developed. The effectiveness of the biodiversity conservation and maintenance of the ecological integrity of the ecosystems are assessed, allowing for an adaptive approach to the establishment of the MCPAs system and providing critical information to policymakers on the achievement of CBD and Ramsar Convention targets;
- # Increased number and size/coverage of selected indicator groups of marine vertebrates and invertebrates in supported protected areas; and
- # Financial mechanisms to ensure the long-term sustainability of MCPAs designed and being tested.

### **III. Preliminary Description**

#### **Concept Description**

15. The marine and coastal area in Brazil covers 3.5 million km<sup>2</sup>, an area equivalent to 41 percent of the Brazilian terrestrial territory (8.5 million km<sup>2</sup>) and comparable in size to the Brazilian Amazon (4.1 million km<sup>2</sup>). Despite its vastness, only 1.57% of this area is currently officially protected.

16. Brazil has one of the most extensive coastlines in the world, measuring over 9,000 km including bays and promontories. Along this coastline there is an immense variety of environments and wildlife. The Brazilian marine and coastal zones shelter the greatest continuous stretch of mangrove ecosystems, which are important as nursery sites and biological filters and include the only coral reefs in the South Atlantic, ecosystems with high biodiversity and ecological relevance. They also shelter many endemic species and distinct ecosystems, such as dune fields, lagoon complexes, islands, restingas (sandy-coastal plain vegetation), flood plains, estuaries, etc. Also, five out of seven marine turtle species found around the world nest along the Brazilian coast and many migratory birds and mammals come to this region for rest stops, feeding and reproduction. Furthermore, 15 seabird species use Brazilian oceanic islands as nesting sites. Unfortunately, these environments have been subjected to intense human pressure.

17. In Brazil, 43 million inhabitants live on the coastal zone, which concentrates 18% of the national population and 16 of the 28 larger metropolitan regions (MMA, 2008). Economic activities in coastal areas account for roughly 70% of the Brazilian GDP (MMA, 2007). Coastal zones can be considered one of the most environmentally threatened regions in the country and are the main geographic area for economic growth for many industries, including the oil and gas industry which engages in significant off-shore drilling. Additionally, the waters off the Brazilian coast have traditionally been rich with fisheries, but significant fish populations have been overexploited and in some cases have become extinct. The creation of protected areas is considered an important measure to protect and maintain the productivity of fish stocks.

18. Marine and coastal protected areas (MCPAs) include protected areas which are adjacent to the ocean, but which may or may not include intertidal or subtidal areas. According to the CBD these are areas inserted in or adjacent to the marine environment, including its water, flora, fauna and historical and cultural features that have been preserved by law or other effective means, so that the biodiversity and marine life therein is under a greater level of protection than the adjacent areas. Both the CBD and IUCN (International Union for the Conservation of Nature) definitions consider that these areas should be established with the a priori objective of conservation, although they may have additional or consequential objectives such as improved quality of life, education, etc. Therefore, the definition of MCPAs for this project includes: protected areas, governed by the SNUC act; permanent preservation areas, set forth in the Forestry Code; no-take zones, established under the National Strategic Plan for Protected Areas (PNAP, according to Decree 5758/2006), where fishing is completely prohibited; and other fishing management instruments such as limited access rights and establishment of refugia to protect breeding or nursery areas which provide for the sustainable use of coastal and marine areas in a permanent or seasonal manner.

19. Consistent with the Ecosystem -Based Management principles, sites will be selected where compatibility and integration with other coastal activities and their management is feasible or where supporting measures such as fish access limits can be effectively implemented. Potential to offset climate change and generate revenues through the carbon market (Blue Carbon), establishment of community or individual access privileges (such as fish quotas) within MCPA and surrounding areas, or payment for ecosystem services mechanisms could also be considered. This project will help mainstream biodiversity concerns in coastal zone planning, in particular for the fishing, tourism and petro-chemical industries. The partnership with Petrobras is especially encouraging in this regard.

20. The specific areas to be created under this project will be more precisely defined during project preparation. Initial exercises have been carried out by the National Wetlands Committee (CNZU) to define additional criteria and refine the priority classification of coastal and marine areas listed among the Priority Areas for the Conservation and Sustainable Use of Brazilian Biodiversity. Further studies and analysis will be carried out, and the additional specialized and categorized information gathered will contribute to the planning and designing of the network.

21. The ecological criteria for the MCPA network creation proposed for this project will include the entire range of biodiversity present within the bio-geographical region and also consider the principles of representativeness, inter-connectivity, replicability, feasibility, and precaution. In addition, specific studies on the existence of conflicts, level of available information about biodiversity, and opportunities for each area may be necessary, as well as the identification of relevant actors, and the status of the existing legal instruments affecting the area (such as closed fishing seasons for species, determination of minimum sizes for capture, etc.).

22. This project will be funded by a \$US 18.2 million GEF grant and \$US 98.4 million in co-financing. The partnership among the GEF, the Government of Brazil, Petrobras and potentially other private sector players is an innovative and exciting approach to coastal zone management and mainstreaming of biodiversity in Brazil. The proposed project design includes four components:

23. Component 1 - Creation and Implementation of Marine and Coastal Protected Areas: Protected areas creation activities under this component will focus mainly on marine areas, as the marine zone has the greatest deficit of protection among all Brazilian biomes. This component will also support the implementation of different categories of new and existing MCPAs in the Brazilian marine and coastal zones, establishing and strengthening an effective MCPA system. These areas will be divided between strict protection and sustainable use MCPAs. The selection of new protected areas to be created will be based on the #Priority Areas for the Conservation, Sustainable Use and Benefit Sharing of Brazilian Biodiversity# (SBF/MMA, official list revised in 2007), which list priority areas in all Brazilian biomes, including the coastal and marine zones. An enormous amount of analytical work at the regional and biome-level is available in Brazil, undertaken over the past 15 years by research and government agencies,

universities and NGOs. This project will use this regional and macro-level information - not only biodiversity data but socio-economic information as well - and refine it at the local level to define PA creation and implementation actions to be supported by the project, which could include among others the following: decree for protected area creation, demarcation and installation of physical signs indicating the area to be protected, the provision of basic equipment for enforcement, and staffing in protected areas.

24. The procedures for establishing protected areas are determined by the National System of Protected Areas (SNUC- federal law No. 9.985, of June 18, 2000, and Decree No. 4.340, of August 22, 2002). The SNUC Law provides a sound legal basis for the establishment and consolidation of protected areas. This project will contribute to improve institutional capacity for implementing this legislation for coastal and marine areas. Public consultations will be carried out for each new protected area to be created, with studies on the environment, land rights (in the case of coastal PAs), and socioeconomic indicators informing the final decisions about the location of new protected areas. Additionally, the implementing agencies will undertake public consultations and circulation of the draft decrees for protected area creation. The partnership with Petrobras is especially important here in that the recommendations made regarding which coastal areas are particularly vulnerable or have high biodiversity value will help inform Petrobras' investment decisions.

25. Component 2 - Design of financial mechanisms to support the MCPAs system: The main activities under this component will be an assessment of the financing needs of coastal and marine protected areas and the identification of potential funding sources. The successful experience of the GEF-supported Amazon Region Protected Areas project will be considered, but alternatives other than an endowment fund will also be explored to complement existing governmental mechanisms aiming at ensuring the necessary financial sustainability of the protected areas system. As part of this work, studies on potential returns of income generating activities will be carried out and financial sustainability plans will be generated, taking into account different costs for different types of protected areas. GEF resources will specifically finance studies for potential revenue generating mechanisms for protected areas focusing especially on climate change related mechanisms (Blue Carbon) for payment for environmental services, the initial testing of the most promising options identified, and support to the Brazilian Government in the development of fundraising strategies.

26. Component 3 - Monitoring and Evaluation - Project monitoring and evaluation will be carried out in three broad areas: (i) financial monitoring, (ii) monitoring of implementation and management of the protected areas, and (iii) environmental/biodiversity monitoring. Financial monitoring will be carried out by FUNBIO, who is responsible for approving and tracking the distribution of funds. The monitoring of project progress in the protected areas will also be carried out by FUNBIO in close coordination with the Project Coordination Unit (UCP) and the Ministry of Environment. The UCP will be responsible for overall project management, and at the strategic level, for evaluating and updating, as needed, project objectives and targets in the project results matrix; and at the management level, to further develop and implement the GEF Management Effectiveness Tracking Tool for project management, and to monitor performance against project goals, supervising FUNBIO. MMA and ICMBio will be responsible for the institutional and legal actions for PA creation, and for the implementation of biodiversity and environmental monitoring. Partnerships with research institutions will be critical for this latter activity, given the lack of capacity within these institutions.

27. Component 4 - Project Coordination and Management: Coordination among and between the two investment components and among the various actors involved in all aspects of project implementation will require an efficient and well-trained coordination unit. Funds under this component will be used for the improved operation of the Project Coordination Unit (UCP) within the Ministry of Environment (MMA) and the Project Implementation Unit at FUNBIO. Also included in this component is the strengthening and coordination of the project's Technical Commission, which will be responsible for defining action strategies and providing technical guidance, identifying and prioritizing relevant actors, and approving operative plans. It will be composed of representatives from governmental, academic and non-governmental sectors.

#### IV. Safeguard Policies that might apply

Safeguard Policies Triggered by the Project	Yes	No	TBD
Environmental Assessment OP/BP 4.01	X		
Natural Habitats OP/BP 4.04	X		
Forests OP/BP 4.36	X		
Pest Management OP 4.09		X	
Physical Cultural Resources OP/BP 4.11			X
Indigenous Peoples OP/BP 4.10		X	
Involuntary Resettlement OP/BP 4.12			X
Safety of Dams OP/BP 4.37		X	
Projects on International Waterways OP/BP 7.50		X	
Projects in Disputed Areas OP/BP 7.60		X	

#### V. Tentative financing

Financing Source	Amount
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BORROWER/RECIPIENT	0.00
Global Environment Facility (GEF)	18.20
Financing Gap	98.40
Total	18.20

## VI. Contact point

### World Bank

Contact: Adriana Moreira  
Title: Senior Environmental Specialist  
Tel: 5761+1062 /  
Email: amoreira@worldbank.org

### Borrower/Client/Recipient

Name: Brazilian Biodiversity Fund - FUNBIO  
Contact: Rosa Lemos de Sá  
Title: General Secretary - CEO  
Tel:  
Email: rosa.lemos@funbio.org.br

### Implementing Agencies

Name: Ministry of Environment - MMA  
Contact: Ana Paula Prates  
Title: Director  
Tel:  
Email: ana-paula.prates@mma.gov.br

Name: Instituto de Chico Mendes de Conservação da Biodiversidade - ICMBio  
Contact:  
Title:  
Tel:  
Email:

## VII. For more information contact:

The InfoShop  
The World Bank  
1818 H Street, NW  
Washington, D.C. 20433  
Telephone: (202) 458-4500  
Fax: (202) 522-1500  
Web: <http://www.worldbank.org/infoshop>