



# PROJECT IDENTIFICATION FORM (PIF)

PROJECT TYPE: FULL-SIZED PROJECT

TYPE: Full-Sized Project - GEF

For	<b>PIF DRAFTING LEGEND – by 06 Mar 2017:</b> Pink = content for to be defined, confirmed and completed in later iterations Red = for completion by client before submission Green = query client and stakeholders (feedback and/or assistance with statement/data validation requested) Yellow = what is new vis-à-vis the 010317-version (addressing the last UNDP's comments to the PIF in the body of the email).
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## PART I: PROJECT INFORMATION

Project Title:	Strengthening national capacity, funding leverage and viable mechanisms for meeting ambitious mitigation targets enshrined in Brazil's National Determined Contribution		
Country:	Brazil	GEF Project ID: <sup>1</sup>	XXX
GEF Agency:	IADB, UNDP	GEF Agency Project ID:	XXX
Other Executing Partner:	Ministry of Environment (MMA)	Submission Date:	XXX
GEF Focal Area:	Climate Change	Project Duration (Months)	60
Integrated Approach Pilot	IAP-Cities <input type="checkbox"/> IAP-Commodities <input type="checkbox"/> IAP-Food Security <input type="checkbox"/>	Corporate Program: SGP	<input type="checkbox"/>
Name of parent program:	N/A (not applicable)	Agency Fee (\$)	394,725

## A. INDICATIVE FOCAL AREA STRATEGY FRAMEWORK AND OTHER PROGRAM STRATEGIES<sup>2</sup>

Objectives/Programs (Focal Areas, Integrated Approach Pilot, Corporate Programs)	Trust Fund	(in \$)	
		GEF Project Financing	Co-financing
<b>CCM2 – Program 2</b> [Promote Innovation, Technology Transfer, and Supportive Policies and Strategies / Develop and demonstrate innovative policy packages and market initiatives to foster new range of mitigation actions] <sup>2</sup>	GEFTF	2,595,000	26,800,000
<b>CCM3 - Program 5</b> [Foster Enabling Conditions to Mainstream Mitigation Concerns into Sustainable Development Strategies / Integrate findings of convention obligations and enabling activities into national planning processes and mitigation contributions]	GEFTF	1,560,000	1,200,000
<b>Total Project Cost</b>		4,155,000	28,000,000

## B. INDICATIVE PROJECT DESCRIPTION SUMMARY

**Project Objective:** To operationalize the Sustainable Development Mechanism (SDM) foreseen under the Paris Agreement and achieve, through enabling action, mitigation goals enshrined in Brazil's Nationally Determined Contribution (NDC).

Project Component	Type <sup>3</sup>	Project Outcomes	Outputs	Trust Fund	(in \$)	
					GEF Project Financing	Co-financing
<b>1. Results-based strategy for NDC's implementation</b>	TA	Outcome 1) Strategic interventions, structured dialogues and leverage enable the implementation of Brazil's NDC  <i>Core capacity and NDC outreach indicators:</i>  - NDC Office established by MMA (a) is operational; (b) meets capacity development criteria (as of UNDP scorecard); (c) its recurrent costs are secured by project end (institutional sustainability)	1.1 A new governance structure is designed under MMA to support the implementation of the NDC (functional, institutional and financial analysis are carried out).  <b>**SUGGESTION: Carry out the functional analysis and establish the NDC Office during the PPG. In this case, Output 1.1. would be dropped**</b>  1.2 The human and material capacity of the NDC Office is strengthened for fulfilling its	GEFTF	2,400,000	26,800,000

<sup>1</sup> Project ID number will be assigned by GEFSEC and to be entered by Agency in subsequent document submissions.

<sup>2</sup> When completing Table A, refer to the excerpts on [GEF 6 Results Frameworks for GETF, LDCF and SCCF](#) and [CBIT guidelines](#).

<sup>3</sup> Financing type can be either investment or technical assistance.

Project Component	Type <sup>3</sup>	Project Outcomes	Outputs	Trust Fund	(in \$)	
					GEF Project Financing	Co-financing
		<ul style="list-style-type: none"> <li>- Number of Policy &amp; Finance CC Mitigation White Papers prepared and disseminated by the NDC Office</li> <li>- Metrics for effective stakeholder participation in structured dialogues from different groups and segments of government, private sector and society</li> <li>- Participants' ratings on the quality of structured dialogues</li> </ul> <p><i>Core indicators for mitigation finance:</i></p> <ul style="list-style-type: none"> <li>- Number of investment plans developed for NDC priority areas including CCM finance and a discernible additionality argument</li> <li>- Number of financial and economic instruments developed, improved and/or implemented.</li> </ul>	<p>mandate, according to identified needs and gaps.</p> <p>1.3 At least four Policy &amp; Finance CC Mitigation White Papers define priorities, feasible actions, plus specific players and barriers for NDC implementation within core topics, triggering society-wide stakeholder dialogues.</p> <p>1.4 A robust database and accompanying interface on prioritized and tiered NDC actions helps the NDC Office manage and analyze essential data and information for a successful NDC implementation.</p> <p>1.5 A series of private sector engagement seminars on NDC implementation are carried out in at least four states, triggering dialogues with relevant economic segments on home-bred innovation, “green jobs”, competitiveness and barrier removal for an economy-wide low-carbon growth pathway.</p> <p>1.6 At least four investment plans for NDC-relevant government programs and economic segments implementation are developed (forests, food production &amp; livestock, biofuels, electricity), along with a framework of collaboration with the private sector, relevant financial institutions and international cooperation.</p> <p>1.7 National climate funds and national financial arrangements for mitigation are optimized within a rapidly changing market environment, including, through the reform of Fondo Clima, but not restricted to it.</p> <p>1.8 Sources of international climate finance are leveraged as appropriate.</p> <p><i>(GEF Agency supporting: IADB)</i></p>			
<b>2. Support to MRV and SDM</b>	TA	Outcome 2) A robust and transparent accounting and MRV	2.1. Need & gaps for optimizing MRV functions are identified	GEFTF	1,560,000	1,200,000

Project Component	Type <sup>3</sup>	Project Outcomes	Outputs	Trust Fund	(in \$)	
					GEF Project Financing	Co-financing
		frameworks, covering both mitigation outcomes and financial transfers is consolidated in the context of Brazil's participation in the SDM and in other applicable mechanisms for boosting its achievement of NDC targets  <i>Core indicators:</i>  - Metrics on the results from MRV support arrangements  Relevant metrics on Brazil's level of access to the carbon compliance market: - Number and types of projects - Volumes and amounts traded - Other relevant metrics t.b.d.	through a focused study and they are systematically addressed.  2.2. Structure, rigor and controls are consistently infused into national MRV tracking systems, ensuring methodological compliance, cost effectiveness, transparency.  2.3. Enabling actions for Brazil's participation in the SDM and in other applicable mechanisms are supported for boosting its achievement of NDC targets, including: market studies, institutional strengthening, training of project proponents, and dissemination of clean technologies.  (GEF Agency supporting: UNDP)			
Subtotal					3,960,000	28,000,000
Project Management Cost (PMC) <sup>4</sup>			(GEF Agency share: 50% UNDP, 50% IADB)		195,000	0
Total Project Cost					4,155,000	28,000,000

For multi-trust fund projects, provide the total amount of PMC in Table B, and indicate the split of PMC among the different trust funds here: ( ).

C. Indicative sources of Co-financing for the project by name and by type, if available

Sources of Co-financing	Name of Co-financier	Type	Amount (\$)
Recipient Government	Ministry of Environment (MMA), Fundo Clima	Grants	13,400,000
Recipient Government	Ministry of Environment (MMA), Fundo Clima	Grants	13,400,000
Recipient Government	Ministry of Environment (MMA)	In-kind	1,200,000
GEF Agency	Inter-American Development Bank (IADB)	?	?
GEF Agency	United Nations Development Program	?	?
Total Co-financing			28,000,000

D. INDICATIVE TRUST FUND RESOURCES REQUESTED BY AGENCY, COUNTRY AND THE PROGRAMMING OF FUNDS

GEF Agency	Trust Fund	Country/Regional/Global	Focal Area*	Programming of Funds	(in \$)		
					GEF Project Financing (a)	Agency Fee (b) <sup>b)</sup>	Total (c)=a+b
IADB	GEFTF	Brazil	Climate Change	n/a	2,500,000	237,500	2,737,500
UNDP	GEFTF	Brazil	Climate Change	n/a	1,655,000	157,225	1,812,225
Total GEF Resources					4,155,000	394,725	4,549,725

a) Refer to the [Fee Policy for GEF Partner Agencies](#).

<sup>4</sup> For GEF Project Financing up to \$2 million, PMC could be up to 10% of the subtotal; above \$2 million, PMC could be up to 5% of the subtotal. PMC should be charged proportionately to focal areas based on focal area project financing amount in Table D below.

**E. PROJECT PREPARATION GRANT (PPG)<sup>5</sup>**

Is Project Preparation Grant requested? Yes []

**PPG AMOUNT REQUESTED BY AGENCY, TRUST FUND, COUNTRY AND THE PROGRAMMING OF FUNDS**

GEF Agency	Trust Fund	Country/ Regional/Global	Focal Area*	Programming of Funds	(in \$)		
					PPG (a)	Agency Fee <sup>6</sup> (b)	Total c = a + b
UNDP	GEFTF	Brazil	Climate Change	n/a	91,575	8,700	100,275
<b>Total PPG Amount</b>					91,575	8,700	100,275

**F. PROJECT'S TARGET CONTRIBUTIONS TO GLOBAL ENVIRONMENTAL BENEFITS<sup>7</sup>**

Provide the expected project targets as appropriate.

Corporate Results	Replenishment Targets	Project Targets
4. Support to transformational shifts towards a low-emission and resilient development path	750 million tons of CO <sub>2e</sub> mitigated (include both direct and indirect)	Indirectly through NDC implementation XXXXXX metric tons  [figure for the Government to provide, considering the NDC and the project's approx. period 2017-2022]

<sup>5</sup> PPG requested amount is determined by the size of the GEF Project Financing (PF) as follows: Up to \$50k for PF up to \$2m (for MSP); up to \$100k for PF up to \$3m; \$150k for PF up to \$6m; \$200k for PF up to \$10m; and \$300k for PF above \$10m. On an exceptional basis, PPG amount may differ upon detailed discussion and justification with the GEFSEC.

<sup>6</sup> PPG fee percentage follows the percentage of the Agency fee over the GEF Project Financing amount requested.

<sup>7</sup> Provide those indicator values in this table to the extent applicable to your proposed project. Progress in programming against these targets for the projects per the Corporate Results Framework in the [GEF-6 Programming Directions](#), will be aggregated and reported during mid-term and at the conclusion of the replenishment period. There is no need to complete this table for climate adaptation projects financed solely through LDCF, SCCF or CBIT.

## **PART II: PROJECT JUSTIFICATION**

### **1) PROJECT DESCRIPTION**

#### **1. The global environmental and/or adaptation problems; root causes and barriers that need to be addressed.**

##### **Background**

1. The Government of Brazil (GoB) is committed to addressing global climate challenges. This commitment is not only demonstrated through its role within the UN Framework Convention on Climate Change (UNFCCC), but also through national policies and actions aimed at limiting the country's greenhouse gas (GHG) emissions. In September 2015, Brazil submitted to the UNFCCC its intended national contribution (iNDC) towards enhancing the Convention's implementation prior to the 21st Conference of the Parties (COP21), when the landmark Paris Agreement was approved. One year after expressing its intentions through the iNDC, Brazil ratified (on 26 September 2016) the Paris Agreement, following approval by Congress. The government made thereafter Brazil's Nationally Determined Contribution (NDC) no longer an intention, but an official State document on the subject matter of climate change, covering both mitigation and adaptation commitments. This project focuses on **the mitigation aspect and it will directly support the GoB to implement its NDC.**

##### **The global significance of Brazil's NDC towards meeting mitigation goals**

2. As stated in the NDC, Brazil already qualifies as a low carbon economy based. **This is based on indicators such as: (i) Brazil low per capita emissions (no more than 6.5 tCO<sub>2</sub> in 2012)<sup>8</sup>; (ii) its diversified energy mix consisting of 40% renewables and, (iii) more specifically, the share of 75% renewable sources** in the electricity supply segment.

3. At the same time, Brazil's NDC contains ambitious, measurable and time-bound climate change mitigation targets. The reference point (or baseline), for which GHG emissions have now been more accurately estimated being 2.1 GtCO<sub>2</sub>e<sup>9</sup> in 2005. The NDC states Brazil's commitment to reducing its GHG emissions with 37% in 2025 compared to the 2005 baseline. Furthermore, the NDC makes an indicative contribution for the year 2030 of reducing emissions by 43% against the same 2005 baseline.

4. Brazil's NDC is "economy wide" (quoting from the document) and therefore "based on flexible pathways to achieve the 2025 and the 2030 objectives". The NDC clearly states that Brazil adheres to the long-term vision of holding the increase in global average temperature below 2°C compared to pre-industrial levels. At the same time, the NDC recognizes that Brazil's "emissions will grow to meet social and development needs", and that significant emissions reductions had already been achieved by 2012.<sup>10</sup>

5. The 2009 Climate Change Law (*Lei Federal* No. 12,187) provides the principles, objectives, guidelines and implementation mechanisms for climate change public policies. The Law served to create a supportive framework at the federal, state and municipal levels. Within this framework, and prior to issuing the NDC, the GoB had established a national voluntary commitment of reducing the country's GHG emissions by 36.1% - 38.9% by 2020, compared to a business as usual (BAU) scenario.<sup>11</sup> The specific commitments made through the NDC go beyond the voluntary target and are binding within the framework of the Paris Agreement. The 2009 Climate Change Law remains in effect and provides legal backing to the NDC implementation. In turn, the commitments that Brazil's NDC represents in terms of mitigation serves to strengthen the implementation of the Law.

6. ***Institutions.*** The implementation of Brazil's NDC is a joint effort of government, private sector and civil society. The project proponent, MMA is slated to play a leading role in NDC coordination. Its Secretariat for Climate Change and Environmental Quality (SMCQA) has been a key entity within government in terms of 'translating' NDC targets into actions, but is also tasked with other attributions such as pollution control. MMA intends to create a specific more agile and efficient structure – the new NDC Office – with an operational role vis-à-vis the mitigation aspects of the **NDC**. This Office is expected to play an enabling, coalescing and monitoring role vis-a-vis NDC implementation. This implies liaising with government partners, private sector, financial institutions, academia, civil society and, where needed, donor entities. At this stage, the GoB is considering different models that will yield best results in terms of NDC implementation, stakeholder engagement, finance arrangements and MRV functions, including in light of the need to strengthen performance-based payments among the instruments to be pursued.

##### **Problem: How to foster national capacity, leverage mitigation finance and support NDC implementation**

7. Brazil is a developing country with several challenges regarding poverty eradication, education, public health, employment, housing, infrastructure and energy access. Although ambitious, the targets set in the NDC are focused. Only a few selected topics are explicitly mentioned in the NDC as making a contribution to the overall economy-wide target. Thus, the national mitigation contribution

<sup>8</sup> Applying the following parameters and methodology GWP-100; IPCC AR5 (GoB's NDC, 2015).

<sup>9</sup> Also applying the same parameters and methodology GWP-100; IPCC AR5 (*Ibid.*).

<sup>10</sup> Reference is made in the NDC to a reduction rate of 41% already achieved in 2012 in relation to 2005 levels (GWP-100; IPCC SAR). (*Ibid.*) The NDC further points out that Brazil had updated its baseline values to take into account, as a measure of fairness vis-à-vis other Parties, and in compliance with current methodologies, "the role of conservation units and indigenous lands as forest managed areas, in accordance with the applicable IPCC guidelines on the estimation of emission removals." (*Ibid.*) Those removals had otherwise not been considered in the Initial National Communication to the UNFCCC, but it was corrected in the Second National Communication.

<sup>11</sup> Those referred also to 2005 as the baseline year and in connection with the NAMA exercises. There are though slight differences in the calculation of baseline emissions vis-à-vis the method referred to in the NDC.

will be primarily operationalized through the following fronts **\*\*QUESTION TO CLIENT AND STAKEHOLDERS: Quantify the items below according to NDC or not?\*\*:**

- (i) in the increased share of biofuels in Brazil's energy mix;
- (ii) in land use change and forests, where decisive action towards fighting deforestation and managing native forests will be crucial;
- (iii) in the expanded use of renewable energy sources (other than hydropower) in the power supply sector, along with efficiency gains in the electricity sector;
- (iv) in the agricultural sector, as it embraces a low carbon emission development path;
- (v) in the industrial sector, where the adoption of cleaner technology and standards can be transformative; and finally
- (vi) in the transport sector, improving efficiency in public transportation in urban areas.

8. The definition of the above 'NDC fronts' and some of the actions implied in them are quite specific in the NDC. They have been quantified on basis of a solid body of knowledge on the economy, on climate science and the accumulated experience by central government in comprehensive GHG emissions accounting. The specific targets are considered challenging, but feasible by government. They build on the experience with the Nationally Appropriate Mitigation Actions (NAMAs) and associated sectoral plans, in addition to a specific legal framework on mitigation and a National Climate Change Policy adopted by Brazil in 2009.

9. Some of the core policy instruments for delivering on the NDC remains unchanged since the approval of the National Climate Change Policy. They include e.g. the national communications and reports to the UNFCCC, the preparation of a National Climate Plan, which has now been superseded by the NDC and Fundo Clima as a financial mechanism. Other instruments include action plans implying complex implementation on the ground, of which have been presented to the UNFCCC in the 2014 Biannual Updated Report (BUR). The following are particularly important for LULUCF: (a) the National Plan for Low Carbon Emission in Agriculture (ABC Plan); and (b) two Action Plans for the Prevention and Control of Deforestation, one for the Legal Amazon (PPCDAm) and another one for the Cerrado biome (PPCerrado). Other NAMAs pertaining to energy, biofuels and industry are also linked to national policies, plans and investments.

10. Together with PPCDAm and PPCerrado, these investments reach a figure of a few billion USD per year, but no budget tagging on climate finance has yet been carried out. Else, the effectiveness of these plans is assessed by government on a rolling basis in view of adjusting policies and public investment, along with other specific environmental governance tools – e.g. the Cadastro Ambiental Rural (CAR) that is assumed to influence the outcomes for LULUCF, but how remains uncertain.

11. On the one hand, the fact that the NDC's scope is 'economy-wide' provides flexibility regarding how its targets will be delivered, as opposed to sectoral plans. On the other, Brazil's total GHG emissions remains strongly correlated to the area annually deforested in the Amazon and any negative trend **that** indicator<sup>12</sup>, means that other sectors will have an added challenge in terms of delivering emission reductions for Brazil to meet NDC targets. Hence, an approach to NDC implementation that is not necessarily organized around 'sectors', but that is sufficiently adaptable to link up to actions at different levels is, according to the project proponent, what is needed.

12. In order to make rapid progress in policy development, a series of Baseline Documents (*Documentos de base da NDC*) aimed at better understanding the implications of Brazil's NDC for government and the economy were prepared in 2016 with the support from the IADB. The topics covered included: (i) Biofuels; (ii) The Forestry Sector; (iii) The Electricity Sector; (iv) Pasture & Integrated Crop-Livestock Systems; (v) Transport; and (vi) Industry. The mentioned studies are currently undergoing public consultation and can potentially play a role in facilitating the policy shifts needed for NDC implementation. Else, they can potentially become the precursors of Government White Papers that would underpin NDC implementation.

13. In terms of how the NDC will be coordinated, MMA already plays a leading role in the government's Executive Group on Climate Change (GEx), whose statutory role is to develop, implement, monitor and evaluate the climate change plans. With the NDC, this will require a flexible approach from government, which the current institutional set up is not able to support. In order to face the added challenge, MMA decided to establish a dedicated NDC Office, which will be tasked with engaging with governmental agencies and private sector players in NDC implementation a much more dynamic and pro-active way than with the NAMAs sectoral plans.

14. While it is urgent for MMA to engage with these players in a dialogue and help coordinate actions under the now flexible framework provided by the NDC, the GoB is constrained in its ability to consolidate institutional re-arrangements due to important changes in the national context. Most prominently, the economic crisis affecting Brazil since 2014/5 triggered a fiscal crisis in government. Coupled with complex governance processes in the upper echelons of government that took place in most of 2016, this meant significant delays in the strengthening of the institutional setup for NDC implementation. The domestic MRV Modular System SMMARE (*Sistema Modular de Monitoramento e Acompanhamento das Reduções das Emissões de Gases de Efeito Estufa*) e.g. had been planned to be established since 2013/4. To date, its consolidation is not yet accomplished.

15. In sum, although the expected emission reductions and removals enshrined in the Brazil's NDC are quite specific, and the primary stakeholders have been identified, the full economic implications have not. Neither have the specific trade-offs that will need to be taken into account within different sectors—and in government. This is one aspect into which this project can help shed light

<sup>12</sup> Although LUCF only corresponded to only 18% of total GHG emissions in 2014, the 2005 baseline refers to an emissions profile where LUCF corresponded to 58%. After several years of a general downfall trend, which started in 2004-2005, the total area deforested in Legal Amazonia during 2015 was 5,831 sq km, which is 28% higher than the 4,571 sq. km of 2012 to (source: INPE 2016). This represented an increase of up to 4% in overall emissions between 2012 and 2015.

through targeted policy assessments, white papers, consultations and other project products. Another aspect relates to the financial means of NDC implementation.

16. Improved access to climate finance of different kinds and sources for realizing Brazil's NDC targets is necessary for strengthening the low carbon pathway and de-risking investments. However, given the current financial downturn in Brazil, access to finance has been constrained. As an important finance mechanism that is expected to play a key role in NDC implementation is Fundo Clima.

17. Initially, Fundo Clima's income came exclusively from the oil and natural gas proceeds. This was statutory. As of 2015, Fundo Clima had received over BRL1 billion from this source. However, an amendment of the Petroleum Law (Law 9.478/1997) established that resources for Fundo Clima should rather come from the Social Fund, created by Law n° 12.351/2010. The change defined new rules for the distribution of royalties to federal entities from the oil industry. This has significantly affected the capacity of Fundo Clima to support new projects and to continue to provide dedicated climate finance according to the needs of domestic climate action. Namely, resources from the Special Participation Fund are directed to the Social Fund, which is required to provide resources for social projects focused on development, including mitigation and adaptation to climate change. While this may be desirable vis-à-vis adaptation finance, for mitigation it is less so. A number of investment-heavy projects with significant mitigation potential, but limited social benefits, would likely not get funded within the current scenario.

18. The needs for climate finance, now and in the next 8-10 years, and as NDC actions are being defined, Fundo Clima's ability to contribute to NDC implementation is very limited. During the last five years, Fundo Clima was able to disburse over BRL 600 million (approx. \$210M). However, it did so by using a modest MRV system to monitor the mitigation results of supported projects.<sup>13</sup>

19. For grants, Fundo Clima has achieved high levels of disbursement, but has a very limited MRV system to account for the mitigation results of a project. Loans previously provided by the fund face the same MRV issues. Also, their disbursement levels and financial performance are poor. This indicates a weak integration between climate finance and performance-based results in the management of domestic trust funds, as well as a lack of incentives to promote this integration. Brazil is not properly utilizing the knowledge and tools needed to make sustainable low-emissions investment decisions.

20. From a public policy and investment points of view, it would be important for the GoB to address this specific gap linked to statute and procedures of Fundo Clima, so that it is more ready to support the country with NDC implementation challenges. International climate finance can potentially be catalytic in this respect, but the GoB sees it as complementary. A clear statement in the NDC reads: *"The implementation of Brazil's [...]NDC is not contingent upon international support, yet it welcomes support from developed countries with a view to generate global benefits."*

21. Another challenge for NDC implementation is linked to the broader institutionalization of MRV, plus the costs and technical capacity requirements associated with it. In the context of NDC implementation, MRV systems will need to be very robust, while the gaps in current MRV frameworks are glaring. [check related UNDP and UNIDO projects – request government to be more precise about the gaps in current MRV systems. There seems to be a problem with SSMARE, but it is not totally clear what it is.] Additionally, the benchmarks for MRV frameworks that would allow Brazil to fully participate into an operational SDM, as foreseen in Article 6 of the Paris Agreement, are yet to be defined, but based on the Brazil's experiences with the Clean Development Mechanism (CDM), MRV requirements tended to be high should not be understated.

22. For the post-2020 period—and for any cooperation among UNFCCC Parties that involves international transfers of mitigation outcomes, either through market or non-market mechanisms—the expectations for applicable MRV frameworks are that participating countries should: (i) manage robust accounting systems; (ii) apply principles of transparency; (ii) have safeguards in place that ensure environmental integrity, and where needed make social considerations. The upcoming years will be preparatory and crucial. Yet, in the changing institutional environment at the federal scale in Brazil, this represents a capacity challenge.

## **2. The baseline scenario or any associated baseline projects.**

23. Brazil has made a high offer to the global community in terms of mitigation through its NDC. However, implementing the NDC poses an added challenge to the current institutional set-up for coordinating climate action in Brazil.

24. In the baseline scenario, the NDC Office will remain constrained by the tight fiscal policies on government spending, which would not allow for the rapid engagement of a specialized task force to meet the timelines established for facilitating NDC implementation in the next few years. The re-arrangements of functions and attributions for coordinating climate action across government entities will not happen accordingly and core functions for NDC coordination will remain spread over various entities. This will result in difficulties with the flow of information and limited follow-up on results from implemented actions. For the same reasons, the dialogue with economic players will also be constrained in its outreach.

25. Without GEF support, Fundo Clima will not be reformed – at least not in a timely manner – to play the role that is expected from it in NDC implementation. Beyond Fundo Clima, other national financing arrangements for mitigation will not be optimized, resulting in limited funding to initiatives and projects that could corroborate the NDC agenda.<sup>14</sup>

<sup>13</sup> Fundo Clima. <http://www.mma.gov.br>. Information provided by Fundo Clima's manager who contributed to the preparation of this document.

<sup>14</sup>

26. As for the domestic MRV frameworks, prevailing context of constrained public funding and a fluid institutional environment (in the aftermath of the recent governance crisis), the SSMARE will be eventually completed and made operational. However, it will lack the needed robustness that is expected from post-2020 MRV systems and may not meet the standards for facilitating Brazil's successful participation in the SDM.

#### The Baseline project.

27. The baseline finance for this particular GEF project is linked to three aspects, summarized in the table below: (1) the investments made by MMA and other government entities linked to the preparation of plans and reports to the UNFCCC; (2) Fundo Clima's own co-financing to this project; and (3) the development of a domestic MRV, where the Ministry of Science, Technology, Innovation and Communications (MCTIC) functions as Brazil's Designated National Authority (DNA) and its Center for Management and Strategic Studies (CGEE - *Centro de Gestão e Estudos Estratégicos*), more specifically, plays a leading role in the development of the SSMARE and in the compilation of GHG inventories. Together, these baseline investments add up to \$28 million for the duration of the project and are equal to the proposed co-financing.

28. The Current 'Baseline Scenario' points out to a strong commitment from government, private sector and by the remainder of society towards supporting mitigation actions in different ways, both directly and indirectly. However, there are visible gaps in the baseline, as outlined further up, and for which Brazil requests support from the GEF to address.

### **3. The proposed alternative scenario, GEF focal area strategies, with a brief description of expected outcomes and components of the project**

#### GEF focal area strategies

29. The proposed project is aligned with the following to Programs under the GEF6 Climate Change Mitigation Strategy: The first is **CCM2 - Program 2**, for which the core theme is the *development and demonstration of innovative policy packages and market initiatives to foster new range of mitigation actions*. Program 2 falls under the second objective of the Strategy (CCM2), which has a broad focus on *promoting innovation, technology transfer, and supportive policies and strategies*. Economic and policy assessment are foreseen (Outputs 1.3 and 1.6), combined with improved access to climate finance (Outputs 1.7 and 1.8). The role of a capacitated NDC Office within MMA is essential in this respect (Outputs 1.1 and 1.2). Therefore, CC2-Program 2 relates directly to Component 1 of the project.

30. The second GEF program prioritized is **CCM3 - Program 5**, which also focuses broadly on creating enabling conditions to mainstream mitigation concerns into sustainable development strategies, and more specifically on integrating the findings of convention obligations and enabling activities into national planning processes and mitigation contributions.

#### Project Strategy Description / Components

31. **Two Components are foreseen under the project.** They combine actions towards supporting Brazil in its ambition to operationalize the proposed Sustainable Development Mechanism (SDM) foreseen under the Paris Agreement and to facilitate, through enabling action, mitigation goals enshrined in its Nationally Determined Contribution (NDC) as a joint effort of government, private sector and civil society (the project **Objective**).

#### **Component 1 Results-based strategy for NDC's implementation.**

32. **Under Component 1, the following is foreseen: Outcome 1) Strategic interventions, structured dialogues and leverage enable the implementation of Brazil's NDC. Eight outputs** are foreseen under Component 1 **and will** contribute together to the achievement of both above cited Outcomes.

33. The interventions and dialogues mentioned in Outcome 1a encompass a number of different elements that are herein described. Ultimately, they are expected to trigger policy shifts aligned with the NDC. Within this context, the project is mostly concerned with the following governance areas: (i) land-use change & forests; (ii) food cropping & livestock; and (iii) energy. What the priorities are within these areas and how the government will move them forward is what the project will help deliver.

34. Under **Outputs 1.1** *(A new governance structure is designed under MMA to support the implementation of the NDC)*, assessments will be carried out to determine a rational set-up within government for best supporting NDC implementation, including functional, institutional and financial analyses. The exercise will not be restricted to a specific entity. Rather, the focus will be on the government's coordinating and enabling needs vis-à-vis NDC implementation and on the identification of needs and gaps. It will also prime the strong linkages that the NDC Office will need to establish for delivering on the targets, either with other government entities, private sector organizations, financiers, civil society and, not least also, the scientific community. The new NDC Office will be strengthened through activities under **Output 1.2** *(The human and material capacity of the NDC Office is strengthened for fulfilling its mandate, according to identified needs and gaps.)* The Office's mandate would have been defined through Output 1.1 activities. An important aspect for both **Outputs 1.1 and 1.2** is ensuring financial sustainability prospects from the onset with a view to the post-project



period. Expected results include seeing the NDC Office fully operational by the project's year 1 and over the course of project implementation, so that it meets capacity development milestones. UNDP's scorecard on Capacity Development for CCM will be used for assessing progress.

35. **Output 1.3** (*At least four Policy & Finance CC Mitigation White Papers define priorities, feasible actions, plus specific players and barriers for NDC implementation within core topics, triggering society-wide stakeholder dialogue*) foresees the completion of a series of White Papers. Currently, it is suggested that they tally four, but the exact number and the which will be the subject matters the White Paper will cover will be determined during the PPG. The White Papers are slated to build on the early 'Baseline NDC documents' prepared by MMA in 2016 with the assistance from the IADB, which covered six key NDC topics (see list in paragraph 12). The GoB may decide to organize the White Papers differently – and differently from the Baseline NDC Documents, which are technical studies, the White Papers will reflect priorities and positions on a subject matter relevant for the NDC. They will prime both a policy and a finance aspect.<sup>15</sup> Activities under Output 1.3 will additionally seek to identify stakeholders (if not already done through previous CCM work or the Baseline Documents), define priorities and feasible actions. More importantly, they will seek to outline specific barriers for NDC implementation within core NDC topics.

36. The process of developing the White Papers will also serve two purposes within the project's framework: (1) they will enable provide material for the development of a robust database for capturing prioritized and attributable NDC actions (the NDC database); and (2) they will serve as the basis for a series of society-wide stakeholder dialogues. The NDC Database will be developed through **Output 1.4** (*A robust database and accompanying interface on prioritized and tiered NDC actions helps the NDC Office manage and analyze essential data and information for a successful NDC implementation*). The Database will be sufficiently robust to be able to track a number of useful parameters vis-à-vis NDC implementation, inter alia the level of priority for specific NDC actions, their location, potential stakeholders, responsible agents, means of implementation and potential barriers. Useful interfaces (or APIs<sup>16</sup>) will also be developed. The dialogues will, in turn be implemented under **Output 1.5** (*A series of private sector engagement seminars on NDC implementation are carried out in at least four states, triggering dialogues with relevant economic segments on home-bred innovation, "green jobs", competitiveness and barrier removal for an economy-wide low-carbon growth pathway*). A government partner, such as the Forum Brasileiro de Mudanças Climáticas, is expected to be engaged in facilitation. Dialogues are initially foreseen to take place in at least four states of the federation, but the details remain to be defined during the PPG.

37. An important output under Component 1 relates to economics and the inclusiveness of NDC actions. Investment plans for NDC-relevant government programs and implementation by economic segments will be developed through **Output 1.6** (*At least four investment plans for NDC-relevant government programs and economic segments implementation are developed, along with a framework of collaboration with the private sector, relevant financial institutions and international cooperation*). The investment plans are for now slated to cover at least four topics: forests, agriculture & livestock, biofuels, electricity, but with flexibility for further refining the list. One activity under this output will include the development of a 'NDC-tagging system' for government funding in close collaboration with the Ministry of Planning, Development and Management (to be initially implemented at least at federal level). Another activity will focus on developing a framework for collaboration with the private sector, relevant financial institutions and international cooperation will also be developed, with a view to leveraging project proposals and programs at different levels for implementing the NDC. Both activities will use the NDC Database as a key management tool.

38. Finally, the two outputs under Component 1 will focus on funding leverage. **Output 1.7** (*National climate funds and national financial arrangements for mitigation are optimized within a rapidly changing market environment, including, through the reform of Fundo Clima, but not restricted to it*) has a two-pronged focus. Activities will aim at (1) creating the conditions for reforming Fundo Clima—including by optimizing its level of dependence from government within a rapidly changing market environment—and (2) leveraging other domestic funding that will help implement the NDC actions. More specifically, and based on the baseline analysis, national funds and financial arrangements, more broadly, will have their sources of funding diversified, their operations improved and the development of mitigation projects aligned with the NDC support. **Output 1.8** (*Sources of international climate finance are leveraged as appropriate*) will help enhance national capacity for tapping into sources international climate finance, as appropriate and strategic, in particular grants and for their potential catalytic effect.

## Component 2. Support to MRV and SDM

39. Under Component 2, the following is foreseen: **Outcome 2)** *A robust and transparent accounting and MRV frameworks, covering both mitigation outcomes and financial transfers is consolidated in the context of Brazil's participation in the SDM and in other applicable mechanisms for boosting its achievement of NDC targets.* **Three Outputs** will contribute to the achievement of Outcome 2.

40. **Output 2.1** (*Need & gaps for optimizing MRV functions are identified through a focused study and they are systematically addressed*) is linked to the functional analysis exercise under Output 1.1 and 1.2. Activities can be carried out in tandem with each other under these three outputs (2.1, 1.1 and 1.2) with respect to the institutional and costing aspects of identifying functions and proposing

<sup>15</sup> The term 'finance' here is understood broadly as any applicable financial resources needed for funding the NDC, whether public finance, corporate finance or different types of investments, grants or subsidies that may apply.

<sup>16</sup> API stands for 'Application Program Interface' and it is a set of routines, protocols, and tools for building software applications. An API specifies how software components should interact. Additionally, APIs are used when programming graphical user interface (GUI) components.

change, but noting that MRV systems and frameworks have some rather specific aspects that need to be taken into account in the division of functions. Under Output 2.2 (Structure, rigor and controls are consistently infused into national MRV tracking systems, ensuring methodological compliance, cost effectiveness, transparency), the project will see to create ideal conditions for methodological compliance and transparency vis-à-vis international MRV standards. In addition, the government is also interested in cost effectiveness criteria of NDC Actions and, under Output 2.2, it will link this work to the NDC Database and the Investment Plans, both of which are foreseen under Outputs 1.4 and 1.6, respectively.

41. Finally, Output 2.3 (Enabling actions for Brazil’s participation in the SDM and in other applicable mechanisms are supported for boosting its achievement of NDC targets, including: market studies, institutional strengthening, training of project proponents, and dissemination of clean technologies) foresees the consolidation of a robust and transparent accounting framework of both mitigation outcomes and financial transfers in the context of Brazil’s participation in the SDM, as well as in other applicable mechanisms. These are important in the strengthening the achievement of NDC targets, even though the shape and requirements for the SDM are yet to be defined in the upcoming COPs.

**4. Incremental/additional cost reasoning and expected contributions from the baseline, the GEFTF, LDC, SCCF, CBIT and co-financing \***

**5. Global environment benefits (GEFTF) and/or adaptation benefits (LDCF/SCCF)\***

\* For a summary of the baseline status, the project’s GEF alternative and expected global benefits (sections 4 and 5 above):  
Refer to **Matrix 1. Incremental Cost Reasoning** in [Annex](#).

**6. Innovation, sustainability and potential for scaling up.**

42. *Innovation.* The proposed initiative focuses on identifying and addressing the barriers that currently prevent the efficiency of mitigation actions in Brazil. The Project intends to be innovative by promoting the integration of a climate finance policy, MRV systems and performance-based mitigation results. The project's innovation lies in a daring proposal to support the implementation of Brazil’s NDC and to design a transparent strategy to monitor mitigation activities.

43. *Sustainability.* Additionally, the strengthening of the NDC Office, the optimization of Fundo Clima and the boosting of MRV frameworks will be crucial for securing project results in the long run. More specifically, the society-wide dialogues, the NDC investment plans, both foreseen under Component 1, will play a key role in stakeholder engagement. Specifically for Fundo Clima, where financial sustainability is key—and since the fund is an important co-financier in this project—the active participation of the Fund’s Steering Committee in the project ensures not only sustainability, but also the assimilation of project results in both the structure of the fund and the country’s climate strategy. In addition, the financial contribution offered by the Brazilian government ensures the continuous and adequate flow of resources to the project over its five years of implementation.

44. *Scaling up potential.* The project will enable stakeholders to promote efficient and effective mitigation actions and contributions. Under the baseline project, some initiatives have made progress in this field, but they lack specific knowledge to complete this work and be scaled-up. NDC implementation is bound to bring these to scale and close both knowledge and capacity gaps. It will also provide the country with the basis and tools to advance along a sustainability pathway and to implement suitable mitigation actions and contributions.

45. Given the convergence of cross-cutting topics when dealing with climate issues, the successful establishment of an MRV system and funding guidelines, especially for Fundo Clima opens the opportunity to build a suite of robust guidelines for the financing of environmental measures and the incorporation of other existing funds in Brazil, such as the National Fund for Environment and the Forest Fund.

**2) STAKEHOLDERS**

<i>Stakeholder</i>	<i>Relevant Role</i>
Ministry of Environment (MMA), including under it the Secretariat for Climate Change and Environmental Quality (SMCQA), Fundo Clima and the Secretariat for Biodiversity and Forests (SBF)	MMA will execute the project, having SMCQA and Fundo Clima Manager the entities responsible for project coordination. At the federal level SQMC is the key focal entity in charge of defining and implementing climate change policies and strategies. Fundo Clima, which is a governmental fund dedicated to funding climate change mitigation and adaptation actions in Brazil. SMCQA will be responsible for all project outputs, except Outputs 1.7 and 1.8, which relates to mitigation finance and where Fundo Clima’s Management is better positioned to take the lead on. Also under MMA, another key entity is the SBF, to the extent that it bears a key responsibility for forest and conservation policies, and for specifically coordinating actions that relate to the fight against deforestation. Since a large portion of emissions reductions are expected from better management of land use change processes and forest conservation, SBF is highly relevant in the NDC implementation process. Close collaboration among MMA entities SMCQA, Fundo Clima and SFC are crucial for the success of the project, in particular through the NDC Office to be established.

<b>Stakeholder</b>	<b>Relevant Role</b>
Ministry of Science, Technology, Innovation and Communications (MCTIC)	MCTIC is responsible for leading processes in connection with the preparation of National Communications to the UNFCCC, noting that it involves a large number of entities. MCTIC's own Center for Management and Strategic Studies (CGEE - <i>Centro de Gestão e Estudos Estratégicos</i> ) is developing the national MRV system SMMARE and coordinates the preparation of National Communications to the UNFCCC.
Other line ministries and key governmental bodies with relevant responsibility for implementing NDC Actions	The implementation of the NDC will be complex. Besides MMA and MCTIC, the three top line ministries/entities with relevant responsibility for implementing the NDC are: (i) Ministry of Agriculture and Food Production (MAPA) as a key entity for Plano ABC and PPCDA, ; (ii) Ministry of Mines and Energy (MME), important for implementing the energy efficiency and renewable energy Program PPE-ANEL; and (iii) Ministry of Transport (MT), with respect to national policies on efficiency in public transportation in urban areas; and (iv) Ministry of Industry, Foreign Exterior e Services (MDIC). In addition, the following other central government entities will be important for the project: The Brazilian Climate Change Forum, the Executive Group on Climate Change (GEx), and the Inter-Ministerial Commission on Climate Change. In addition, as with MMA, NDC implementation at the decentralized levels of government is the responsibility of state and municipal governments and noting that the states of Minas Gerais, Mato Grosso, Pará and São Paulo congregate together at least 40% of net GGE in Brazil.
Other domestic, environmental trust funds (besides Fundo Clima)	Other trust funds of public utility include the National Fund for Environment and the Forest Fund, in addition to Fundo Amazonia and Funbio, even though the latter is more conservation oriented. As discussed in previous sections, the project will look at arrangements and frameworks, including the incorporation of other minor existing funds, but in particular joint collaboration for e.g. accessing international climate finance.
Private Sector	As stated, NDC implementation will rely heavily on the engagement of the private sector as essential for bringing about changes in practices and behaviors. Without their engagement meeting NDC targets will not be possible. For the government to engage with the private sector in Brazil in a fair and equitable way, the best route is through the industry associations, both at state level and federal ( <i>Federações da Indústria</i> ) and the chambers of commerce.
Civil Society	Last but not least, civil society organizations are very active in Brazil in the climate change sphere. An umbrella organization called Observatório do Clima is a broad network of prominent Brazilian CBOs active in the climate sphere. Observatório do Clima even maintains a parallel inventory with open data policies covering all GHG emissions in Brazil, while using IPCC methodologies. Along with government agencies, they can potentially play a collaborative vis-a-vis NDC implementation.

### 3) GENDER EQUALITY AND WOMEN'S EMPOWERMENT.

[Are issues on gender equality and women's empowerment taken into account? Yes]

46. With respect to project activities, the CC Policy & Finance White Papers foreseen under Output 1.3 will pay particular attention to gender issues. This will start e.g. during the PPG with a gender screening of the six Baseline Documents prepared covering the following NDC-relevant topics: (i) Biofuels; (ii) The Forestry Sector; (iii) The Electricity Sector; (iv) Pasture & Integrated Crop-Livestock Systems; (v) Transport; and (vi) Industry. Within each of the economic activities implied in these, the role Brazilian women in decision-making on both production and consumption patterns, natural resource management and land use, transportation modes and employment, makes them key agents in actions for mitigation and adaptation to climate change, even though their opportunities and benefit sharing in it may be inequitable.

47. In due course, gender and inclusiveness criteria will be prepared for Fundo Clima's procedures. As for projects sponsored by Fundo Clima consider gender issues, but in an unsystematic way. These projects involve technical training and assistance, technological innovation, dissemination of social technologies to can potentially make women more active agents in the fight against Climate Change. This also includes training and other ways of participation of the project, with a view to reduce emissions, where applicable, improve livelihoods in a more equitable way.

48. A diagnosis will be developed as part of this project to show the criteria currently used to ensure that gender mainstreaming is taken into consideration for the evaluation of NDC actions. Gender issues will be incorporated in the MRV system proposals during project execution. Output 1.4 through the NDC Database will provide elements to define and implement policy guidelines to support the assessment of needs and gaps for the NDC implementation, making sure that differences in priorities, roles and needs of men and women are integrated in the scope of projects and policies.

49. In addition, the Government of Brazil is committed to implementing the NDC with full respect to human rights, in particular the rights of vulnerable communities, indigenous populations, traditional communities and workers in sectors affected by relevant policies and plans, while promoting gender-responsive measures.

### 4) RISK.

<b>Risk and Rating</b>	<b>Rating</b>	<b>Management Strategy</b>
The mandate of the new NDC Office and its operational and technical capacity are not congruent with the level of challenge	Impact: <i>Critical</i> Likelihood: <i>Moderate</i>	Prioritize activities under Outputs 1.1 and 1.2. If possible start with the functional, institutional and financial analyses for designing the governance structure for NDC implementation at the PPG phase. Carefully analyze and negotiate the stakes among institutional stakeholders. Seek political backing for difficult decisions on institutional change. The complexity of processes, an

<b>Risk and Rating</b>	<b>Rating</b>	<b>Management Strategy</b>
and timelines for NDC implementation.	Assessment: <i>High</i>	honest assessment of national capacity and the need to prioritize the upstart start of NDC implementation should be taken into account in the design of the new structure.
Resistance towards change in institutional arrangements, policies and practices, plus unforeseen changes to the current government policies that corroborate basic assumptions for this project	Impact: <i>Medium</i> Likelihood: <i>Moderate</i> Assessment: <i>Medium</i>	Follow the steps that will lead to Outcome 1a as a ‘recipe’ for triggering policy shifts. That is, use strategic interventions and structured dialogues in a systematic way. More specifically: <ul style="list-style-type: none"> <li>- Clearly define the government’s positions on NDC implementation through the Policy &amp; Finance CC Mitigation White Papers foreseen under Output 1.3. This implies e.g. stating the policy goals, the priorities and more specifically the feasibility and impact of NDC actions, including political, financial and socio-economic feasibility.</li> <li>- Ensure, from the onset, political backing for the exercise and ‘NDC agenda championship’ within the highest offices of government.</li> <li>- As a key activity under Output 1.4, assess the criticality of institutional and legislative changes needed for implementing prioritized and tiered NDC actions.</li> <li>- Carefully analyze and negotiate the stakes among institutional and economic stakeholders, including through the private sector engagement seminars on NDC implementation foreseen under Output 1.5, using these as a forum for dialogue.</li> <li>- Use also governmental channels of dialogue, such as the Executive Group on Climate Change (GEx), and the Inter-Ministerial Commission on Climate Change.</li> </ul>
Domestic resources are insufficient for meeting the finance needs for supporting NDC implementation.	Impact: <i>Low</i> Likelihood: <i>Moderate</i> Assessment: <i>Low</i>	Fundo Clima’s Sustainability Strategy is designed to implement arrangements and seek for additional resources originated either from public or private sources and to increase the competitive advantages from varied sources. Stepping up efforts towards tapping into international mitigation finance as complementary will help address the risk.

## 5) COORDINATION.

[Outline the coordination with other relevant GEF-financed and other initiatives.]

50. This project will create a favorable implementation environment for the NDC in Brazil. A number of related initiatives can corroborate this objective.

51. The findings of the project “*Mitigation Options of GHG Emissions in Key Sectors in Brazil*”, implemented by the UNEP and MCTIC, with GEF funds, offer useful elements for designing NDC actions based on the GHG emissions reduction potential and for assessing costs identified by the Mitigation Options Project. Collaboration will be sought.

52. The proposed project will seek synergies with two GEF-financed initiatives through UNDP. Both projects are relevant in terms of learning lessons with respect to financial arrangements and MRV systems. (1) The first is coordinated by the MMA “*Production of sustainable, renewable biomass-based charcoal for the iron and steel industry in Brazil*”, which aims to reduce GHG emissions from the iron and steel sector in the State of Minas Gerais. A component of this project promotes financial incentives based on delivered environmental outputs (“performance based payments”). (2) The second initiative, now recently closed, is “*Market Transformation for Energy Efficiency in Brazil*”, also coordinated by MMA. It will also learn lessons from a recent GEF project on

53. Since 2013, the IADB has been implementing a GEF project on sustainable transport titled “*Low-Carbon Urban Mobility for Large Cities*”. Given that transport is topic on focus within the NDC, lessons on upscaling and engagement of municipal stakeholders will be useful under the proposed project.

54. Finally, the fulfillment of relevant Convention obligations linked to reporting is being supported since 2013 through the UNPD/GEF Project “*Fourth National Communication and Biennial Update Reports to the United Nations Framework Convention on Climate Change (UNFCCC)*”. The “*Third National Communication to the UNFCCC*” was supported through a UNEP/GEF project and resulted in the submission in December 2016 of the 3NC to the Convention’s COP.

## 6) CONSISTENCY WITH NATIONAL PRIORITIES.

[Is the project consistent with the National strategies and plans or reports and assessments under relevant conventions? (yes X /no 0). If yes, which ones and how: NAPAs, NAPs, ASGM NAPs, MIAs, NBSAPs, NCs, TNAs, NCSAs, NIPs, PRSPs, NPFE, BURs, INDCs, etc.]

55. The project strategy and proposed outputs are consistent with national development priorities, and will broadly contribute to their goals. These include:

- **The National Policy on Climate Change (PNMC)**, sanctioned by 2009 Climate Change Law (Lei Federal No. 12,187) and for which the GHG emission baseline of 2005 was established through a 2010 Decree. The PNMC requires the development of sectorial mitigation plans and NAMAs, while the CDM, Fundo Clima and Fundo Amazonia are foreseen as useful implementation mechanisms for the Policy.

- **Brazil's Nationally Determined Contribution (NDC)** towards Achieving the Objective of the UNFCCC. With the ratification of the Paris Agreement, following its approval by Congress in September 2016, the NDC becomes an official State document on the subject matter of climate change and supersedes previous commitments made in connection with the UNFCCC's COP15. This project revolves around implementing the NDC as a key enabling action.
- **National Action Plans on Climate Change** are prepared every four years, following Convention guidance. The current plan was last reviewed in 2013. In terms of planning, it is assumed that the NDC and its implementation process will take precedence by establishing new benchmarks.

## **7) KNOWLEDGE MANAGEMENT.**

[Outline the knowledge management approach for the project, including, if any, plans for the project to learn from other relevant projects and initiatives, to assess and document in a user-friendly form, and share these experiences and expertise with relevant stakeholders.]

56. The project takes a pragmatic and equitable approach to knowledge management, and a suitable public disclosure policy based on the experience of its GEF Agencies (IADB and UNDP) and MMA.

57. The project's activities are the generation of knowledge to support the implementation of NDC Actions, to improve financing for mitigation and enhance MRV systems in Brazil with a view towards tapping into the SDM. MRV systems will be primed by transparency, following guidance from the UNFCCC on the matter. SDM projects are expected to follow knowledge management and disclosure policies similar to those of the CDM. In the context of finance commitments taken on by developed countries during and in the aftermath of COP21, and their possible role in the SDM, the requirements for MRV and systems will likely be higher. This project will help attain the required standards.

58. Under Output 1.4, it is proposed that the new NDC Office should build and maintain a robust database and accompanying API on prioritized and tiered NDC actions, their means of implementation, engaged stakeholders and identified barriers for tracking a number of enabling parameters relevant for NDC implementation. This will, in and on itself, pose a knowledge management challenge to MMA, but attainable if adequately supported by the project.

59. Furthermore, the project also aims to bridge the knowledge gap regarding the development and use of tools to assess outcomes of financed mitigation actions in terms of management by results.

60. Finally, the project will promote dialogues, seminars and meetings, joint work with government and non-governmental stakeholders to share knowledge and experiences about best practices in climate finance, MRV requirements and Brazil's participation in the SDM. All relevant reports will be published using a user-friendly format by the MMA in the ministry's website.

**PART III: APPROVAL/ENDORSEMENT BY GEF OPERATIONAL FOCAL POINT AND GEF AGENCY**

**A. RECORD OF ENDORSEMENT OF GEF OPERATIONAL FOCAL POINT (S) ON BEHALF OF THE GOVERNMENT(S):**

(Please attach the [Operational Focal Point endorsement letter](#)(s) with this template. For SGP, use this [SGP OFP endorsement letter](#)).

NAME	POSITION	MINISTRY	DATE (MM/dd/yyyy)

**B. GEF AGENCY CERTIFICATION**

**This request has been prepared in accordance with GEF policies and procedures and meets the GEF criteria for project identification and preparation under GEF-6.**

Agency Coordinator, Agency name	Signature	Date (MM/dd/yyyy)	Project Contact Person	Telephone	Email

**PIF ANNEX**

*Matrix 1. Incremental Cost Reasoning*

<u>Current Baseline</u>	<u>Alternative</u>	<u>Global mitigation benefits</u>
<p>Brazil has made a high offer to the global community in terms of mitigation through its NDC and also achieved impressive emission reductions in relation to the baseline year of 2005.</p> <p>However, the government’s ratification of the Paris Agreement, poses a different set of challenges.</p> <p>In the baseline scenario, core mitigation actions foreseen in the NDC have been identified. Along with preliminary studies aimed at better understanding the implications of Brazil’s NDC for the government and for the economy. Yet, none of this is specific enough to trigger transformational shifts by economic actors.</p> <p>Fundo Clima remains an important financing mechanism for providing domestic finance to projects and programs that can potentially corroborate NDC actions, but it faces significant constraints.</p> <p>Furthermore, MRV functions and frameworks are considered insufficient to face the added challenge of NDC implementation and strengthening it is becoming urgent, not least also so that Brazil can soon participate actively in the SDM.</p> <p>For the GoB to deliver on NDC mitigation targets, focused action in priority areas are needed. The government’s enabling role needs to be strengthened.</p>	<p>Through a barrier removal and enabling approach, this project will achieve its goals of supporting the implementation of the NDC in Brazil in two different fronts.</p> <p>First, institutional capacity, information, dialogue, data and state-of-the art systems will be strengthened for an adequate planning of NDC actions, for policy development purposes and for engaging economic actors in NDC implementation. The establishment and operationalization of the NDC Office will make this possible, including by ensuring its adequate capacity and financial/institutional sustainability. Dialogue with key economic actors in society will be prioritized. Furthermore, the NDC Office will launch a series of White Papers and develop investment plans within NDC priority topics. The latter will focus on NDC-relevant government programs and economic segments where implementation will be developed (forests, agriculture &amp; livestock, biofuels, electricity). Also, climate finance will be leveraged, both through the reform of Fundo Clima and by boosting related domestic finance. As a complement, international mitigation finance will be leveraged.</p> <p>Secondly, the project will significantly strengthen MRV support arrangements and functions, ensuring methodological compliance, cost effectiveness and transparency. Brazil will also make important preparatory strides to effectively participate in the SDM.</p> <p>The successful implementation of the proposed project will represent a substantial contribution towards the implementation of the NDC, to achieving the targets of the Paris</p>	<p>The project aims to enhance global mitigation benefits, as well as multiple national and local co-benefits, arising from the implementation of Brazil’s NDC, which is the country’s unequivocal and economy-wide ambitious commitment towards fulfilling the Paris Agreement and an important towards contributing to the goals of the UNFCCC, including in the post-2020 period.</p> <p>Using 2005 as the baseline year, Brazil committed to reducing greenhouse gas emissions by 37% by 2025.</p> <p>Brazil’s NDC commits to an absolute target (i.e. a target relative to emissions) in a historical year, which is much more precise than reductions below business-as-usual, or an intensity target. Brazil already qualifies as a low carbon economy, making NDC commitments a commendable initiative.</p> <p>In the NDC, Brazil sets out a clear plan to achieve its target, which the project will be instrumental in helping delivering – <b>indirectly</b> – through enabling action and as a joint effort of government, private sector and civil society. Specific NDC targets include <i>inter alia</i>:</p> <ul style="list-style-type: none"> <li>- increasing the share of sustainable biofuels in the Brazilian energy mix to approximately 18% by 2030.</li> <li>- reaching a 45% share of renewables in its primary energy mix by 2030;</li> <li>- eliminating illegal deforestation and reforesting 12 million hectares of forests by 2030, for multiple purposes; and</li> <li>- restoring 15 million hectares of degraded pasturelands by 2030 and enhancing 5 million hectares of integrated cropland-livestock-forestry systems (ICLFS) by 2030.</li> </ul> <p>For the project’s duration (2017-2022), an indirect mitigation project target through NDC implementation of XXXXXX metric tons has been proposed.</p> <p>The direct global mitigation benefits from this project include: (a) a much stronger integration between climate finance and performance-based results; and (b) the scaling-up of national mitigation efforts. Potentially, it also includes the participation of Brazil in the strengthening of market mechanisms for mitigation, under the</p>

<u>Current Baseline</u>	<u>Alternative</u>	<u>Global mitigation benefits</u>
	Agreement and for the goals of the UNFCCC.	auspices of Article 6 of the Paris Agreement, from which transparency, consistency and significant mitigation outcomes can be expected.